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EUROPEAN PARLIAMENT**

TENTH ANNIVERSARY OF THE EURO-MEDITERRANEAN PARTNERSHIP:

A work programme to meet the challenges of the next five years

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1. INTRODUCTION: THE EU IS FULLY COMMITTED TO THE EURO-MEDITERRANEAN PARTNERSHIP

The meeting of Euro-Mediterranean Foreign Ministers in Barcelona on 27-28 November 1995 marked a turning-point in relations between the European Union and its neighbours on the southern and eastern shores of the Mediterranean. A partnership was launched which is comprehensive, both in its geographical coverage and in its sectoral scope, and forward-looking in its political, economic and social ambitions.

The Barcelona Process has developed a strong **partnership** on a basis of **joint ownership**, dialogue and cooperation. It has been successful in creating long-term political and institutional links between Europe and Mediterranean Partners; and in engaging Mediterranean Partners in the path of reforms. More importantly, the partnership has been driven by a common political will to build together a space of dialogue, peace, security and shared prosperity. For the EU the Partnership has also reinforced what are historically and strategically strong links and solid relations with Mediterranean partners.

Today, in an increasingly globalised world, the EU remains the main partner of Mediterranean countries both in trade of goods and services. More than 50% of the trade of the region is with the EU, and for some countries the EU represents the destination of more than 70% of their exports. Europe is the largest direct foreign investor (36% of total foreign direct investment) and the EU is the region's largest provider of financial assistance and funding, with nearly € 3 billion per year in loans and grants. The EU is also the main source of tourism and the first destination for migrants.

Association agreements have now been put in place between the EU and the Mediterranean partners¹ but the process of creating a truly regional market remains hampered, notably by slow integration of the Mediterranean countries among themselves. The enduring fragmentation of Southern Mediterranean markets is holding back significant investment, both domestic and foreign. Intra-regional trade in the southern Mediterranean, below 15% of the total, is the lowest in the world for any region of this size. So, even if the EU is the region's largest partner, the partnership has not yet realised its full potential.

The regional dimension of the Partnership has also grown considerably with the establishment in 2003 of the FEMIP (The Euro-Mediterranean Investment Facility for the Mediterranean, in the framework of the European Investment Bank); the creation in 2004 of the Euro-Mediterranean Parliamentary Assembly; the setting up in 2005, after the decision taken by Ministers in 2004, of the Anna Lindh Foundation for the Dialogue between Cultures in Alexandria; and the signature of the Agadir Agreement² in 2004.

¹ Agreements are in force with Morocco, Tunisia, Egypt, Jordan, Israel, Palestinian Authority, Lebanon. With Algeria the agreement has been signed and is awaiting ratification. With Syria an agreement has been initialled.

² The Agadir Agreement for a south-south free trade zone was concluded between Morocco, Tunisia, Egypt and Jordan.

What the 10th Anniversary Conference presents us with is an opportunity to take stock of what the Barcelona Process has achieved so far, and to look at where the obstacles to progress lie and how we might approach some of the more difficult issues afresh to ensure that our common goals are met.

It will also be an opportunity to look at how the European Neighbourhood Policy (ENP) through Action Plans agreed with Partner Countries, and the Barcelona Process can bring about a qualitative change in Euro-Mediterranean relations. One of the main goals of the ENP is to support and promote domestic reforms. Thus, the bilateral Action Plans set out an ambitious agenda for regulatory convergence with the EU. In this way the ENP and the Barcelona Process will work in a complementary and mutually reinforcing way.

European Neighbourhood Policy offers Partners the possibility of stake in the EU internal market and the chance to participate in EU programmes and policies (on the basis of the fulfilment of agreed priorities, reflecting shared values and policy objectives). But it also helps to strengthen cooperation between countries in the Barcelona process and further promote regional and sub-regional cooperation. The European Neighbourhood and Partnership Instrument (ENPI) will provide financial support for cross-border and trans-national cooperation, in addition to current bilateral and regional cooperation.

While the Barcelona Declaration and its overall approach remain valid, there is no room for complacency. The UNDP Arab Human Development Reports and the declarations of Sana'a and Alexandria and the Arab League Summit in Tunis in 2004 have all stressed the need to move forward in areas such as political and economic reform, women's rights and education if the region is not to lag behind. Progress towards a number of the goals set out in the Barcelona Declaration has been slow, partly because Partners have at times not appeared wholly committed to implementing the principles to which they have signed up, partly also because of the difficulties caused by the continuing conflicts in the region, and because the search for consensus has sometimes acted as a brake on those wishing to move forward more rapidly. In addition, developments such as increasing globalisation and political and economic interdependence between countries requires a renewed joint examination of the Partnership. In the economic sphere, a lack of assertiveness in pursuing economic reforms and addressing the challenges of economic and trade liberalisation have prevented a quantum leap in the level of economic wealth generated by economic integration. It is necessary to redouble efforts to reduce the wealth gap between the north and the south. The Annex to this Communication contains a detailed analysis of the achievements and shortcomings of the Barcelona Process since its inception in 1995 on the three chapters (political, economic and social) of the Partnership. It should be stressed that the Communication focuses on proposals to strengthen and deepen the partnership in the future. This list of proposals is not exhaustive and it is intended to complement the various initiatives and programmes currently ongoing.

During 2005 Foreign Ministers of the Partnership will meet in Luxembourg on 30-31 May ('Barcelona VII') and an Extraordinary Conference will be held in Barcelona at the end of November. The present Communication is intended to serve as a preparation for both meetings. It contains proposals to make concrete progress on some critical areas for the future of the region and for EU relations with our

Mediterranean Partners. Once agreed, these initiatives will help to address certain specific short and medium-term challenges faced by our Partners over the next five years:

(1) Human Rights and Democracy

The aim is to advance political reforms towards human rights, democracy, peace and security and engage more decisively in the process of strengthening governance and participatory democracy.

(2) Sustainable Economic Growth and Reform

The modernisation of Euro-Mediterranean Partners' economies is necessary so they can benefit from the opportunities offered by globalisation, and free trade with Europe. Deepening economic integration between the EU and the Mediterranean countries – together with south–south regional integration - will be one of the key objectives for the coming years. This will be achieved through trade and services liberalisation, enhanced investment and regulatory convergence. In addition, the continuation of structural reforms aimed at lifting obstacles to growth, investment and job creation will be essential for a healthy macroeconomic environment. The economic benefits for the region in terms of employment and growth will help the Mediterranean Partner countries to create the 5 million jobs a year they need to offer better economic prospects to the new entrants to their labour markets while ensuring the pursuit of sustainable development

(3) Education

Increasing the quality of education and providing education for all is critical for the social and human development of Mediterranean Partners. One third of the population of Mediterranean partners is under the age of 15. Education policies, knowledge acquisition and dissemination are major factors for a sustainable, future-oriented human development of the region.

Discussion should however not be limited to these areas and the initiatives proposed in this Communication include proposals on areas such as social reforms, migration, weapons of mass destruction and counter-terrorism, also aimed to address the challenges that we will face over the next five years.

This work programme is to be developed through the institutional framework of the Barcelona Process as well as the Neighbourhood Policy and, in particular its key instrument, the national action plans. The time-line for this work programme is summarised in section 3 of the Communication. A substantial reinforcement of financial resources under the 2007-2013 Perspectives will be needed and the Commission has already put forward proposals for the new European Neighbourhood and Partnership Instrument.

Successive Ministerial meetings have underlined the need for **increased visibility** of the Partnership in both the EU and in partner countries. The tenth anniversary and the celebration of 2005 as the Year of the Mediterranean provide a major opportunity to

address this situation by a sustained strategy of activities and events to raise awareness.

Raising visibility requires a number of jointly agreed, clear and consistent messages to be addressed to the man and woman in the street using the most effective means of communication and dissemination. The role of the mass media is essential to this pursuit.

The Commission has already presented Partners with a detailed list of information and communication actions planned on a regional and national basis. These include satellite television programmes on a regional basis; bilateral activities with national television and radio networks; initiatives with the national and regional press; proactive organisation of events and exchange opportunities for journalists and dedicated activities targeting the civil society and youth sectors. In this context, the fight against racist audiovisual content should also be raised.

As agreed at the last Foreign Ministers meeting in The Hague effective communication depends on the convergence of messages transmitted by all Partners. The Commission urges Partners to mobilise governmental and non-governmental channels to achieve this.

2. A WORK PROGRAMME FOR THE NEXT 5 YEARS

2.1. Advancing Human Rights and Democracy

Advancing political reform towards human rights and democracy is key to achieving sustainable security and stability. Based on the Commission's Communication of May 2003³ on human rights and democratisation greater emphasis has been placed on cooperation in these areas. Partners should consider how to pursue this, including developing policies to promote gender equality, fundamental and social rights, and to associate and engage social partners and civil society, as well as encourage its development. An important issue in this respect is to strive towards common perceptions of the challenges of democratisation, including the role of democratic Islamic political movements in national politics. The Sana'a Conference in January 2004 proved to be a constructive, well publicised event with 800 participants from civil society, governments and international organisations from the Arab world. The Conference Declaration agreed on 10 points including the protection of human rights, the empowerment of women, the strengthening of democracy, pluralism, and independent judiciaries. Some of these conclusions could be usefully discussed in the framework of the Euro-Mediterranean Partnership. More recently, the UNDP Arab Human Development report (issued on 5 April 2005) "Towards Freedom in the Arab World" provides a thorough examination of the deficit of freedom and good governance and focuses on the state of freedoms and economic and social rights in the Arab countries and how far they are enjoyed in practice.

In line with the Commission's Communication of May 2003, the Commission proposes to hold a Euro-Mediterranean Conference in 2006, prepared at sub-

³ Reinforcing EU actions on Human Rights and Democratisation with Mediterranean Partners - COM(2003) 294.

regional level, on Human Rights and democratisation. The Conference should constitute a focal point and opportunity to push forward regional efforts to reinvigorate democracy and pluralism, publicise joint efforts in the framework of the Neighbourhood Policy, allow for exchanges of good practice and encourage the involvement of Arab civil society. Actions to promote civic awareness and human rights education will be supported at regional and national levels. This conference should come up with concrete ideas for the future with results to be made operational through the Neighbourhood Policy and the financing instruments.

Building on the activities undertaken by the Commission in the field of human rights and democratisation, **the Commission will propose a Democracy Facility that will serve to promote, support and reward those Partners that also show a clear commitment to common values and to agreed political reform priorities. This facility, within the European Neighbourhood and Partnership Instrument (ENPI), would go beyond the specific support that may be mobilised under regional or national action plans. The Facility should enter into force in 2007.** It will also allow for the further mainstreaming of good governance, promotion of and respect for human rights and democratic principles.

2.2. Helping to create jobs and sustainable economic growth through trade liberalisation and regional integration

The review of the Barcelona process shows that the partnership has been very successful in achieving the objective of free trade in industrial goods between the EU and each of the Mediterranean partners. Partners should now take the necessary measures to expand the scope of this core free trade area, in deepening trade liberalisation in agriculture and fish products and in further opening markets to new areas such as services and establishment. It is estimated that two-thirds of the total value added are generated in the service sector and agriculture. The picture is more mixed regarding the overall goal of creating a truly regional market that will boost investment and growth in the South and reducing the wealth gap between Europe and its neighbours. In view of the high rates of population growth in the Mediterranean, injecting a new dynamism into market integration, with a view to generating more investment, higher growth rates and job creation must be a priority for the relationship during the next five years. How this could be done is set out below.

a) Liberalising Trade in Services and establishment on a regional basis between willing partners

The liberalisation of trade in services and establishment is an objective that is provided for by the Association Agreements with all the EU's Mediterranean partners. It constitutes a key priority for achieving a genuine free trade area around the Mediterranean, which goes beyond free circulation of goods. This could become a powerful policy vehicle for trade-driven growth in the Mediterranean region with knock-on effects on other economic areas.

Services account for some 60% of GDP in the Mediterranean countries. World Bank studies show that the liberalisation of trade in services generates substantial welfare gains (according to certain estimates, up to three times the benefits expected from the

liberalisation of trade in goods). Services liberalisation, in requiring comprehensive domestic reforms, also contributes to domestic economic adjustment and reform.

Foreign investment to the region remains insufficient and has been identified as one of the major shortcomings of the economic partnership. To address this pressing issue, the Mediterranean partners should facilitate establishment in their region. This should not be limited to improving the regulatory environment for foreign and domestic investments – where progress has already been made – but should also include a review of the wider institutional environment with a view to eliminating remaining bottlenecks such as transaction costs, security and enforcement of contracts and weak IPR protection among others.

By fostering trade and investment between the EU and its Mediterranean partners, the liberalisation of trade in services and establishment will contribute to closing the economic gap between the North and South of the Partnership. This liberalisation process should be flanked by a strong component of regulatory convergence between EU single market rules and those in the partner countries.

Against this background, the EU should be prepared to invite its Mediterranean partners to embark on a new chapter of integration by engaging negotiations not on the traditional ('hub and spoke') model that has been followed since 1995, but in a way that would combine North-South and South-South trade integration. The principle of voluntary participation must be clearly inscribed and fully respected. This new approach would consist of opening up on a regional basis negotiations for those countries who so wish.

This approach mirrors that of the Framework Protocol on Services that was adopted by Trade Ministers in Istanbul in July 2004, and which will serve as a template in the forthcoming negotiations. Participating countries will continue to negotiate with each other bilaterally, but the result of these talks will be amalgamated and extended to others on the basis of the principle of non-discrimination embedded in the so-called "regional Most Favoured Nation clause". This clause will ensure that all Mediterranean partners are guaranteed to get the best offer made by the EU in any sector to any country. In return the participating countries will open their sectors to each other as well as to the EU.

The EU and the Mediterranean countries should therefore agree to negotiate on the liberalisation and integration of trade in services and establishment, in line with the commitments taken at regional level and in the Neighbourhood Action Plans. This negotiation shall be open to all the Mediterranean partners willing to enter into such a regional agreement (with the exception of Turkey given its status of candidate country). The Commission will submit a proposal for negotiating guidelines to the Council with a view to starting negotiations with partner countries during the 2nd half of 2005. Partners should agree to conclude negotiations on the liberalisation of trade in services and establishment with a strong regional dimension, with the view to aligning this process with the 2010 Free Trade Area objective.

These efforts should aim at combining social development with economic development. In this respect, and in order to guarantee the respect for fundamental social and economic rights, the ongoing Sustainability Impact Assessment of the free

trade area should make an important contribution and its recommendations help guide future policy.

b) Trade liberalisation and cooperation in agricultural and fishery products

On the basis of the work done by the sectoral Senior Officials meetings on agriculture, a **road map should be agreed for trade liberalisation in agricultural, processed agricultural products and fisheries with a regional mandate providing for a high degree of liberalisation with a very limited number of exceptions and a timetable for implementation** consistent with the provisions and objectives of the Association Agreements. This would be accompanied by a commitment to the launching of a **regional cooperation programme on rural development** and optimisation of quality production from 2007, consistent with the objectives of the Neighbourhood Policy. Following the expected results of the Euro-Mediterranean Conference in Luxembourg in May, the Commission will submit a proposal for negotiating guidelines on trade liberalisation in agriculture and fisheries for approval by the Council with the objective to start negotiations in the 2nd half of 2005. **Negotiations should be concluded within a year with a view to aligning the liberalisation of trade in agriculture and fisheries with 2010 Free Trade Area objectives.**

c) Ensuring convergence of technical legislation with a view to facilitating trade

Approximation of technical legislation in the area of standards and conformity assessment bears an important potential in terms of trade creation, investment attraction and, eventually, integration of the economies. The objective is to promote trade by aligning standards and technical requirements, reducing costs related to duplicative testing and certification and thus facilitate market access. Work to harmonize economic legislation has already started on the basis of the work programme adopted at the Euromed Trade Ministerial Conference of Palermo (July 2003) and a number of important steps towards eventual harmonisation and/or mutual recognition of trade-related standards across the Euromed region have been achieved. In particular, legislative priorities have been identified with each partner for the sake of the alignment effort. The way ahead is joint work, within the European Neighbourhood Policy, on actual approximation, regulatory and infrastructure upgrading, with the support of required assistance. Once the alignment effort is accomplished and equivalent legislation set in place, Agreements on Conformity Assessment and Acceptance (ACAAs) of industrial products can be negotiated wherever possible, thus establishing regulatory 'trade corridors' to the benefit of economic integration and growth.

d) South-South economic integration

The Euromed process is not only about building preferential and reciprocal trade relations between the EU and individual Med countries. An indispensable component of the Barcelona Process is to strengthen trade ties between Mediterranean countries themselves. Only thus can the regional free trade area envisaged in the Barcelona Declaration assume its full character. The expansion of South-South trade links in the region is of vital economic interest for the Mediterranean countries. Studies indicate vast untapped economic benefits in terms of potential foreign investments in opening up trade between Med countries (South-South trade). The benefits would be felt

especially in terms of economic diversity and employment, two of the major challenges facing the region. South-South regional integration, in partnership with consolidated North-South links, is key to achieving dynamic and diversified economies in Mediterranean countries. One of the most recent developments was the signing in February 2004 of the Agadir Free Trade Agreement between Egypt, Jordan, Morocco and Tunisia. Other FTAs have been concluded in 2004, notably between Turkey and Morocco, Turkey and Tunisia, Turkey and Palestinian Authority, all of which bear witness to progress on regional integration in the Mediterranean region.

However, to achieve a fully fledged free trade area in the Euromed area by the agreed deadline of 2010 many more agreements need to be concluded and existing ones upgraded into genuine FTAs. The Mediterranean countries should therefore accelerate the conclusion of genuine Free Trade Agreements between themselves, in order to achieve the objective of a wide Euro Mediterranean free trade area by 2010, on which a Sustainable Impact Assessment is currently ongoing.

Furthermore, these FTAs will also enable the implementation of the Pan euro med cumulation of origin. This system of cumulation of origin presupposes in effect the existence of preferential relations between the partners involved (by definition, preferential rules of origin are linked to preferential arrangements). The pan euro med cumulation of origin is expected to bring substantial benefit to the economic operators, in particular easier access to the preference as well as enlarged sourcing choice for industrials.

As regards the liberalisation of trade in services and establishment, the regional approach as embodied in the regional Most-Favoured-Nation principle of the Framework Protocol on trade in services will ensure a strong South-South integration.

A road-map should be agreed for the creation of a Free Trade Area by 2010, including free trade in services and establishment, and liberalisation of agriculture and fisheries products, building on existing bilateral and regional free trade agreements, including the Agadir agreement, as well as on the pan Euro-Med protocol of origin.

e) A sound macroeconomic environment

A healthy macroeconomic environment, through appropriate fiscal and monetary policies, needs to be maintained and accompanied by structural reforms aimed at lifting obstacles to growth, investment and job creation. Particular attention should be paid, in this context, to creating an enabling environment for businesses, improving governance and redefining the role of the state in the economy. In this context, Mediterranean Partners are encouraged to make full use of the Economic Dialogues provided for in the Association Agreement in order to consolidate progress in macroeconomic stabilisation and growth policies, as indicated in the ENP Action Plans. **These issues will be raised at the Ministerial Conference that will take place in Rabat in June 2005.**

f) AEuro-Mediterranean Development Bank.

Mediterranean partners have recently underlined the importance of creating a *Euro-Mediterranean Development Bank*. In this context it is important to note that major progress has been made by the EIB through the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) which is now lending to Mediterranean partners at the rate of € 2 billion per year. Progress made by FEMIP in supporting the activities of the private sector should be assessed. The ECOFIN Council agreed in November 2003 to review the FEMIP mandate before the end of 2006. **The possibility of establishing a Euro-Mediterranean Development Bank should be carefully re-considered in the light of the FEMIP experience, the experience with previous reviews of this idea and taking into account the overall review of the EIB's External Mandates. The Commission will submit an assessment in 2006 in this respect in consultation with the EIB.**

g) Transport

Developing a Euro-Mediterranean transport network based on good interconnections (between the EU and the Mediterranean Partners, and among the Mediterranean Partners themselves) and shared policy objectives is an essential precondition to make the FTA work effectively. Necessary regulatory reform and opening of markets should also be accompanied by significant infrastructure investment. Important resources for investment are available in FEMIP. **A Euro-Mediterranean Transport Ministerial in 2005 with the participation of the EIB should endorse a regional transport infrastructure network with a list of priority projects, and adopt a set of recommendations in order to boost Euro-Mediterranean transport cooperation and transport sector reform in the Mediterranean Partners.**

h) Energy

The gradual establishment of a Euro-Mediterranean energy market plays a central role in achieving the objectives of the Barcelona Declaration and overall economic and social development in the region. With a view to developing such a market, important sub-regional projects are being pursued, such as the progressive integration of Maghreb countries' electricity markets with the EU electricity market, the integration of gas markets in the Mashreq region, energy projects of common interest to Israel and the Palestinian Authority and the construction of Medgaz and Arab Gas Pipeline.

A Euro-Mediterranean Energy Ministerial should be held in 2006 view of progressing sub-regional integration of energy markets and infrastructures.

i) Environment and sustainability

The 10th Anniversary of the EMP, is an appropriate time to launch a major, highly visible and ambitious initiative designed to improve the quality of life of the average citizen, by the de-pollution of the Mediterranean Sea by 2020. The goal should be to tackle all the major sources of pollution including industrial emissions, municipal waste, and particularly urban wastewater. This initiative would improve the prospects for the development of tourism, contribute towards stemming the decline in local fishery stocks as well as providing safe drinking water to millions of citizens.

A clear political backing and substantial financial investment will be required to deliver the necessary capacity building and support at the local level (including support for sustainable urban management and mobilization of local actors), transfer of best practices (including in Integrated Coastal Zone Management), as well as major investments in environmental infrastructure. With a clear commitment to concentrating financial assistance towards meeting this aim, its realization should be feasible.

The Commission proposes that a precise timetable should be agreed with Mediterranean Partners on the adoption of measures leading to a thorough de-pollution of the Mediterranean Sea by 2020. This timetable should be adopted in 2006.

2.3. Contributing to a better education for all

a) Education and vocational training

The Arab Human Development Reports have stressed the need for substantial improvements in *education*. This issue has most recently been highlighted at the Forum for the Future Ministerial meeting in Rabat on 11 December 2004. It will also be the subject of the Forum for the Future Education Ministerial due to be held in Jordan in May 2005.

The Commission acknowledges the paramount importance of the development of human resources for the economic and social development of the Mediterranean countries. For this purpose, the Commission has € 704 million in ongoing support programmes to *education and vocational training* in the Mediterranean Partners under the current MEDA programme for 2000-2006.

In order to guarantee that the Mediterranean Partners can participate in and profit from the knowledge society, there should be agreement to increase resources devoted to educational and vocational training programmes based on a partnership approach and focussing on promoting and supporting the tailor-made reforms that these countries require. This should result in a substantial increase in the percentage of EU funding devoted to these sectors. **The Commission proposes to engage in a dialogue with partner countries and Member States in order to substantially increase bilateral cooperation to the sector of education and vocational training. The goal would be to increase by at least 50% the proportion of financial cooperation devoted to education from 2007, in parallel with renewed efforts by national governments to invest in the sector.**

The size of these challenges calls not only for an increase in EU funding but also for more and better coordination and involvement of other donors such as the EIB, the World Bank and the UNDP. It should crucially also involve an undertaking by Mediterranean Partners themselves to devote a substantial percentage of national expenditure to education and the eradication of illiteracy and to put in place measures to improve the efficiency of this expenditure.

The guiding principle of the EU strategy is the ownership of the partner government and the need to ensure a balanced approach, which will guarantee the sustainability of the reforms in the long term. The Commission will continue promoting the

principle of equality, which implies a special emphasis on underprivileged groups and local populations: illiterate populations, girl-students and populations in rural and suburban areas. The Commission will also support the efforts of modernisation of the systems and the extension of access to information and communications technology. The latter issue should be among those addressed by the Euro-Mediterranean Ministerial meeting on the Information Society due to be held in Ireland in April.

The aim of the Partnership should be to improve the quality, relevance and consistency of education and vocational training regarding the socio-economic needs of the region as well as an increase in access and retention rates particularly for populations at risk of exclusion. **In line with the Millennium Development Goals and through a combination of support to different policies, the EU and partner countries should focus on achieving three key goals by 2015: eradication of illiteracy in the region; all girls and boys enrolled in primary school; and the elimination of gender disparity at all levels of education, requiring a particular effort to ensure the participation of women in education at all levels.**

b) Mobility in Higher Education

Since 2002, the Euro-Mediterranean Partnership has adopted a number of initiatives in the area of mobility and academic contacts in order to improve mutual understanding and awareness at the formative stage. In 2002, at the Valencia Ministerial Conference, the Commission proposed, and the Council later agreed, the extension of the Tempus programme to Mediterranean Partners and the enhancement of cooperation under the Euro-Mediterranean Youth programme. These activities are complementary to the support to systemic reforms. In the framework of the Neighbourhood Policy, Partners have agreed to pursue socio-cultural and educational exchanges. These activities are complementary to the support to systemic reforms. **In 2006 the Commission intends to strengthen the existing mobility programmes by launching a substantial scheme of scholarships for university students co-funded by the Commission and host countries within the Euro-Mediterranean region.** This scholarship scheme would be implemented within the existing instruments, i.e. through a specific window under the Erasmus Mundus programme (2004-2008) or by reinforcing student mobility inside the Tempus scheme. **A certain percentage of this scheme will be reserved for women.** The Commission would also propose that partners consider offering children approaching the end of their schooling the chance to spend either a full academic year or a summer course in a school in another partner country. The promotion of intercultural dialogue among young people through youth exchanges, voluntary service and other non formal education activities should continue.

To facilitate exchange of people between the EU and partner countries, we should work together to develop a system of recognition of both academic and vocational qualifications. In order to achieve this, partner countries should consider a generic university qualification across the region that would be recognised in the EU and internationally.

Given the emphasis and objectives of the Neighbourhood Policy, Mediterranean partners have an interest in deepening knowledge of European integration. Partners

should therefore agree to encourage the pursuit of European studies in Mediterranean partners' academic institutions

2.4 Justice, security and freedom, including migration and social integration

Cooperation should be enhanced to develop common actions on Justice, freedom and security areas in the Mediterranean. Partnership in fighting security threats like organised crime, trafficking and terrorism, as well as the revitalisation of the process of government and development of democracy, human rights and the rule of law will help bring the Med partners closer to the EU.

The adoption in Valencia of the regional framework document and the subsequent implementation of the regional "JLS" programme have represented a real step forward, which also encouraged cooperation at bilateral level

New programmes and actions aiming at encouraging reform of and co-operation between judicial systems, combating organised crime, drugs and terrorism, and ensuring a joint approach to the management of migratory flows should now be realised.

The Commission considers that the role played by the Association Agreements and Neighbourhood Action Plans, notably thanks to the institutional dialogue taking place in the "justice and security" subcommittee and "migration and social affairs" working group, is particularly important.

Twinning between the EU and Mediterranean partners' administrations prove to be particularly useful in this specific area and should be further promoted. Pilot projects can be supported under the Neighbourhood Action Plans and the new ENPI.

Migration and social integration of migrants is a particularly sensitive issue. Nearly 5 million citizens originating from the Mediterranean partners are now legally resident in the EU. Most of them are of Moroccan, Algerian and Turkish origin⁴. However, the demographic situation in the EU is leading to the need for new migrants to join the work force⁵. Rather than focussing on reducing migratory pressures partners should agree on a more strategic approach that aims to optimise the benefits of migration for all Partners. Such an approach would include intensified cooperation aimed at preventing human tragedies that take place in the Mediterranean as a result of attempts to enter the EU illegally. Preventing further loss of life needs to be a clear priority in the framework of the partnership.

Association Agreements and Neighbourhood Action Plans will help in promoting joint management of the movement of people (including visa facilitation) as well as the integration of migrants. Some of the Association Agreements facilitated certain progress towards equal treatment for migrant workers. Efforts need to continue to

⁴ Data from annual report on asylum and migration (2001), available online http://europa.eu.int/comm/justice_home/doc_centre/asylum/statistical/doc_annual_report_2001_en.htm. It must be noted that this figure relates only to holders of a third country citizenship and that it does not include former third country nationals from the Mediterranean countries who have been naturalised and have received the citizenship of the host country

⁵ Green Paper on an EU approach to managing economic migration – COM(2004) 811 final

foster integration within the host country, including through intensifying the fight against discrimination and social exclusion. The new ENPI can be used to promote a comprehensive approach including cross-border cooperation among the partners and between them and their neighbours, and possibilities for the creation of a Euromed Centre of Studies of Migration could be explored. All aspects should be taken into account, including requests made by Arab partners to discuss the fight against racism and xenophobia as well as a study of the labour markets in the EU and in partners.

After careful preparation at senior official level, Euro-Mediterranean Social Affairs and Justice and Home Affairs Ministers should meet, at the latest in 2007, to agree on a series of further actions to promote cooperation in these fields. The role of local authorities and civil society in dealing with these issues should also be borne in mind.

2.5 Terrorism

Since 1995 threats to the security of the partnership have increased significantly. Nowhere is this more evident than in the fight against terrorism. Progress has been made in strengthening cooperation among police, judicial and other authorities and this will be further developed under the second phase of the regional programme; but there remains much to be done to build the confidence necessary to step up exchanges of information on the threat from organisations and individuals. Bilateral state-to-state cooperation has proved insufficient in tackling the global threat of terrorism. Since 2001 serious terrorist attacks have hit Euro-Mediterranean countries but regional dialogue on dealing with this has too often foundered over disagreements on definitions.

Partners should agree to pursue the parallel tracks of greater practical cooperation in the fight against terrorism in full respect of human rights and political dialogue on its root causes. In addition, **the Commission proposes that Euro-Mediterranean partners should start discussions on a Code of Conduct on measures to fight terrorism, including its financing aspects as proposed by Arab partners, with the objective to reach an agreement before the end of 2007.**

Cooperation at bilateral level should be reinforced and the ENP action plans chapter related to this domain fully implemented. A broader geographical approach, including sub-Saharan countries in the cooperation perspective, is also important. Initiatives such as the creation of a regional counter-terrorism centre in Alger are therefore welcomed.

2.6 Weapons of Mass Destruction and ESDP

The EU is working with Mediterranean partners to attain the objectives enshrined in the Barcelona Declaration of a Mediterranean region free of weapons of mass destruction and that all countries of the region fully comply with and implement their international obligations in this area. These objectives are contained in the Association Agreement initialled with Syria and in the Neighbourhood Action Plans.

The Commission welcomes the initiative taken by the Secretary General High Representative to organise a workshop on this subject. This Workshop will take place in 2005. Partners should agree to ensure effective cooperation to implement

their commitments in particular as regards export, transit and end-use controls and enforcement procedures. The Commission is prepared to examine appropriate technical assistance in this field.

Cooperation in the framework of the European Security and Defence Policy (ESDP) should be further developed on a regional, sub-regional or bilateral basis with a view to improving awareness of opportunities for working together in conflict prevention and crisis management activities. The forthcoming seminar due to be held in Athens in June offers such an opportunity.

2.7 The Middle East Peace Process

The review shows that continuing conflicts are an obstacle to progress in the partnership. This is particularly true of the Middle East Peace Process. The paper⁶ by Arab partners places particular emphasis on this point. Following the recent meeting between the Israeli Prime Minister and the President of the Palestinian Authority there are encouraging signs of progress. The Barcelona Process can make a contribution to promoting this, even if this is not the forum in which a settlement will be reached. Partners should call for the strengthening of the efforts of the Quartet and facilitate the implementation of the Road Map objectives of the creation of a democratic Palestinian state living in peace and security with Israel as the guiding framework for the peace process on the Israeli-Palestinian track. The Euro-Mediterranean Partnership should provide continued support for cooperation among the parties, particularly in the industrial and economic sectors, to complement the political process. In the context of a settlement it should provide the instruments for Europe to help maintain the peace once it is achieved through a Charter for Peace and Stability and the closest possible integration of all partners into the European space through the Neighbourhood Policy.

2.8 Contribution to the resolution of other conflicts

In addition, the EU should show its willingness to help resolve other conflicts in the region, such as that in the Western Sahara, thus eliminating a significant obstacle to developing the further integration process within the Arab Maghreb Union. In this context EU support for regional integration in the Maghreb already plays an important role.

2.9 Civil society

In this context with support from the existing regional programmes and the Anna Lindh Foundation, virtual networks of universities in the Euro-Mediterranean region could be set up. The Foundation should be used to promote the role of civil society in the process, to overcome stereotypes and hostilities based on ignorance and help to achieve a genuine partnership among peoples. In line with an idea already included in the Barcelona Declaration, a regional strategy “against racism, xenophobia and intolerance” should be designed in the framework of the partnership instruments, including the Anna Lindh Foundation.

⁶ On 31 January, the Arab partners of the Barcelona Process issued a paper on « Elements of the Arab contribution to the evaluation and enhancement of the Barcelona Process ».

Concerning the role of civil society and social partners, agreement should be reached on mechanisms to strengthen their presence in the partnership. These could be developed by promoting the participation of civil society groups at regional and national levels for general or sector-specific consultations, in order to give them the opportunity to express their views on all matters related to the partnership in a more comprehensive and effective way. As regards the implementation of the Association Agreements and European Neighbourhood Policy, it could be agreed to hold regular preparatory meetings with civil society organisations before, as well as after, each sub-committee on Human Rights and democratisation.

Equality of opportunity among men and women is a cross-cutting issue which impacts on human and economic development.

A Euro-Mediterranean conference of government representatives and civil society could usefully be organised to raise awareness of the importance of the issue and take practical steps towards the improvement of the situation. This conference should take place in 2006 and should propose concrete ideas for the future with results to be made operational through the Neighbourhood Policy and its financing instrument.

2005 is also the 10th anniversary of the Beijing Declaration and Platform for Action on women's rights, and both Euromed meetings should strongly reflect the importance that the Barcelona Process places on empowering women. **The Commission is fully engaged with the Arab International Women's Forum in its efforts to make progress on this area, and proposes to set up a Network of Women Leaders from business, the arts, politics and civil society across the region.**

3. TIMELINE FOR KEY INITIATIVES

Following from the above, the Commission recommends that at the Ministerial meetings in Luxembourg and Barcelona this year agreement should be reached on the following initiatives for the future of the partnership:

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| 2005 | <ul style="list-style-type: none">– The Euro-Med partners should launch regional negotiations, on a voluntary basis, on the liberalisation of services and establishment. The Commission will submit negotiating guidelines for approval by the Council to this effect.– Euro-Mediterranean partners should agree a road map for agricultural liberalisation, including processed agricultural products and fisheries. The Commission will submit negotiating guidelines for approval by the Council to start negotiations with partner countries.– The Pan-Euro-Med Protocol of Origin will be progressively implemented throughout the Euromed, from 2005.– Organise a workshop on Weapons of Mass Destruction 2005.– A Euro-Mediterranean Transport Ministerial should take place before the end of the year with the participation of the EIB, to endorse a regional transport infrastructure |
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network interconnected to the Trans-European Transport Network, and agree on the priorities of the Euro-Mediterranean Transport cooperation for the next few years.

- A Ministerial Conference on economic and financial affairs will take place in Rabat.

2006 – A Euro-Mediterranean Conference will be held, prepared at sub-regional level, on human rights and democratisation.

- Approximation work in the field of technical legislation, standards and certification procedures should have intensified so as to pave the way for negotiations on conformity assessment agreements (ACAAs).
- A Euro-Mediterranean Conference on gender equality with the participation of government representatives and civil society and social partners should take place. The Conference should concentrate on the comparison of best practices within the region to raise the role of women in society and their contribution to human development.
- Adoption of a timetable with concrete measures with the objective of a thorough de-pollution of the Mediterranean by 2020.
- In the light of the FEMIP experience, and following consultations with partner countries, the Commission will assess before the end of the year the possibility of establishing a Euro-Mediterranean Development Bank.
- The Commission will launch a Scholarship scheme for university students either within the existing Erasmus Mundus programme or by reinforcing mobility activities inside the Tempus scheme.
- A Euro-Mediterranean Energy Ministerial should take place in view of progressing sub-regional energy integration markets and infrastructures

2007 – Euro-Mediterranean Partners should reach agreement before the end of the year on a code of conduct on measures to fight terrorism.

- A Euro-Mediterranean conference of Justice and Home Affairs Ministers, with the participation of local authorities, should be held to discuss management of migratory flows and social integration.
- A regional programme on rural development and optimisation of quality production should be identified for implementation.
- After consultation with partner countries, the percentage devoted to bilateral cooperation in the education sector should be increased by 50% of the national and regional indicative programmes.
- The Democracy Facility will enter into force.

2010 – All South-South free trade agreements should be concluded and implemented by the end of the year, including for services and establishment as well as agriculture.

- Completion of Euro-Mediterranean electricity and gas markets and infrastructure interconnections