

Brussels, 14 September 1995

**OPINION**  
of the  
Economic and Social Committee  
on the  
**Euro-Mediterranean partnership**

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Memorized text.



On 21 December 1994 the Economic and Social Committee, acting under the third paragraph of Rule 23 of its Rules of Procedure, decided to draw up an Opinion on the

*Euro-Mediterranean Partnership.*

The Section for External Relations, Trade and Development Policy, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 7 July 1995. The Rapporteur was Mr MERIANO.

At its 328th Plenary Session (meeting of 14 September 1995), the Economic and Social Committee adopted the following Opinion by a majority vote with one abstention.

## SUMMARY

### **Foreword - reasons for, and nature of, the proposed Euro-Mediterranean partnership**

0.1. Subject to concrete action being taken by the Commission and Council on its recommendations, the Committee's Own-initiative Opinion - based on the three Commission preparatory documents to date - approves the proposal's general approach. The Committee particularly appreciates the linkage of economic, political and development/security aspects and the generalized use of multilateral instruments. In its view, this approach is broadly consistent with the guidelines set out in its previous Opinions on the Community's Mediterranean policy. It views the proposal as a significant leap forward (in both general and financial terms) in providing a blueprint that can produce immediate results, even if it will not be fully felt for a generation.

0.2. The Committee observes that the comprehensive nature of the partnership is confirmed by its breakdown into political dialogue, sustainable and balanced economic and social development and greater inter-cultural understanding, with greater emphasis on the human dimension of trade. Without attempting to play down the difficulties involved, the Committee wholeheartedly endorses this approach in principle and regards it as the only way of tackling the area's serious and complex problems.

0.3. The Committee also generally agrees with the proposed institutional structure and favours a global framework agreement to boost the potential for regional cooperation among the countries in the individual Mediterranean sub-regions and create an area of shared prosperity. This should avert the risks which a return to exclusively bilateral relations could entail for the balanced development of the Mediterranean nations, not least as regards the opening-up of their mutual relations.

### **The political dimension**

0.4. Here the Committee stresses that the strictly political dimension of the partnership presupposes the preservation of the cultural identity of the societies concerned. There can be no

question of imposing rigidly predetermined practices and institutional machinery. Dialogue is needed with representatives of civil society as well as Governments.

Reiterating yet again its concern that EU-Mediterranean cooperation must guarantee effective protection of human rights, the Committee hopes that the planned introduction of procedures for regular monitoring of compliance with undertakings given in this matter can provide an objective basis to meet justified insistence that partnership aid should be conditional.

Without ruling out the possibility of resorting in extreme cases to carefully considered political sanctions, such as cutting aid or channelling it through NGOs, the Committee remains convinced that closer involvement of civil society in the associated countries in partnership operations is the most constructive contribution that the EU can make to safeguarding human rights and strengthening institutions and democratic traditions.

### **Trade liberalization, economic cooperation and related practical difficulties**

0.5. In the economic sphere, the Committee first and foremost would stress the inextricable link established in the proposal (including the timespan envisaged) between the establishment of a free trade area - to be implemented in a gradual, selective manner and in tandem with regional integration between the partner countries - and implementation of a concurrent structural reform programme.

0.6. On the specific subject of agriculture, where radical solutions - be they protectionist or deregulatory - do not seem feasible, the Committee's view is that technology transfer and EU financial support for the Mediterranean countries should first and foremost concentrate on countries whose governments actively pursue policies for promoting sustainable agricultural development, and on small and medium-sized food businesses, with a view to attaining a satisfactory level of food self-sufficiency.

0.7. Bearing in mind too that the massive foreign debt strain on the economies of a number of MED countries is clearly a key factor in their political and social instability, the Committee considers that successive Commission documents have been wrong to ignore completely this sensitive aspect of the problem in exploring a viable scheme for an EU-Mediterranean partnership.

0.8. Turning to the outlook for industrial cooperation, where disturbing signs of crisis are apparent, the Committee attaches great importance to acceptance of the Commission proposal whereby EU-MED Association Agreements should provide a framework of legal guarantees to encourage investment by EU operators. Priority is to be given to joint ventures and industrial cooperation, with particular emphasis on SMEs, and financial support is to be extended to capital investment programmes.

0.9. Here the Committee also highlights the key role played by technical and scientific cooperation, with specific reference to the proposed monitoring systems (e.g. in the energy, environmental and fisheries sectors).

### **The MED global aid programme**

0.10. The Committee attaches particular importance to the scale and medium-term continuity and predictability of the financial resources which the EU is to make available to its Mediterranean partners via the 1995-1999 aid programme, partly in view of the structural nature of the problems to be tackled. Resolution of these problems is a precondition for the establishment of an EU-Mediterranean free trade area.

0.11. Though the Committee feels that the indicative financial aid proposed by the Commission still falls short of objective needs, it notes that the proposed appropriation, added to a similar sum from the EIB's own resources and bilateral contributions from the Member States, could boost the overall impact of EU aid, helped by appropriate interaction between the available aid channels. As regards the sectoral breakdown of aid, the Committee broadly endorses the specified aims but feels that proposals should be structured to take account of the individual partners' differing levels of development in respect of the various sectoral priorities.

0.12. The Committee keenly endorses the Commission's suggestion that financial aid should be deployed with greater flexibility. Elastic multi-annual programming would facilitate discretionary use of available funds to the advantage of the countries which make the greatest effort to reform their respective economies and liberalize trade. Here the Committee would refer specifically to its own proposal for development agreements, concluded between the European Commission, the Governments of the MED countries and the socio-economic interest groups, to be targeted on specific aims forming part of a development plan, with trade-oriented contractual commitments and financial undertakings.

0.13. The Committee also welcomes the proposed action programme to combat corruption, and calls for funds to be made available to support such projects.

### **Inter-regional cooperation and sub-regional associations**

0.14. The Committee refers to its own recent Opinion on Mediterranean inter-regional cooperation (Appendix II lists proposals of particular relevance from the partnership angle). It also supports the development of sub-regional groupings of MED countries.

### **The social and human dimension**

0.15. The Committee wholeheartedly endorses the Commission's view that social spending is primarily the responsibility of the Governments concerned, but that the social decline already to be observed in the MED countries (social cost of structural adjustment, rapid population growth, mass exodus from rural areas) could be aggravated by worsening disparities caused by possible temporary adverse effects of economic anchorage to Europe. The Community's help in countering these disturbing trends would therefore seem justified on account of the damage which any exacerbation of the situation would bring. The Committee therefore proposes to keep a close eye on the practical

progress of operations in the many social spheres specified in the Commission documents, and shares the Commission's conviction that the social dimension of partnership is intrinsically intertwined with the cultural dimension, especially as regards action to curb racism and xenophobia by fostering greater mutual understanding.

The Committee notes with pleasure that the key role played by women in the development process is ascribed its true worth and that top priority is given to encouraging women to take part in political and social activities, thereby guaranteeing the promotion of equal opportunities and human rights.

### **Decentralized cooperation**

0.16. The Committee reiterates that decentralized cooperation, the aim pursued by the Community since the very start of its New Mediterranean Policy (NMP), presupposes full involvement of the socio-occupational interest groups, in a constant drive to encourage small and medium-sized businesses and the informal sector, while leaving local operators the freedom they need to promote the initiatives best suited to their particular situations.

The Committee therefore welcomes the policy emphasis which the Commission's Summary Report places on this objective, although it is concerned that it might be stymied by bureaucratic and in some cases contradictory administrative mechanisms.

### **Involvement of the socio-economic interest groups**

0.17. The Committee stresses the importance of work in recent years to pave the way for effective participation of the socio-economic interest groups in the sphere of cooperation. It highlights its own specific responsibility in such matters, especially as regards decentralized cooperation, and regrets that the relevant Commission document makes no mention of its proposals (MED-Reg and MED-Partners) and has so far taken no action on them.

Nonetheless the Committee warmly welcomes the Spanish Government's decision to convene a non-governmental Forum in Barcelona, immediately after the Euro-Mediterranean inter-ministerial Conference. It also welcomes the recent initiative by the Spanish Economic and Social Council to arrange, in conjunction with the Forum, for its representatives to meet their counterparts from ESCs in the EU Mediterranean countries, the EU's Economic and Social Committee and ESCs in a number of partner countries, as well as other representatives of socio-economic interest groups. This initiative should trigger regular contacts between all the various bodies concerned, as repeatedly advocated by the Committee.

## **Current negotiations and specific area problems**

0.18. As regards the negotiations in progress and problems in the various areas of the Mediterranean - which are also marked by significant development disparities between the Southern and the Eastern Mediterranean countries - the Committee:

- notes with satisfaction the decisions taken on 6 March 1995 regarding plans to initiate procedures for the accession of Malta and Cyprus to the EU, but considers that these accession negotiations must be handled separately from those with the Central and Eastern European nations, given their completely different nature;
- is seriously concerned by developments in the Turkish political situation since the conclusion of the agreements on the establishment of a customs union, culminating in the European Parliament's refusal to ratify these agreements. However, it reiterates its earlier stance regarding the broad economic benefits to be reaped by both partners from a customs union and, while endorsing the firm line taken, hopes that the pressures brought justifiably to bear will help swiftly to restore political conditions conducive to conclusion of the above agreements, thereby helping to dispel tensions in the region; for its part, it confirms its intention to continue to promote socio-occupational dialogue within the framework of the joint EU-Turkey Committee;
- is convinced, in the case of Albania, that transition from a centralized to a market economy will be doomed to failure unless account is taken of the specific causes of this country's backwardness;
- formally proposes that provision be made, under a Europe agreement similar to those concluded with the other central and eastern European countries, for Albania also to benefit both from Community-funded operations in connection with the EU-Mediterranean partnership and corresponding EIB operations;
- feels that the agreement recently concluded with Tunisia and the one still being negotiated with Morocco could make a significant contribution to political and general stability in the Maghreb region; considers, however, that the peace and democracy process is a prerequisite in the medium term for full restoration of the EU-Maghreb partnership, which is vital for the full development of cooperation links in this geographical area;
- considers that the conclusion of an Association Agreement with Israel must be seen in direct correlation with the EU's interest in, and commitment to, the resumption and progress of the Middle East peace process; further, considers that the EU's main negotiating partner in this area must inevitably be the parties directly involved in the peace process (Israel, the Palestinian authorities, Jordan and Egypt). The Committee would like to see Lebanon join their ranks soon - partly on the grounds of its historic role as bridge between Europe and the Arab countries - together with Syria. Lastly, as regards the decentralized regional cooperation

project currently being drawn up in this area, the Committee points out the significant role which can be played by the MEDA budget heading for partnership purposes.

#### 0.19. Preparation of the Euro-Mediterranean Conference

In the light of the Presidency Conclusions approved at the end of the European Council in Cannes (26-27 June 1995) the Committee:

- notes that the Cannes meeting has formalized the negotiating position of the European Union for the Euro-Mediterranean Ministerial Conference to be held in Barcelona, as initially agreed by the Council on 12 June, and has in particular reached overall agreement on the appropriations to be allocated between 1995 and 1999 to financial cooperation with the countries of Central and Eastern Europe and the Mediterranean countries;
- welcomes the decision on the allocation of funds for the years 1997-1999 but deplores the fact that the appropriations earmarked by the Council generally fall well short of what the Commission has itself proposed, thereby exacerbating the inadequacy of the funds needed to meet the partnership targets, a situation made even worse by the failure of the Council document to refer to EIB loans of an equal amount, the reference being replaced by a simple reference to increased support through this channel for the Mediterranean countries;
- points out that the negotiating position of the EU approved by the European Council sets the Euro-Mediterranean Conference only one objective, namely the preparation of a joint document on the three principal aspects of partnership, leaving vague the question of the conclusion of a multilateral agreement and so confirming the concerns expressed by the Committee;
- notes that the European Council, in reaffirming that negotiations on the membership of Malta and Cyprus will commence six months after the conclusion of the Intergovernmental Conference of 1996, appears inclined to deal with this question in conjunction with the accession of the CEEC countries, even though the problems posed in the case of both sets of countries clearly differ in nature and scale; the Committee is therefore concerned that this approach might lead to an unjustified extension of negotiating periods;
- endorses, within the limits of areas falling within its own sphere of competence, the main thrust of the specific proposals contained in the Council document, welcoming in particular the emphasis given to environmental problems, whilst at the same time reserving the right to take a more detailed stand at a later date in the light of the outcome of the Barcelona Conference and its subsequent developments;
- notes that the concluding paragraph of the European Council document dealing with the follow-up to the Euro-Mediterranean partnership speaks among other things of the need for "contacts between those active in civil society", but feels that this phrasing is clearly

inadequate and totally fails to fill the blatant gap in existing Commission and Council texts on Euro-Mediterranean partnership, where there is no reference at all to the role of economic and social interest groups and the institutions representing them.

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## 1. Reference documents

In drawing up this Own-initiative Opinion, the Economic and Social Committee has taken account of three documents prepared by the European Commission to date: the Communication addressed to the Council and the European Parliament on 19 October 1994 in response to the request received from the Ministers for Foreign Affairs in July that year (COM(94) 427 - referred to below as the "first Communication"), the subsequent Communication of 8 March 1995, in response to the Essen European Council's request for specific proposals (COM(95) 72 - referred to below as the "second Communication"), and the summary report adopted by the Council on 10 April 1995<sup>1</sup> as basis for the Council Trojka's talks (with Commission Vice-President Marin) with the EU's Mediterranean partners in preparation for the Barcelona Euro-Mediterranean Conference (27 and 28 November 1995).

In appraising cooperation operations to date, account has also been taken of the Commission's Report to the Council and the European Parliament on 18 November 1994 (COM(94) 384).

## 2. Foreword

The Economic and Social Committee has a good claim to being the originator of the idea of a Euro-Mediterranean partnership. This claim was made in its first Additional Opinion of 26 April 1990 on the Community's Mediterranean policy, which expressed satisfaction at the new proposals drawn up by the Commission as an undeniable step towards a global approach because they extended, under the New Mediterranean Policy (NMP), the fourth series of financial protocols to all non-Mediterranean countries.

The Committee's strong criticism of the failure of the Community's Mediterranean policy to curb these countries' worsening economic and social situation<sup>2</sup> (falling per capita GDP, increased dependency on food imports, rising debt) was widely echoed in the policy stocktaking conducted in the first Commission Communication which concluded, on the basis of the comparative data contained in its Annex III, that "the resources placed at the disposal of the Mediterranean policy have fallen well short of responding to the challenges".

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<sup>1</sup> Published in EUROPE Documents on 27.4.95 (No. 1930/31).

<sup>2</sup> In particular, see the Committee's second Additional Opinion on the Mediterranean Policy of the European Community (Rapporteur: Mr AMATO, OJ C 40 of 17 February 1992)

### 3. Reasons for, and nature of, the proposed Euro-Mediterranean partnership

3.1. The renewed political interest in the idea of a Euro-Mediterranean partnership reflected in the Commission documents referred to above has been prompted by the northward expansion of the EU and, above all, by the EU's commitments to the central and eastern European countries. The move follows the Edinburgh European Council's endorsement of the principle that "an appropriate balance should be maintained in the geographical distribution of the Community's commitments"<sup>3</sup>. There is also a geo-strategic aim, namely progressive establishment of a free trade area spanning the EU and its Mediterranean neighbours, and the related promotion of an area of stability and security on the EU's southern flanks. Here too, it should be noted that the idea that a joint development policy should be pursued by the EU and its Mediterranean neighbours lay, as in the past, at the heart of the Committee's "Mediterranean philosophy"<sup>4</sup>.

3.2. In the Committee's view, the proposal set out in the Commission's Communications appears essentially to follow this approach and undoubtedly represents a qualitative leap forward in both financial and general terms, calculated to have immediate effects even if it will not be fully felt for a generation. The Communication also echoes the view of the Commission's White Paper on Growth, Competitiveness and Employment that the end of the bipolar balance will bring new scope for integration between different cultures and development models, built around shared political objectives.

3.3. In short, the novelty of the latest proposal, compared with previous Mediterranean policy initiatives, lies not just in its political motivation, which is bound up with the balance between Member States and EU, but also in the link between economic and political aspects and between development and security, and in the generalized recourse to multilateral intervention instruments.

The overall aim is to bolster existing ties between the EU Member States and the countries of the south and east Mediterranean. According to reliable forecasts, current demographic trends mean that the European Mediterranean countries will quite soon account for just over a third of the total population of the Mediterranean region - which will have risen from the present 360 million to almost 550 million - while the other two thirds will be in the southern and eastern Mediterranean countries<sup>5</sup>. In such circumstances, the abovementioned Committee Opinions stressed the inadequacy of any policy which sought to curb migratory pressure and large-scale clandestine immigration by administrative measures alone. Alternative job prospects had to be created in the non-EU Mediterranean countries, and the Committee suggested the conclusion of a convention between

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<sup>3</sup> According to the summary report of 10 April 1995, ambitious cooperation to the South and opening up to the East are complementary.

<sup>4</sup> See the Committee's Opinion on the Mediterranean Policy of the European Community (Rapporteur: Mr AMATO, OJ C 221 of 28 August 1989) and the Additional Opinion of 1991 (Euro-Mediterranean complementarity with a view to integration; development agreement as policy instrument and Community coordination of Mediterranean cooperation policies).

<sup>5</sup> The second Commission Communication forecasts that the MNCs will have a population of 400 million in 2035. Other sources (Bruno Amoroso - Jean Monnet Chair, Third report on the Mediterranean, University of Roskilde, 1995, page 36) give a figure of almost 550 million in 2025, with an age structure which will make it necessary to create over 60 million new jobs (25 million by the end of the century).

the Community and these countries, with joint undertakings to regulate and monitor migratory flows. The Committee's 1989 Opinion voiced concern at the worsening pollution of the Mediterranean and the widespread deterioration of coastal areas, and noted the need to step up existing multilateral initiatives. The constraints caused by certain EU countries' heavy reliance on Mediterranean countries for energy supplies is another practical reason for developing and consolidating partnership-based relations. With this in mind, direct Community investment in these countries must not simply be motivated by attractive wage differentials; rather, the aim should be a gradual transfer of parts of the production process. As the Committee stated in its recently adopted Own-initiative Opinion on spatial planning and inter-regional cooperation in the Mediterranean area (CES 320/95), "complementary links could be forged between the two sides of the Mediterranean, buttressed by trade in goods, knowhow, consumption patterns and an increasingly competitive workforce".

In the Committee's view, establishment of an area of political stability calculated to eliminate the racist tensions which threaten foreign operators - sometimes even physically - would provide the best economic incentive for European direct investment in the Mediterranean countries. Conversely, a sustainable development process would be bound to further their political and social stability and, over the longer term, could help to contain demographic pressures<sup>6</sup>.

3.4. The global nature of the partnership relationship is borne out by its tripartite structure - highlighted in the recent summary report - which focuses firstly on political and security aspects, then economic and financial aspects (including the planned establishment of a free trade area) and, lastly, the social and human dimension. The desired stability and prosperity are to be achieved through political dialogue, sustainable and balanced socio-economic development and efforts to alleviate poverty and foster inter-cultural understanding, while boosting the human dimension of trade. The Committee fully endorses this basic strategy and, without playing down the difficulties involved, considers it the only way of tackling the area's serious and complex problems.

3.5. On the institutional structure of the partnership plan, the Committee points out that - as the summary report makes clear - a multilateral framework embracing the EU and its Mediterranean neighbours must be regarded as complementary to closer bilateral relations, as indicated in the Commission's first Communication and the subsequent decisions of the Essen European Council. The two most recent documents state more precisely that a Euro-Mediterranean free trade area in line with the World Trade Organization (WTO)'s wishes could be achieved by 2010. Here the speedy conclusion of the bilateral agreements currently in progress is recommended along with the negotiation of similar free trade agreements among the Mediterranean countries, with particular reference to free movement of manufactured goods, gradual liberalization of trade in farm products on the basis of reciprocal preferential access, the right to establish companies, cross-border services and movement of capital. Subsequent negotiations of a similar kind are planned between the Mediterranean and other countries associated to the Community (EFTA, central and eastern European

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<sup>6</sup> In this connection, see Appendix I which gives disaggregated data on the interdependence between EU and the Mediterranean countries.

countries, Cyprus, Malta and Turkey), so as to establish in the region a system of common rules covering all the basic aspects of a free trade area.

The Committee agrees with the broad principles of this approach and is in favour of a global framework agreement boosting the potential for regional cooperation among countries in the various areas<sup>7</sup>. This should avert the risks which a return to exclusively bilateral relations could entail for the balanced development of the Mediterranean nations, not least as regards the opening-up of their mutual relations.

3.6. In the Committee's view, it must be remembered that the plan for a Euro-Mediterranean partnership is prompted not only by the prospective further enlargement of the EU, but also by the recognized need to upgrade economic areas that complement the Community as locomotives of development, just as the United States and Japan are doing in their respective geographical areas. Close regional integration and major financial aid instruments would be the hallmarks of this region of shared prosperity. In geopolitical terms, the Euro-Mediterranean area embraces the EU, the remaining EFTA nations, and the central and eastern European countries.

#### 4. The political dimension of partnership

4.1. The participatory approach implicit in the term "partnership" takes on an overtly political and even cultural dimension if its objectives are to include safeguarding of the cultural identity of the societies concerned as well as economic modernization and promotion of social development. A partnership which extends beyond trade relations must avoid any hint of the sort of paternalistic approach inherent in any attempt to impose rigidly predetermined practices and institutional machinery.

4.2. The first Commission Communication explicitly states that "a priority is to promote political dialogue between the Union and its Mediterranean partners, based on the respect of human rights and the principles of democracy, good governance and the rule of law which constitute an essential element of their relationship". The Committee's constant concern that Euro-Mediterranean cooperation should be governed by effective human rights safeguards takes on key importance in a development blueprint designed first and foremost to curb the tensions stoking the fires of extremism and the spiral of violence. Here the second Commission Communication states unequivocally that "consolidation of democracy and respect for human rights (is) an essential component of the Community's relations with the countries in question". Also fully in tune with the Committee's recommendations is the statement, in the same document, that "an appropriate dialogue conducted not only with governments but also with representatives of civil society, coupled with technical and financial assistance for specific operations" is the best way of guaranteeing the consolidation of democracy and human rights.

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<sup>7</sup> See the strategy adopted in relations with the MERCOSUR countries and other Latin American regions where integration processes are under way (see chapter on inter-regional integration in the Committee's Opinion on EU relations with Latin America, Rapporteur: Mr Vasco CAL, OJ C 127 of 7 May 1994). This approach would seem particularly suited to tackling the serious difficulties that have recently arisen, e.g. in the case of the Maghreb Union.

This stance has subsequently been spelt out in the Commission's summary report with reference to a declaration of principles which the governments of the signatory states will be called on to adopt, with specific reference to freedom of expression, association, thought, conscience and religion, and prohibiting discrimination on grounds of race, nationality, language, religion or sex. In addition, commitments are to be given regarding the organization of regular elections, independent judiciary, balance of powers and good governance, as well as the peaceful settlement of disputes, respect for territorial integrity, disarmament and nuclear non-proliferation.

The Committee trusts that the introduction of procedures for regular monitoring of compliance with the relevant commitments will provide an objective basis to meet justified insistence that partnership aid should be conditional.

4.3. In extreme cases the Committee would not rule out recourse to carefully considered political sanctions such as cutting or suspending financial aid and cooperation programmes. However, experience to date, such as the EU-AMU meeting in Tunis, suggests that the most tangible contribution which the EU can make to the safeguarding of human rights and the development and consolidation of democratic practices and institutions, in tandem with greater socio-economic maturity and a related dissemination of culture, is to encourage civil society in the associated countries to play a greater role in the initiatives promoted under the Euro-Mediterranean partnership.

## 5. Trade liberalization, economic cooperation and related practical difficulties

5.1. In the light of the above, the economic strand of the Euro-Mediterranean partnership thus involves more than establishing a free trade area designed to boost north-south trade by reciprocal, non-parallel liberalization and to stimulate south-south trade.

5.2. The Committee would stress that the proposed trade liberalization and economic cooperation are inextricably linked. The transitional period for establishing a free trade area should therefore be backed by a concurrent programme of structural, economic and market reform. A Euro-Mediterranean partnership would seem to imply the start of a new type of development process that goes beyond the existing boost in Mediterranean countries' exports to the EU, which is so far concentrated on a handful of sectors, so as to end the paradoxical situation in which, despite the EU's political and financial commitment to the structural diversification of the associated countries, a highly defensive stance is still found in some economic circles. This has not helped negotiations with the Mediterranean countries, and it is clear that radical solutions - be they protectionist or deregulatory - are not feasible. There can be no doubting the need to proceed very cautiously when opening up particularly exposed sectors of the Community markets, such as agriculture, and past Committee Opinions have been unequivocal on this point<sup>8</sup>. However, it is equally clear that Euro-Mediterranean

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See, for example, point 7.2.3. of the Committee's second additional Opinion, which states that "The Committee would emphasize its opposition to a Mediterranean policy approach which concentrates on the opening up of Community markets without a serious effort, financial and otherwise, to implement a real policy of co-development. The Committee has already stated on previous occasions its objections to the total dismantling of barriers to imports of MNC agricultural products ... Without a commitment to reshaping agriculture and industry on a Mediterranean-wide scale and without parallel reform of the CAP, to press ahead with a purely mechanical policy of progressively permitting the import of agricultural products from the MNC will only exacerbate the existing competition with the Community's Mediterranean regions, while still failing

economic cooperation presupposes a gradual opening-up of trade, backed by an international regulatory framework on competition, in accordance with the WTO obligations explicitly mentioned in the first Commission Communication. At least theoretically, the Committee feels that the most sensible solution would be to plan exports according to possible take-up on the world market. On the specific question of Mediterranean agricultural products - exports to the Community exceed 15% only in the case of Morocco and Tunisia - the Committee feels it helpful to examine some of the suggestions mooted hitherto. Particular emphasis has been laid on the case for stepping up the production of early crops which, by virtue of climate conditions, do not compete with Community production. A case has also been made for three-way trade, based on agreements between the Mediterranean and central and eastern European countries, possibly with temporary EU financial support, to provide outlets in the latter for certain produce from the former (such as tomatoes or citrus fruits). However, the Brussels meeting of 6 to 8 April 1992 on the outlook for cooperation between the Arab Maghreb Union and the European Community as regards investment, migration and agriculture pointed out the connection between the fierce competition exerted by Community agricultural produce on associated country markets and the growing number of young people moving to urban areas, which has also fuelled immigration to the Community.

In such circumstances, EU technology transfer and financial support for the Mediterranean countries should focus first and foremost on small firms in the food sector, with a view to helping these countries to achieve a satisfactory level of food self-sufficiency.

5.3. Another paradox which cannot be overlooked here is the massive foreign debt facing some Mediterranean countries<sup>9</sup>. Not for nothing did the Committee's first additional Opinion (1990) call for coordinated action from the Member States and a less passive stance from the Community, while the final declaration of the EU-AMU meeting in Tunis called for "specific solutions to alleviate the continuous erosion of resources caused by debt repayment and servicing". A number of Committee documents have cited the Tunisian proposal to convert official credit into social, environmental and human-resource expenditure. The relative success of structural adjustment in Morocco should not lead us to forget that, but for the agreement with the IMF in April 1994, Algeria's foreign debt servicing (estimated in 1993 at USD 26,000 million) would have taken up its entire revenue from oil exports<sup>10</sup>, and that this burden still weighs heavily on Algeria's political and economic stability. The Committee thus feels that the Commission is wrong to disregard completely this delicate aspect of the problem - as it has done in successive documents - when it seeks to put forward a viable scheme for a Euro-Mediterranean partnership.

5.4. In recent years, these longstanding difficulties have been aggravated by new problems related to industrial cooperation. More favourable conditions have led textile companies to relocate to such areas as south east Asia in preference to Mediterranean countries, particularly the Maghreb. The possibility of new joint ventures or other forms of direct investment also appears problematic,

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to satisfy fully the MNC's export demands."

<sup>9</sup> See Appendix I.

<sup>10</sup> *Stato del Mondo* 1995, published by Mondadori, Milan 1995.

even with the guarantees offered by the agreement founding the WTO. It must also be remembered that while the EU has increasingly clamped down on immigration from the Mediterranean countries, the spread of Islamic fundamentalism and the ensuing threats to personal safety have seriously discouraged EU direct investment in these areas, as has already been noted. Hence the partnership plan - which rightly places great emphasis on encouraging such investment, while respecting the areas of responsibility of the Community, the Member States and the Mediterranean countries - will have to be implemented in a context which in many respects is unfavourable. This must be tackled with appropriate instruments and, as far as the Committee's remit is directly concerned, will require a rigorously professional dialogue with its non-EU counterparts and a strong emphasis on the issues surrounding decentralized cooperation.

The Committee attaches great importance to approval of the Commission proposal that association agreements between the EU and the Mediterranean countries should provide a framework of legal guarantees encouraging investment by Community operators, with priority emphasis on joint ventures and industrial cooperation (notably small and medium-sized businesses) and extending financial support to capital investment programmes. The planned Mediterranean Financial Institute could play a role similar to that of the European Bank for Reconstruction and Development (EBRD) in the central and eastern European countries.

5.5. Lastly, the Committee would point to the key role that technical and scientific cooperation can play in solving the difficulties outlined above - a role which is certainly not confined to decentralized development. Here it refers specifically to the monitoring committee set up after the symposium organized in March 1995 at Sophia-Antipolis by the French Presidency of the EU, following the AVICENNA programme which, in recent years, has produced over 70 projects in the water, health and renewable energy sectors. As in the case of cooperation in the energy sector, joint schemes to protect the Mediterranean environment have resulted in the identification of priority areas of action, with the introduction of monitoring arrangements, in liaison with existing institutional structures (primarily the United Nations). In the same way the Committee takes a special interest in the proposed observatory to monitor fishery resources, which should be a multilateral body.

## **6. The MED global aid programme**

6.1. The Committee attaches particular importance to the scale of the financial resources which the EU is to make available to its Mediterranean partners via the 1995-1999 aid programme. The simple fact that the sum of MECU 5,500 mentioned in the Commission documents was decided against the yardstick of the funding package for the central and eastern European countries confirms that the whole Euro-Mediterranean partnership has been devised with an eye on earlier European Council decisions on economic support for central and eastern Europe. However, the new initiative should be seen in the light of the differing historical backgrounds of the countries concerned, which bring a need for different cooperation conditions and structures. Neither must one underestimate the radically different socio-economic circumstances of the two groups of countries, which are bound up with their diametrically opposite demographic trends. However, a case-by-case comparison of the financial resources provided will give an objective indication of the seriousness of the EU's

commitment and of its credibility in the eyes of its partners. The Committee observes that the comparative figures given in Annex III to the first Communication are indication enough of the need for change, bearing in mind the clearly structural nature of the problems to be tackled, unlike those of central and eastern Europe. Gradual resolution of these problems - notably as regards scientific and technical cooperation, vocational training and further training - is a precondition for a Euro-Mediterranean free trade area<sup>11</sup>.

6.2. Though the Committee considers that the indicative financial aid proposed by the Commission still falls short of objective needs, it observes that the current proposals, if approved, would increase Community aid from an average ECU 415 million per annum, under the protocols to expire in 1996, to ECU 1,100 million per annum. The proposed amount, added to the similar sum which these countries will receive from EIB own resources and the Member States' bilateral contributions, could boost the overall impact of Community aid, which would be further helped by appropriate interaction between the available aid channels. This would give a clear sign of the EU's determination to step up its commitments on this front. Here the Committee trusts that the procedure indicated in the Commission's second Communication regarding approval of the proposed EIB-funded operations will be set in motion without delay, and with successful results.

6.3. There are five priority sectors (environment, energy supply, migration, trade and investment). In each case it is planned to divide aid between support for (a) economic transition towards a free trade area (ECU 2,300 million), (b) a better socio-economic balance (ECU 2,600 million) and (c) regional integration (ECU 600 million). The Committee broadly endorses these aims and the breakdown of aid, though the existing documents do not seem to set out sufficiently clearly the criteria determining this last point. It therefore advocates that proposals be structured to take account of the individual partners' differing levels of development in respect of the various sectoral priorities<sup>12</sup>. It would also reiterate its view that the Commission should indicate intervention priorities for EIB-funded projects involving a Community budget contribution (interest subsidies).

6.4. In addition, the Committee warmly welcomes the confirmation in the second Commission Communication that the main beneficiaries of financial cooperation should be those Mediterranean countries that are striving to reform and modernize their economies, and to liberalize trade. This statement of principle is backed by the suggestion, in the same Communication, that financial aid be used more flexibly, with sufficiently elastic multi-annual programming to facilitate discretionary use of funds. Here the document suggests that the cooperation councils' annual meetings should in future be held at technical level while, at political level, the EU and all partners involved should meet annually to discuss issues of common interest.

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11 It must, however, be remembered that, with the new protocols, Community aid came to 0.1% of Community GDP in the case of budget resources, and 0.3% in the case of EIB loans.

12 The Commission's Communications highlight the following: funding under the MEDA programme could be extended to all the countries with which the Community has association or cooperation agreements, apart from Israel, Cyprus and Malta which, because of their level of development, would only be eligible for decentralized cooperation projects and projects of regional or environmental interest. However, all the Mediterranean countries and the Palestinian Occupied Territories would be eligible for EIB assistance. Lastly, the non-Mediterranean Arab countries, notably the Gulf States, could also receive decentralized cooperation assistance, subject to their making a financial contribution covering the cost of their participation. It is also envisaged that other donors should adopt indicative financing programmes for 1995-1999 alongside the Community and jointly agree a medium-term intervention strategy.

These proposals seem to take account of the Committee's repeated calls for targeted use of cooperation funding since they back the European Parliament's recent introduction of a new MEDA (B7-410) budget, which is intended to replace the financial protocols to expire on 31 October 1996 and to take effect from 1997, with the requisite safeguard of the co-decision-making principle which the first Communication's reference to the PHARE programme model seemed to call into question. Rather than referring back to experiences relating to political and economic circumstances very different from those at issue, the Committee would here mention its own proposal for development agreements, to be concluded between the European Commission, the governments of the Mediterranean countries and the economic and social interest groups. The second Communication rightly places great emphasis on the reactivation of such agreements. In the Committee's view, financial cooperation along these lines is the only way to provide adequate guarantees on such matters as advisory services, aid to the private sector (notably small and medium-sized businesses) and the development of a social infrastructure.

Development agreements are designed to pursue specific aims within a development plan, with trade-oriented contractual commitments and financial undertakings. In the Committee's view, such agreements are a prerequisite for the decentralized cooperation which the Commission considers fundamental to partnership though its financial commitment has remained substantially unchanged (ECU 300 million). They could serve as an effective bridge between Community action, bilateral aid from Member States - at times heavily cut back - and aid from other international bodies.

6.5. Similarly, the Committee welcomes the proposal - set out in the fourth part of the summary report adopted on 10 April - that "the partners would agree to draw up a programme of action against corruption, because of the importance, topicality and international scope of the phenomenon". They "would consider amplifying the means of detection and investigation enabling corruption to be countered more effectively". The Committee believes that experience has shown that a successful cooperation policy depends to a large extent on transparent use of public resources. Here it would recall its Opinion on the mid-term review of the Lomé IV Convention (21 October 1993)<sup>13</sup>, which advocated that the governments of the associated countries should be offered technical assistance with the procedures for selecting projects and awarding contracts, so as to help them curb corruption through more effective controls; the Committee calls for funds to be made available to support such projects and programmes, and endorses the OECD recommendation for effective measures to prevent and combat the various forms of corrupt practice connected with international transactions<sup>14</sup>.

## **7. Inter-regional cooperation and sub-regional associations**

7.1. Inter-regional cooperation merits special attention in this general context, not least with reference to the Committee's recent Opinion on the subject. The Commission's first

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<sup>13</sup> Opinion on the Lomé IV Convention - Mid-term Review (Rapporteur: Mr STRAUSS, OJ C 352 of 30 December 1993).

<sup>14</sup> However, it should be noted that the simple fact of concentrating aid to the Mediterranean countries under a single MEDA budget heading is bound to create more transparent conditions.

Communication also makes specific mention of such cooperation, notably in the context of environmental protection and decentralized cooperation programmes. Here too, it is worth reiterating the link, mentioned in the Opinion, between the growing imbalances in development within the EU - one of the main causes of its overall loss of competitiveness - and the non-EU Mediterranean nations' increasing reliance on trade with central and northern rather than southern Europe. This is likely to increase the marginalization of southern Europe and worsen the tensions in the south and east of the Mediterranean. The second Commission Communication seems to acknowledge this, and recognizes the priority importance of consolidating cooperation and communication links between both sides of the Mediterranean, "seeking synergies with cross-border and decentralized inter-regional cooperation instruments already available to the Community". In this context, it is worth stressing the fresh boost which trans-European transport networks could bring to tourism, telecommunications and transport-related activities, especially for reviving the main EU Mediterranean ports and giving back the Mediterranean airport system its natural role in air traffic links with the southern side of the Mediterranean<sup>15</sup>.

7.2. This topic ties in closely with that of the development of trade between the Mediterranean countries - a matter to which the first Commission Communication rightly attributes key importance, to the extent of proposing steps to promote the conclusion of intraregional trade agreements and support for sub-regional associations. Given the growth of multilateral relations within the region, particular importance attaches to the decentralized cooperation plan being drawn up by the Commission for the countries most directly involved in the Middle East peace process. The plan is consistent with the strategy which led to the establishment of systematic relations with the countries of the Arab Maghreb Union, and bears witness to its long-term validity, despite the present crisis in the AMU. The Committee considers that this approach merits wholehearted support. The Committee regrets the fact that under the financial protocols, regional cooperation aid has so far accounted for only 3% of total aid. It trusts that the Euro-Mediterranean partnership will accord greater importance to support for the establishment of sub-regional associations of Mediterranean countries. Far from conflicting with the objectives of the Euro-Mediterranean partnership, such a development would be a natural feature of such a partnership, heralding integration processes which in some ways mirror those taking place within the EU and avoiding the distortive effects of previous cooperation ventures.

## **8. Social and human dimension of partnership**

8.1. The Committee is in full agreement with the concern - possibly spelt out explicitly for the first time in the Commission's second Communication - that the deterioration of living standards in the Mediterranean countries prompted by structural adjustment, rapid population growth and the mass exodus from rural areas could be aggravated by worsening social disparities caused by economic anchorage to Europe. On this point the document claims with good grounds that although social spending is primarily the responsibility of the relevant governments, the Community's help in countering these problems is justified by the damage which any exacerbation of the social situation in the Mediterranean countries would bring. This applies both to improvement of social services in

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<sup>15</sup> The relevant proposals of the ESC Opinion CES 320/95 appear in Appendix II.

urban areas and to the harmonious development of rural areas. Here the Commission's summary report contains an extensive list of spheres - ranging from education and vocational training to social development, with particular reference to migration flows, health, youth problems, working conditions and occupational safety - which relate directly to the Committee's remit and merit its full attention. The same applies to the development of tourism, which is closely interlinked with environmental protection and is crucial to the development of the partnership countries, but which is presently a source of justifiable anxiety.

8.2. The Committee too is convinced that the social and cultural dimensions are inextricably intertwined as regards, for instance, cultural exchanges and the dissemination of foreign languages, as well as efforts to curb racism and xenophobia by promoting mutual understanding and cultural dialogue. This last point presupposes greater knowledge of other civilizations, including religious precepts. More generally, such cooperation implies closer contacts between universities, social, civic and political representatives, information bodies, research centres, local authorities, trade unions, private and public undertakings and associations of different kinds<sup>16</sup>. In addition to this panoply, the Commission's summary report pays full tribute to the key role played by women in the development process. The Committee places great emphasis on this last point, with particular reference to promoting the participation of women in political and social activities, seen as a necessary step towards the guarantee of equal opportunities.

## 9. Decentralized cooperation

The Committee sees the aim of decentralized cooperation<sup>17</sup> as full involvement of the socio-economic players. The abiding aim must be to promote the development of small and craft businesses, farming and other cooperatives, socio-economic organizations and local groupings. One avenue for this is the establishment of joint ventures, backed by a congruent commitment to training and skills enhancement. The key point here is that the Euro-Mediterranean partnership should usher in a more flexible development policy which gives local operators the independence they need to promote the initiatives best suited to their particular situations. It is important to remember that some 40 to 60% of the population of the Mediterranean nations still live in rural areas. The first problem is thus how small businesses can best develop in order to meet the growth needs of local markets, in terms of food supplies and ancillary manufacturing and service activities, with a corresponding transfer of capital from the north to the south of the Mediterranean<sup>18</sup>. The Committee therefore welcomes the policy emphasis which the Commission's Summary Report places on this objective, although it is concerned that it might be stymied by bureaucratic and in some cases contradictory administrative mechanisms.

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16 One relevant example is the initiative by the Oecumenical Patriarchate of Constantinople to promote religious dialogue in the Mediterranean area.

17 This has been the Community's aim since the NMP came into being (1990), through the MED-Invest programme.

18 See B. Amoroso - Jean Monnet Chair, op.cit.

## **10. Involvement of the socio-economic interest groups**

10.1. In the context of decentralized cooperation in particular, the ESC clearly has a special remit to counterbalance the undeniably technocratic and centralizing nature of traditional Community intervention and to replace this, where possible, by a rigorously professional dialogue that takes better account of all sides of the problems. Here the Committee highlights the key efforts made in recent years to pave the way for effective involvement of socio-economic interest groups in cooperation. A lead has been given here by the EU-AMU meetings, and by the cooperation bodies set up by the Committee with ACP and some Mediterranean countries (Turkey, AMU). As long ago as 1989, the Committee called for the establishment of a permanent contact group with national economic and social councils, where such councils exist, and elsewhere with the relevant socio-economic organizations.

In the light of the above, the Committee greatly regrets that the second Commission Communication makes no mention, in connection with decentralized cooperation, of the proposals for inter-regional cooperation (MED-Reg) and cooperation between partners on both sides of the Mediterranean (MED-Partners) made in the final declaration of the Tunis Conference (8-10 September 1993), on which the Commission has so far taken no action.

10.2. The Committee also warmly welcomes the Spanish Government's decision to follow the Euro-Mediterranean Ministerial conference with a non-governmental forum in Barcelona on 29/30 November. This will bring together employers and unions, the relevant Non-governmental Organizations (NGOs), chamber of commerce associations, and local authorities. The Committee also welcomes the recent move by the Spanish Economic and Social Council to arrange, in conjunction with the Barcelona Forum, for a meeting between its own representatives and their counterparts from similar councils in the EU Mediterranean countries, the Economic and Social Committee, such councils existing in certain of the partner countries and other socio-occupational representatives. This proposal is primarily modelled on the UN proposal, reiterated by the Committee, to set up a Mediterranean forum, as well as on the precedent of the meetings referred to above. It is also linked with the symposium on Mediterranean problems arranged by the Italian National Economic and Labour Council in April 1994 and its decision to organize two-yearly meetings on the area's problems, with the venue to rotate among the relevant councils in the various countries. In the Committee's view, this initiative could be the starting point for regular contacts between all bodies concerned.

## **11. Current negotiations and specific area problems**

### **A) Malta and Cyprus**

11.1. The extraordinary meeting of the Association Council with Turkey on 6 March 1995 the EU Ministers decided to open accession negotiations with Malta and Cyprus within six months of the conclusion of the 1996 Intergovernmental Conference on the reform of the European institutions.

11.2. While Maltese accession does not appear to pose any major political problems, the same cannot be said for Cyprus. The timing of the decisions on Cyprus's accession and an EU-Turkey customs union is no coincidence. There is a clear intention to defuse the tensions which the Turkish occupation of northern Cyprus has generated in the region; these tensions still present a latent threat to security there, despite the peace-making efforts of the UN. The prospect of EU financial support and development cooperation is of particular interest to the Turkish Cypriot community because of its relative backwardness, and this could help in the achievement of political solutions acceptable to all the parties concerned<sup>19</sup>.

## B) Turkey

11.3. At the above meeting of the Turkey Association Council, agreements were also signed setting out the terms for an EU-Turkey customs union, to take effect on 1 January 1996. However, subsequent developments in the Turkish political situation have given cause for serious concern. Worsening religious and ethnic conflict came to a head with oppressive treatment of the Alevi minority in Istanbul and Turkish military strikes against Kurdish separatists inside Iranian territory. Infringements of human rights - including the arrest of members of parliament because of their views, and the taking of legal action against the president of the Turkish human rights association - were raised by the French Presidency at the signing of the recent EU-Turkey agreements and have sparked a vigorous response from the EU, notably over the violation of the territory of a neighbouring State, culminating in the European Parliament's refusal to ratify the customs union.

11.4. Events in Turkey since the conclusion of its agreements with the EU are particularly serious when we consider the magnitude of what is at stake for the Community. The political significance of the customs union was noted by the Committee in its Opinion of 22 December 1993<sup>20</sup> on relations between the European Union and Turkey, which stated that "Turkey is the Community's only Mediterranean neighbour which possesses population levels and an economic dynamism comparable with those of the larger EC Member States." Such an assessment may seem optimistic, given Turkey's endemic problems (chronic hyperinflation, debt, structural administrative inefficiency) and the serious social problems caused by last year's draconian increases in the prices of petrol and the main consumer goods and services. These have undoubtedly fuelled support for the Islamic fundamentalist groups, notwithstanding the secular nature of the State and the traditions of tolerance inherited from the Ottoman past. The Committee feels it would be wrong to underestimate the major economic benefits which a customs union would bring both partners, given the size of the Turkish market and its share of the Community's overall foreign trade; financial aid from the Community could also be of significant help to the Turkish economy. In political terms, definitive resolution of tensions in the region is crucial for the establishment of an area of stability and security along the EU's south eastern borders. The Committee welcomes the firm line which the EU, like the Community in the past, has taken against the emergence of authoritarian tendencies in countries with

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<sup>19</sup> Similarly, the EC-Cyprus Association Council in Luxembourg on 12 June 1995 asked the Commission, pursuant to the pre-accession strategy decided on 6 March, "to establish the necessary contacts with the Turkish Cypriot community, in consultation with the Government of Cyprus" (EU Council document No. 7855/95, Appendix II).

<sup>20</sup> Opinion on relations between the European Union and Turkey (Rapporteur: Mrs CASSINA, OJ C 52 of 19 February 1994).

which it has links. It trusts that the justified pressure exerted by the EU institutions will help to restore full civil rights and proper operation of democratic institutions, as these could be irrevocably jeopardized by the indefinite continuation of a state of civil war.

For its part, the Committee intends to continue to promote socio-occupational dialogue within the framework of the joint EU/Turkey Consultative Committee. This is particularly important in a difficult, unstable period such as the present. Its overriding aim will be to give support and encouragement to the socio-occupational groups who are fighting for democratic development in Turkey and for a strengthening of its commitment to Europe.

**C) Albania**

11.5. The Commission documents and the European Council's deliberations to date have excluded Albania from the Euro-Mediterranean partnership. However, the fact that Albania's transition from a centralized to a market economy will fail unless account is taken of the specific causes of this country's economic and social backwardness, and that these problems cannot be effectively tackled with the instruments used in ostensibly similar situations, prompts the Committee to propose formally that - under a Europe agreement similar to those concluded with the other central and eastern European countries - provision should be made for Albania to be declared eligible for MEDA aid, as well as for related EIB funding<sup>21</sup>.

**D) Morocco, Tunisia and Algeria**

11.6. An association agreement with Morocco - which should be concluded during 1995 - would cement that country's trade links with the EU and the role which emigration to the EU plays in its economic balance. The agreement would also further Morocco's drive for structural adjustment, provide fitting recognition of its role in the Middle East peace process, and strengthen its domestic situation in a politically difficult period which is making it particularly vulnerable to Islamic fundamentalism.

11.7. Similar considerations, at least as regards economic and social stability, apply to Tunisia, which has a promising growth rate although the prospect of political liberalization seems more remote there. The fact that the Essen European Council confirmed the importance it attaches to continuing economic support for Algeria, while calling for a dialogue among all those who reject violence, suggests that, in the present AMU crisis, the agreement recently concluded with Tunisia and the one still being negotiated with Morocco could significantly improve the political stability of the region.

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<sup>21</sup> See the ESC Opinion on Relations between the European Union and Albania (CES 597/95, point 5.1.3.). The Committee would also point out that it has not felt it appropriate to propose a similar move in support of the Mediterranean countries of ex-Yugoslavia, as it does not consider the socio-economic conditions there comparable to those which prompted its recommendation in the case of Albania.

11.8. The influence which an unusually high foreign debt is exerting on Algeria's present difficulties has already been mentioned. However, it should also be noted that financial difficulties have led industrial production to fall far below capacity and have brought widespread unemployment. This state of affairs is clearly a factor in Algeria's worsening political and institutional crisis and the slide towards a military clash between opposing factions. This has been accompanied by an anti-western terrorist campaign which over the last eighteen months has claimed over 90 lives, and by an escalation towards ever more deadly violence. On both sides, steps to defuse the tension have been accompanied by paradoxical manifestations of intransigence. Positive steps include the government decision to hold presidential elections before the end of 1995 - and according to recent reports, political elections would follow shortly afterwards - and the so-called Rome platform for peaceful resolution to the conflict, drawn up following a conference held there by Algeria's eight main parties in November 1994 under the aegis of the catholic community of St. Egidio. While also calling for elections, the Rome platform intends these to be preceded by a national conference in which the government would also take part. The aim would be to create conditions for a return to multi-party democracy and a real guarantee of human rights. In the Committee's view, the controversy (not least, international) which has accompanied this last step should not cloud the fact that political dialogue - probably made more difficult by recent military developments - is now clearly the prerequisite for the full restoration of the Euro-AMU partnership, which in turn will shape the full development of cooperation in this part of the world.

#### E) **Israel and the Middle East peace process**

11.9. The prospect of early conclusion of an association agreement with Israel is clearly related to its high level of economic development which, as the Essen Conclusions point out, justifies the granting of "special status in its relations with the European Union on the basis of reciprocity and common interests". Such status is viewed as a suitable way of boosting "regional economic development in the Middle East including in the Palestinian areas". This approach, backed by political and economic support for the peace process and the satisfaction expressed by the Council at the conclusion of the Israel-Jordan Peace Agreement, links in with the EU's interest in, and commitment to, a gradual and lasting relaxation of the continuing tensions in the region. The process could be furthered by involving all the relevant parties in a joint development plan, along the lines sketched out by the Committee in its Opinion on the European Community and economic cooperation in the Middle East (28 January 1993)<sup>22</sup>. The guidelines mapped out there were broadly reflected in the Commission Communication of 8 September 1993 on future relations between the Community and the Middle East. The Communication stressed the growing imbalance between Israeli GDP and that of the Arab States of the southern Mediterranean (an imbalance comparable to that between these countries and the EU), and recognized that peace in the Middle East would depend to a large extent on the pace of economic development in the area. It called for "progressive institutionalization" of regional cooperation.

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<sup>22</sup> Rapporteur: Mr BEALE, OJ C 73 of 15 March 1993.

11.10. The Committee's External Relations Section received a practical indication of such action in a briefing by a Commission representative on the decentralized cooperation plan to be implemented between Israel, the Palestinian authorities, Jordan and Egypt. This will involve a multilateral action programme and a joint monitoring committee serviced by a joint secretariat based in Amman. The Commission and Council intend to report on the initiative at the next European Council. Also relevant here are the recent launch of negotiations with Egypt and the forthcoming opening of negotiations with Jordan. The concrete results of the partnership with the Mashreq countries must obviously be seen from the angle of moving on from the present critical stage of the peace process. The working document (20 June 1994) of the study group on EU-Middle East relations accurately describes the situation as "very promising but not irreversible"<sup>23</sup>. It would seem that the EU's main partner in this area will be the group of parties directly involved in the peace process which are already linked by agreements which the EU should seek to consolidate.

It is to be hoped that they will shortly be joined by two countries: by Lebanon - mentioned for the first time in connection with the Euro-Mediterranean partnership in the Commission's second Communication - which is fitted to play a valuable part in the peace process by virtue of its historic role as bridge between Europe and the Arab countries; and by Syria, whose definitive involvement in the process could prove crucial.

In the light of Annex III of the Commission Communication, it should be noted that the EU is already the largest donor of assistance to the Palestinian communities in the Occupied Territories, giving some ECU 100 million in 1993 and ECU 86 million in 1994. However, the outlook for financial cooperation with third countries, notably the USA, is still cloudy. An international task force set up following the Casablanca summit is working on a proposal to set up a Middle East development bank, and a decision should be taken at the second summit, to be held in Amman on 30 October and 1 November. The fact that aid for Palestine has hitherto taken the form of loans could also jeopardize the second stage, which in this respect too appears extremely problematic. Here too, the Committee sees the MEDA budget heading proposed in connection with the Euro-Mediterranean partnership as making a significant contribution.

## 12. Preparation of the Euro-Mediterranean Conference

In the light of the Presidency Conclusions approved at the end of the European Council in Cannes (26-27 June 1995) the Committee:

- notes that the Cannes meeting has formalized the negotiating position of the European Union for the Euro-Mediterranean Ministerial Conference to be held in Barcelona, as initially agreed by the Council on 12 June, and has in particular reached overall agreement on the appropriations to be allocated between 1995 and 1999 to financial cooperation with the countries of Central and Eastern Europe and the Mediterranean countries;

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This view seems to be broadly confirmed by the Section Opinion on the subject (CES 517/95 - Rapporteur: Mr ETTY), adopted on 6 July 1995

- welcomes the decision on the allocation of funds for the years 1997-1999 but deplores the fact that the appropriations earmarked by the Council generally fall well short of what the Commission has itself proposed, thereby exacerbating the inadequacy of the funds needed to meet the partnership targets, a situation made even worse by the failure of the Council document to refer to EIB loans of an equal amount, the reference being replaced by a simple reference to increased support through this channel for the Mediterranean countries;
  
- points out that the negotiating position of the EU approved by the European Council sets the Euro-Mediterranean Conference only one objective, namely the preparation of a joint document on the three principal aspects of partnership, leaving vague the question of the conclusion of a multilateral agreement and so confirming the concerns expressed by the Committee;
  
- notes that the European Council, in reaffirming that negotiations on the membership of Malta and Cyprus will commence six months after the conclusion of the Intergovernmental Conference of 1996, appears inclined to deal with this question in conjunction with the accession of the CEEC countries, even though the problems posed in the case of both sets of countries clearly differ in nature and scale; the Committee is therefore concerned that this approach might lead to an unjustified extension of negotiating periods;
  
- endorses, within the limits of areas falling within its own sphere of competence, the main thrust of the specific proposals contained in the Council document, welcoming in particular the emphasis given to environmental problems, whilst at the same time reserving the right to take a more detailed stand at a later date in the light of the outcome of the Barcelona Conference and its subsequent developments;

- notes that the concluding paragraph of the European Council document dealing with the follow-up to the Euro-Mediterranean partnership speaks among other things of the need for "contacts between those active in civil society", but feels that this phrasing is clearly inadequate and totally fails to fill the blatant gap in existing Commission and Council texts on Euro-Mediterranean partnership, where there is no reference at all to the role of economic and social interest groups and the institutions representing them.

Done at Brussels, 14 September 1995.

The President  
of the  
Economic and Social Committee

The Secretary-General  
of the  
Economic and Social Committee

Carlos FERRER

Simon-Pierre NOTHOMB

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**N.B.** Appendices I and II overleaf.

APPENDIX I

1993	ALGERIA	CYPRUS	EGYPT	JORDAN	ISRAEL	LEBANON	LIBYA	MALTA	MOROCCO	SYRIA	TUNISIA	TURKEY
<b>Population</b>												
Total	27.8	0.73	57.3	4.59	5.67	2.96	5.22	0.36	27.6	14.26	8.76	60.8
Growth rate	2.7	0.94	2.2	3.41	4.67	2	2.97	0.72	2.4	3.58	2	2.1
<b>GDP</b>												
Overall	48.34	6.79	43.71	5.18	68.2	2.82	29.2	2.69	28.09	15.8	15.53	114.2
Per capita	1,786	9,389	775	1,167	12,527	991	4,876	7,256	1,042	1,170	1,809	1,950
Growth rate	-1.8	1.3	1.3	5.8	3.5	4.4	0	4	1	6	4.1	7
<b>IMPORTS</b>												
Value	7.4	2.51	9.2	3.28	20.5	4.5	9	2.94	7.14	3.71	7.28	28
from EU	67.1	52.8	37.3	29.4	49	43.9	0	not available	62.8	38.1	not available	44
<b>EXPORTS</b>												
Value	11.6	0.87	3.1	1.23	14.7	0.62	7.7	1.39	3.76	3.18	4.43	15.4
to EU	71.7	40.8	55.7	not available	29.4	18	0	not available	64	61.5	not available	51.7
<b>DEBT</b>												
Value	26.3	3.21	40.4	6.9	16.4	1.8	5.4	0.6	21.4	16.8	8.47	54.8
% of GDP	54.4	47.2	92.4	133.2	24	63.8	18.5	22.3	76.1	106.3	54.5	48
Servicing/export	71.9	10.6	15.4	19	not available	7.1	not available	2	25.9	26.9	20.4	31.9

**N.B.:** The statistics in this table relate to data available at the end of 1993, in "Stato del Mondo 1995". However, it must be remembered that the statistics give only an approximate idea of economic and social conditions, for three main reasons:

1. the difficulty of measuring socio-economic indicators directly;
2. there is a greater degree of error than in the exact sciences; inaccuracies are compounded by the often distorted use made by official sources of the figures;
3. compilation methods differ from country to country and standardization efforts by international organizations are often insufficient to achieve uniform data.

## A P P E N D I X II

(Opinion CES 320/95, points 3.6. and 3.6.1.)

Compatible development on both sides of the Mediterranean is clearly the main prerequisite for establishing new cooperation in the Euro-Mediterranean area. However, there are at least four other intervention areas that have significant implications for Mediterranean spatial planning and bring a need for radical revision of Community policies and for new joint development policies.

- a) **The problems of arid agriculture and of regions with water shortages:** it is vitally important to focus biotechnology and agronomic research on these problems, in the interests of reliability of food supplies, desertification control, and expansion of science parks. The Committee would again draw attention to the impact which agricultural policy measures may have on the environment and the rural economy. Dramatic changes in Mediterranean farming regions could also further aggravate the flight from the land and the desertification of rural areas.
- b) **Stemming of environmental decay, and improvement of land:** the specific nature of the Mediterranean region and the growing costs of land degradation, bring a need for work on sustainable development. In all countries, water treatment policy is important for effectively combating the pollution of the Mediterranean. Research and training bodies must adopt a new approach to the problem.
- c) **Tourism:** the countries on the southern flank of the Mediterranean are finding new fields in which they can compete with the north. Cooperation in this sector, which requires efficient agencies (such as those found in Austria, Germany and other northern European countries) would help the Mediterranean regions to compete more effectively with the new holiday formulas being offered elsewhere. Another aim here should be to remove the environmental risks caused by the presence of too many tourists in ecologically delicate areas.
- d) **Training:** close two-way cooperation is needed at all levels. Basic literacy campaigns, technical institutes, universities, refresher and further training courses in the south; training and integration schemes for immigrant workers and new university courses in the north.

The key to Mediterranean development lies in making the best possible use of human resources. Drawing on its own experience, the Community can assist in the reinforcement of R&D capacity, training for new technologies, and further training for workers faced with industrial change, in order to foster the emergence of a forward-looking workforce able to adapt to changing circumstances.



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