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ROMANO PRODI**

Christopher PATTEN, Member of the European Commission

Rue de la Loi 200, 1049 Bruxelles
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Dear President,

Subject: Strengthening the EU's Partnership with the Arab World

The Thessaloniki European Council (19/20 June 2003) invited the Commission and the High Representative to formulate a work plan on relations with the Arab World, taking full account of existing policies and programmes and, in particular, the Barcelona Process and the New Neighbours Initiative. The attached document "Strengthening the EU's Partnership with the Arab World" responds to the invitation of the Council and outlines ways to achieve a better articulation and strengthening of EU relations with the countries concerned in order to further contribute to promote peace, prosperity and stability in the region. In this context, the overall implications of the Israeli-Palestinian conflict are also highlighted.

The paper underlines the pertinence and validity of existing frameworks and, in particular of the Barcelona Process, in reinforcing relations with Arab countries. It highlights the need to strengthen co-ordination among the different instruments to ensure a more coherent approach with a clear focus on the objective of political, social and economic reform in the Arab World.

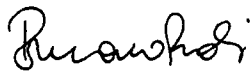
Two main lines of action are identified. On the one hand, the pertinence of the Euro-Mediterranean partnership is reconfirmed. On the other, for the countries outside the Barcelona Process, the paper invites the Council to explore proposals for a possible regional strategy for the Wider Middle East, comprising relations with GCC countries, Yemen, Iraq and Iran.

In order to increase efficiency and coherence it is proposed that further work on these issues be taken forward essentially in the framework of the development of the Barcelona/Wider Europe process and of the follow-up to the European Security Strategy.

The lifting of the UN sanctions on 12 September last clearly represents a turning point for relations between Libya and the international community and deserves special consideration by the EU, though many issues still remain to be resolved. Given the sensitivity of this matter, we would like to confirm that the objective for EU relations with Libya remains its full inclusion in the Barcelona Process, on the basis of unconditional acceptance by Libya of the whole Barcelona acquis. In view of the latest developments in the UN, it may be both timely and appropriate for the EU to step up its efforts to explore possibilities with the Libyan authorities for movement in this direction.

We will be glad to present the proposals and orientations in this document during the European Council on 12-13 December.

Yours sincerely,



R. PRODI



J. SOLANA



C. PATTEN

H.E. Mr Franco Frattini
President of the Council of the EU

Strengthening EU's relations with the Arab World

1. INTRODUCTION

The Thessaloniki European Council (19/20 June 2003) expressed the conviction that the EU must strengthen its partnership with the Arab World. The European Council invited the Commission and the High Representative to formulate a work plan taking full account of existing policies and programmes and in particular the Barcelona Process and the New Neighbours Initiative. This document responds to the invitation of the Council and outlines ways to achieve a better articulation and strengthening of EU relations with the countries concerned.

The Arab countries cover a wide region. From the Gulf to the Maghreb there are differences in social structure, natural resources, geography, economy and political constitution, but a rich cultural and historic legacy provides a common heritage for the 22 signatory parties of the Arab league Charter. Moreover, substantial Arab populations live in Europe and elsewhere and their identity and concerns are important factors in our relations with the Arab World. Many of these countries are close neighbours of the EU. Trade and migratory links are strong. Their development and prosperity have deep implications for the EU.

The challenges facing the Arab world have been extensively analysed. In particular, *UNDP's Arab Human Development Report* of 2002 and the follow-up report in October 2003 have measured the development of the Arab region in relation to other regions and found that the Arab world is lagging behind, economically, socially and politically. The *World Bank report* on enhancing governance in the Middle East and North Africa underlines the weaknesses of governance in the MENA region. These reports highlight the need for reform and conclude that the Arab societies need to review, restructure and reinforce governance. In this respect, the education systems have a crucial role to play. Education is fundamental to improve Arab countries' prospects for development in today's world. The key to enhancing human development and giving employment opportunities is improved quality, accessibility and equity in education and training. This is particularly important for the empowerment of women to enable them to exercise their full capabilities in Arab societies. Through different instruments the EU is already contributing to the Arab countries' efforts in addressing many of these issues.

The Israeli-Palestinian conflict deserves a special reference. It is a unifying and mobilising political factor in the Arab World. The overall implications of the Israeli-Palestinian conflict go beyond its territorial limits and result in the further spread of insecurity. Restoration of stability and order in Iraq is also an essential element for achieving international security.

2. EU POLICY INSTRUMENTS

Relations between the Arab World and the European Union reflect the complexity and the diversity of countries and situations. There is no single framework for partnership. The EU provides financial assistance in co-operation programmes with all Arab countries except GCC Member States and Libya. And it is also developing a programme of cooperation with the Arab League.

With the **Mediterranean Arab countries**, Europe has a partnership which covers political and security dialogue, economic relations, including the creation a free trade area, and social and human relations, a dimension that is of fundamental importance in the spirit of the Barcelona Declaration.

The creation of a free trade area, with the conclusion of Association Agreements embodying the principle of combining free trade with substantial financial support for promoting modernisation, are important aspects of the Barcelona Partnership. The Association Agreements and the Euro-Mediterranean Partnership promote legislative reforms and regulatory convergence.

When the negotiations with Syria are concluded, the EU will have free trade agreements with all Mediterranean partners and the North-South free trade framework will be in place. The promotion of intra-regional trade and the South-South dimension should be further advanced.

Relations with this group of countries will be further enhanced within the Wider Europe framework. This *initiative* emphasizes the necessity for concrete, measurable reforms with the objective to give Mediterranean partners a stake in the EU four freedoms.

The EU's relations with Israel and the Palestinian Authority fall within this group of countries. In order to contribute better to the solution of the Arab-Israeli conflict, the Council appointed an EU Special Representative to the Middle East Peace Process. He contributes to the definition and implementation of EU policy on this issue and maintains permanent dialogue with all the relevant international actors involved in the Peace Process.

EU-Libya relations could enter a new phase after the lifting of UN sanctions. The participation of Libya in the Euro-Mediterranean Conference of Energy or in the Conference of Mediterranean Fisheries Ministers, are examples of potential areas of co-operation with Libya. Libya's participation in the Barcelona Process would constitute a crucial step towards normalising relations with Europe and all Mediterranean Partners. For this it is essential that Libya accepts the full acquis of the Barcelona Process. Consideration will be given in this context to how to incorporate Libya into the "Neighbourhood policy" (Wider Europe).

With the GCC, the focus has so far been on trade and economic relations. The Cooperation Agreement with GCC covers a number of areas of economic cooperation; EU and GCC also have political dialogue meetings. Negotiations for a free trade agreement are still in progress. Both sides should make efforts to overcome remaining obstacles since they have strong underlying interests in reciprocal trade and investment. The major challenges for the GCC region are consistent and comprehensive political development towards a more open society, and economic diversification.

With Yemen and the **five Arab countries in the ACP** framework (Comoros, Djibouti, Mauritania, Somalia, and Sudan) the focus is on development co-operation. The priority is the eradication of poverty and human development, in particular food security, health and education. Relations with Yemen are conducted in the framework of a Co-operation Agreement and should develop with a more structured political dialogue and increased focus on collaboration in the fight against terrorism and the protection of human rights. Relations with ACP Arab countries are governed by the Cotonou Agreement covering countries in Africa, the Caribbean and the Pacific. Among ACP Arab countries Sudan and Somalia are particularly affected by instability and poverty.

In Iraq, after the fall of the regime of Saddam Hussein, the following will be essential for the success of the reconstruction efforts: an adequate security environment, a strong and vital UN role, a realistic schedule for the handing over of political responsibility to the Iraqi people, and the setting up of a transparent multilateral trust fund to channel support from the international community.

As seen, the EU has a series of instruments at its disposal for its relations with the Arab world. Two of these instruments are solidly founded: the Barcelona process (and its enhancement through the Wider Europe initiative) and the ACP framework. They allow for both a multilateral and a country-by-country approach, tailoring the EU's relations to specific concerns regarding individual countries, to the countries' needs and to progress made. On the other hand, EU relations with GCC, Yemen and Iraq are less developed. The economic and social characteristics of these countries call for instruments different to the programmes used within the Barcelona framework. Recent developments point towards the need to establish a regional stability strategy for this group of countries which, with the addition of Iran, could be defined as the "Wider Middle East". From a strictly political point of view, relations with the ACP belong to a different set of problems. There will then be two main lines of action for the EU in its relations with the Arab countries, the Mediterranean line and the Wider Middle East.

3. OBJECTIVES

The main objective of the EU in its relations with the Arab World is to promote prosperity, peace and stability, thereby not only contributing to the welfare and security of the region, but also to its own security. Problems of terrorism and WMD originating there have a direct impact in Europe. In this context, the solution of the Arab-Israeli conflict is essential. There will be little chance of dealing fully with other problems in the Middle East until this conflict is resolved; such a resolution is therefore a strategic priority for the EU.

An essential element of this overriding objective should be to encourage, support and facilitate reform in the political, economic and social areas. The aim is to advance political pluralism and democracy, and to stimulate social and economic development. In order to be effective, such reforms have to come from within the societies. An approach needs to be developed that is based on the mutual interest of Arab countries and the EU.

The reform agenda is not a new task for the EU. The Barcelona process, including its set-up of bilateral Association Agreements, regional co-operation and MEDA funds, already promotes reform in the Mediterranean region. Co-operation in areas such as justice and home affairs, civil society, media, the gradual introduction of free trade with its corollary of improved economic governance and the progressive liberalisation of the economy, are some of the examples of reform programmes undertaken under the Euro-Med Association Agreements. The Wider Europe initiative will take this process further.

The EU needs to strengthen co-ordination among the different policy instruments it employs to ensure a more coherent overall approach with a clear focus on the identified objectives. The EU should use the existing instruments in a more focused manner, streamlining their co-ordination. While fully pursuing its efforts in the Barcelona/Wider Europe context, particular attention will have to be given to developing relations with the Wider Middle East.

The trans-Atlantic dialogue could explore whether the recently launched US Middle East Partnership Initiative could usefully complement European action in the region. Co-operation with other non-Western partners should also be sought in order to avoid a polarisation of positions.

4. PURSUING REFORMS

Taking into account the full variety of instruments in place, the strategic focus on political, economic and social reform should be built around the following main elements:

- Political reform: encouraging good governance, the rule of law, democratisation, and promotion of human rights;
- Economic reform: trade liberalisation between and within EU and the Arab world;
- Cultural dialogue and social reform: diversify media outlets, promote gender equality, modernise education, and promote religious and cultural dialogue.

With the Mediterranean Partner countries, these objectives will be taken forward through a more effective implementation of the Barcelona Process goals, within Association Agreements and the development of the Wider Europe/New Neighbourhood Initiative. Reflection may be needed on the merits of developing a regional strategy in the future for the Gulf region, including Iran, Iraq, the GCC and Yemen.

a) Political Reforms

In line with the Commission Communication on Human Rights and Democratisation in Mediterranean Partners, the aim is to encourage and support a more pluralistic and tolerant political culture, including religious tolerance and freedom. The political dialogue should be firm and frank, while understanding sensitivities.

The EU should:

- Deepen the political dialogue with individual Arab countries and with the Arab League, focusing on concrete reform issues; develop systematic support of the rule of law and good governance, with emphasis on legal reform and human rights with a constructive involvement of national authorities; ensure the systematic inclusion of human rights and democracy issues in the political dialogue with the countries concerned; offer systematic support to election processes and judiciary reform and encourage exchanges on best practices and training co-operation
- Set up appropriate consultation and co-operation mechanisms for enhanced political dialogue on conflict prevention and crisis management, the fight against terrorism, and the proliferation of WMD.
- Seek to involve political forces and interested movements at different levels of society; identify and engage with potentially important partners for dialogue with civil society, including all organisations in favour of a non-violent approach and abiding by democratic rules.
- In the Euro-Mediterranean Partnership, and in line with the recent Communication on Human Rights, develop national action plans on human rights and democracy and provide financial and other assistance for their implementation; these should be linked to Wider Europe strategy.
- With countries in the Wider Middle East, develop a dialogue on these issues with a new focus on the implementation of concrete reform measures; and consider the possibility to promote the establishment of a regional stability strategy;

b) Economic Reforms

The long-term objective is, through co-operation, to introduce economic reforms to enable the countries to participate more fully in the global economy and create employment opportunities for the new generations. The EU should:

- Continue trade liberalisation in the Euro-Mediterranean Partnership context with further liberalisation of agriculture and services and the full incorporation of regional cumulation of origin; Conclude and implement the EU/GCC free trade agreement; promote co-operation with GCC countries on issues such as the creation of a GCC single currency, or a GCC common commercial policy and single market.
- Foster south-south regional integration and support initiatives such as the Agadir declaration and the Maghreb Arab Union. Promote the progressive establishment of regional free trade arrangements, such as the linking of EU/MED and EU/GCC free trade agreements, including Yemen. Sustain economic and related administrative reform in Yemen and promote Yemen's integration in its region;
- Promote the approximation of the regulatory frameworks with those of the EU. Regulatory approximation is one of the primary objectives of the neighbourhood policy in the Wider Europe initiative; foster energy, transport and telecommunication network interconnections and linkages with the Trans-European Networks;
- Taking advantage of the experience of the Euro-Mediterranean regional co-operation, develop selected networks for Wider Middle East co-operation
- Develop a long-term approach for social, economic and political reconstruction in Iraq in a regional context. In the light of developments in 2004, develop a comprehensive medium-term strategy for EU relations with Iraq in line with the conclusions of the Brussels European Council of 16-17 October 2003.

c) Social reform and Cultural Dialogue

The objective is to invigorate cultural/religious/civilisation and media dialogue using existing or planned instruments, including the planned Euro-Mediterranean Foundation for the Dialogue of Cultures and Civilisations; and wherever possible, extending them to the other Arab countries.

Migration to Europe is another issue that should prompt and facilitate dialogue. Arab immigrants make a substantial contribution to the development of Europe. The EU is firmly committed to fight all manifestations of racism and discrimination in all its forms. Full respect for the rights of immigrants in Europe is a consistent policy throughout Europe. Its implementation should be improved further and co-operation in the framework of existing agreements should be enhanced to take into account the concerns of Arab partners. EU should also make full use of new frameworks, such as the Wider Europe initiative. The conclusion of re-admission agreements with certain Arab countries to promote collaboration in the management of migratory flows should also be a priority.

Action in these areas should support the development of open, knowledge-based societies in Arab countries. The EU should:

- Set up the Euro-Mediterranean Foundation for the dialogue of cultures and civilisations; Explore the potential for inter-cultural dialogue within the Wider Middle East, in particular through the GCC framework; Promote cultural and religious dialogue including exchange of experiences and best practices in the field of minority rights and the fight against racism and xenophobia;
- Explore the potential of the Euromed Youth and Tempus Programmes with a view to increased cooperation among, and development of, civil society actors in the region. Develop and examine the development of parallel programmes for Universities in the Wider Middle East;
- Encourage Middle East and North African Governments to promote independent media and permit freedom of expression; promote journalist training and Arabic language broadcasts of European TV and radio news, and other initiatives to ensure better information on European policies and conditions and balanced coverage in European media of issues related to the Arab world;

Actively encourage translations between Arabic, regional and European languages and promote the idea of a code of conduct (like those found in Europe) for the media in Middle East and North African countries;

5. CONCLUSION

The Commission and the High Representative believe that it is necessary to raise the level of ambition in Europe's relations with the Arab World. The existing frameworks have to be further developed and complemented taking account of the different situations of the countries concerned. The Euro-Mediterranean Partnership will grow through the Wider Europe strategy. On the other hand, thought should be given to the development of a Wider Middle East strategy, to allow the EU to better confront the security challenges of this region and to promote the necessary reform processes. Consultation and co-operation mechanisms for enhanced political dialogue on conflict prevention and crisis management, the fight against terrorism, and the proliferation of WMD should be enhanced. Finally, the EU should increase coherence between existing instruments bearing in mind the European Security Strategy and enhancing focus on promoting reform. The follow-up to the European Security Strategy and the development of the Barcelona/Wider Europe process constitute the frameworks in which these objectives should be further pursued.