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## R E P O R T

of the Committee on External Economic Relations  
on a revamped Mediterranean policy

Rapporteur: Mr Eusebio CANO PINTO

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A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)



= Consultation procedure requiring a single reading



= Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment



= Cooperation procedure (first reading)



= Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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At the sitting of 11 September 1990 the President of the European Parliament announced that he had referred the motion for a resolution by Mrs IZQUIERDO ROJO (and others) on a revamped Mediterranean policy, pursuant to Rule 63 of the Rules of Procedure, to the Committee on External Economic Relations as the committee responsible and to the Committee on Development and Cooperation for its opinion.

At its meeting of 16 and 17 July 1990 the committee decided to draw up a report and appointed Mr Cano Pinto rapporteur.

At its meetings of 28 and 29 January, 28 February and 1 March, 19 March and 30 April 1991 the committee considered the draft report.

At the last meeting it adopted the motion for a resolution unanimously.

The following were present for the vote: De Clercq, chairman; Cano Pinto, vice-chairman and rapporteur; Stavrou and Moorhouse, vice-chairmen; Braun-Moser, da Cunha Oliveira (for Benoit), de Vries, Izquierdo Rojo (for Bird), Junker, Lenz (for Lemmer), Magnani Noya, Melandri (for Aglietta), Miranda de Lage, Peijs, Rosetti, Sonneveld (for Estgen), Stevenson (for Hindley), Titley, Tsimas, Visser (for Sainjon), von Wechmar (for Porto) and von Wogau (for Gallenzi).

The Committee on Development and Cooperation decided on 7 November 1990 not to deliver an opinion.

The report was tabled on 2 May 1991.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A

MOTION FOR A RESOLUTION

on a revamped Mediterranean policy

The European Parliament,

- having regard to the communication from the Commission to the Council on redirecting the Community's Mediterranean policy (SEC(89) 1961 final),
  - having regard to the communication from the Commission to the Council entitled 'Redirecting the Community's Mediterranean policy - proposals for the period 1992 - 1996' (SEC(90) 812 final),
  - having regard to the motion for a resolution by Mrs IZQUIERDO ROJO and others on a revamped Mediterranean policy (B3-1153/90),
  - having regard to the bilateral financial protocols between the EC and Mediterranean non-member countries (MNCs), which are due to expire on 31 October 1991,
  - having regard to the conclusions of the Strasbourg European Council of 8/9 December 1989 on the Community's future relations with Mediterranean non-member countries,
  - having regard to the Council decision of 18 December 1990 establishing the global amount of financial resources to be allocated by the EC to Mediterranean third countries for the next five years,
  - having regard to the report of the Committee on External Economic Relations (A3-0121/91),
- A. whereas the next protocols with Mediterranean non-member countries for the period 1992 - 1996 are due to be signed in 1991,
  - B. whereas the MNCs are the Community's third largest trade partner and the region is of crucial importance for the Community's energy supply,
  - C. having regard to the political and social instability in most of the MNCs engendered by the recent Gulf war and the consequences thereof, and to the likelihood of the conflict becoming more widespread and relations in the region becoming even more unstable,
  - D. whereas the political, social and economic stability of the EEC is dependent to a large extent on peace being achieved in this neighbouring region and on its gradual, harmonious development, which requires a policy of regional cooperation and security based on dialogue and respect for all the peoples and countries concerned,

- E. whereas the recent crisis in the Gulf is directly affecting Mediterranean non-member countries in different ways and will have an influence on future political and economic relations between those countries and the Community,
- F. whereas the opening-up of the Community towards Central and Eastern Europe as a result of détente and the end of the cold war should be examined in relation to its possible consequences for the southern flank of the Community, in particular for the purpose of ensuring the Community's geopolitical balance, an examination which might lead to active cooperation with the MNCs,
- G. having regard to the historic relations between the Community and the MNCs, their mutual cultural enrichment and the peaceful coexistence of their civilizations in a spirit of tolerance and mutual respect,
- H. whereas several million citizens from MNCs live and work in the Community and migratory pressures may increase seriously as a result of the population explosion in those countries,
- I. whereas failure by the EEC to introduce new and fairer trading relations with the MNCs and quantitatively and qualitatively new forms of cooperation to contribute to their development and growth will lead to even greater and more uncontrollable migratory pressures,
1. Affirms that the main objective of the EEC's Mediterranean policy is to achieve the balanced development of the Mediterranean basin and cooperation at all levels, as reflected in the European Community's generously funded Mediterranean programmes to date;
  2. Considers that the twelve basic agreements (association and/or cooperation agreements) with the MNCs and their respective protocols have hitherto provided an acceptable legal framework for bilateral relations; considers, however, that, as a result of the changes taking place in the region, the potential risks and the increasing interdependence of the EEC and Mediterranean third countries, mutual relations must be strengthened and improved and must meet the requirements of the present time;
  3. Considers that the current framework for multinational relations between the EEC and the MNCs is politically inadequate and that the Commission and Council should devise a global, structured programme for the Mediterranean region, while examining the possibility of relaunching the Mediterranean Cooperation Council (MCC);
  4. Urges the Council to give fresh impetus to Mediterranean policy by means of suitable legislative instruments and to reach the necessary consensus with the other Community institutions on measures for the finalization of the revamped Mediterranean policy;
  5. Points out that, in view of the economic, political and social disparities and the different levels of development in the 14 Mediterranean non-member countries, a framework of stable and flexible relations with the MNCs is desirable;

6. Believes that a radical revamping of the Community's Mediterranean policy must give priority to regional stability and to a genuine policy of 'good neighbourliness' so that the countries in the Mediterranean region become partners, which is a logical consequence of their traditional historic relations with and geographical proximity to the Community, on condition that the national sovereign rights and external national borders of all the contracting and cooperating parties are respected;
7. Stresses the strategic importance of Mediterranean third countries and their contribution to meeting the Community's energy needs; considers, therefore, that financial and technical cooperation with those countries should be stepped up and trading links transformed into fully-fledged commercial relations;
8. Considers that the trade and cooperation arrangements in respect of Mediterranean non-member countries should provide for suitable mechanisms to ensure that those Member States which are undergoing periods of adjustment or transition do not suffer discriminatory treatment;
9. Urges the Council and Commission to make fundamental changes to the Common Agricultural Policy to improve access for products from Mediterranean countries to the Community market, which is the most effective means of stimulating the economic expansion of these countries;
10. Considers that the six basic proposals set out by the Commission in Annex 2 of its communication to the Council on redirecting the Community's Mediterranean policy constitute a starting point, albeit a somewhat inadequate one, for giving new impetus to financial, economic and technical cooperation with the MNCs and should be reflected principally in trade agreements;
11. Points out that the new impetus given to the revamped Mediterranean policy must be reflected in the new protocols for the forthcoming five-year period and that the protocols should place greater emphasis on financial, economic and technical cooperation rather than trade relations alone;
12. Considers that, following the Commission's explicit recommendation that the Community should provide substantial funding in response to the request for assistance in the process of economic reform, these structural adjustments should receive a total allocation of ECU 1000 million;
13. Believes that the Community should act as a stabilizing force between those groups of countries which are geographically close to it; believes, therefore, that it is essential to step up bilateral and multilateral dialogue with the MNCs, particularly on matters such as security, economic cooperation, immigration and demography; considers that, for this purpose, it is necessary to institutionalize the dialogue with the MNCs by providing suitable locations for official discussions, thereby lending substance and topicality to cooperation between the EEC and the MNCs;

14. Stresses the importance of financial and technical cooperation, especially in sectors such as the environment, transport, energy, regional cooperation and business development, these being sectors in which joint ventures could be backed up by EIB loans;
15. Believes that the decline in the economic situation of many MNCs in recent years is not solely the result of demographic growth, balance of payments deficits or external debt, but is also due to factors relating to their economic structures and political and social systems;
16. Expresses its concern at the almost irreversible environmental damage suffered by the Mediterranean and the countries bordering thereon, mainly as a result of the discharge of industrial effluents and hydrocarbons, the poor management of solid resources, the increase in mass tourism and rapid erosion and desertification; in this connection, considers it essential and a matter of urgency to devise a strict, coordinated environmental policy at international level, in the light of the proposals and suggestions made in the UN Blue Plan, involving large-scale projects aimed not only at remedying the current environmental damage but also at preventive measures, to which the EC could contribute, for example by providing technical resources;
17. Welcomes the outcome of the conference held in Palma, Majorca, in September 1990 and expresses the hope that another such conference will be held as soon as possible; considers, also, that it would be useful if several Community sector-based programmes were to be extended to include the MNCs;
18. Proposes a substantial increase in appropriations earmarked for horizontal regional programmes, taking account of the current need to stimulate regional cooperation and bearing in mind that closer cohesion between the Community and its Mediterranean partners is an objective of mutual interest;
19. Believes that it is less important to create a specific structure for Mediterranean funding than to increase the appropriations and loans earmarked for development projects in this area; also supports the creation of a Euro-Arab Fund to achieve a fairer distribution of regional wealth to which the Community's main contribution would be its technical and management resources;
20. Is convinced that a deepening of cultural, scientific and human relations between the EC and the Mediterranean countries is essential to eliminate the misunderstandings which continue to impede full-scale political and cultural dialogue between the two areas; to this end considers it essential to relaunch the proposal for Euro-Arab universities and step up initiatives to support it; accordingly urges the Commission to take immediate measures to set up the Euro-Arab University, located in Granada, with an initial launching endowment while plans are drawn up for an independent budget that will enable it to function on a permanent basis;
21. Calls on the Council and Commission to launch inter-university exchange programmes to promote cultural understanding and tolerance, in view of the danger of an increasing lack of understanding to which the Gulf crisis has drawn attention;

22. Calls for the two Mediterranean countries with which the Community as yet has no agreement, Albania and Libya, to be incorporated in the near future into the 'club' of MNCs, following the reform of their political and economic systems;
23. Welcomes the efforts being made by several MNCs to move towards a pluralist democracy, while regretting that human rights violations exist in other MNCs; accordingly calls for the inclusion of a democratization and human rights clause in future financial protocols; stresses the need for suitable reforms to be introduced into the economic systems of certain Mediterranean non-member countries in order to achieve a more equitable distribution of wealth as well as harmonious development and political stability;
24. Notes with concern the economic crisis facing various MNCs which is leading to serious internal and external imbalances, foreign debt of over \$200 000 million, a chronic deficit in the balance of payments, inadequate resources for financing development and a high level of unemployment;
25. Supports the regional integration processes currently under way, particularly the Arab Maghreb Union and the Arab Cooperation Council, which are political and institutional instruments contributing to the settlement of regional conflicts and to the consolidation of the historical identity of those countries;
26. Draws the Council's attention, in view of the direct economic, social and political impact which the Gulf crisis has had on the Maghreb countries, the geographical proximity of this region, its specifically Maghreb culture and the scale of the migration issue, to the urgent need to establish specific preferential relations with the Maghreb countries in the Mediterranean area, the objectives of which must include the promotion of specifically Maghreb projects or projects of mutual interest;
27. Calls on the Council to establish a genuine partnership with MNCs, in particular the Arab Maghreb countries, with a view to creating a customs union and free trade area within a reasonable period of time;
28. Expresses concern at the gradual rise in religious fundamentalism in several MNCs, this being a phenomenon whose causes are complex but which flourishes in conditions such as serious social crisis and economic exploitation; believes, therefore, that it necessary to take adequate steps to change the economic and social environment so that religious fundamentalism does not degenerate into political crisis, the destabilization of international relations in the Mediterranean or, worse still, into conflicts between civilizations;
29. Notes with concern the economic instability in several MNCs and the constant recurrence of regional conflicts; considers it a matter of urgency, therefore, to devise a new model for relations between all the Mediterranean countries based on stability and peaceful coexistence as advocated in the relevant United Nations resolutions which, through political dialogue and cooperation, will create a climate of détente and security based on mutual trust;



30. Considers it necessary, as part of a new overall Mediterranean strategy, to underpin the principles of democratic dialogue in order to achieve mutual understanding between different cultures and values; therefore considers it necessary to set up an institution that will permit dialogue and meetings between the representatives of the European Parliament and the parliaments of the MNCs;
31. Considers it necessary to step up the dialogue with the MNCs on political issues of common interest, on economic and sectoral questions and on social and cultural problems;
32. Expresses its wholehearted support for convening the Conference on Security and Cooperation in the Mediterranean as soon as possible; believes that the EEC and, in particular, the Community bodies should promote this process by all the means at their disposal and that the strategy of confrontation should be replaced by collaboration and convergence;
33. Believes that the spirit of the Helsinki Final Act, adjusted to the regional requirements of the Mediterranean, could serve as a good starting point and suitable model for the CSCM in which all the countries of the Mediterranean region and the EEC, together with the representatives of the Palestinian people, the USA and the USSR, would take part; the CSCM would attempt to introduce a new order of peace and stability in the Mediterranean basin and the neighbouring countries so that good neighbourliness rather than mere coexistence would prevail between the countries and peoples of the region;
34. Instructs its President to forward this resolution to the Council, the Commission, the governments of the Member States and the governments of the 14 MNCs.

**B**

**EXPLANATORY STATEMENT**

1. The Community's Mediterranean policy and its results up to 1990.

The Community's Mediterranean policy has developed mainly since the mid-1970s through the impetus of a series of historical circumstances:

- tension in the Middle East and the new situation resulting from the Yom Kippur War;
- the conflict between Greece and Turkey over Cyprus;
- the application by Greece and Spain to join the European Community.

A general review was necessary and the European Community developed a package of measures intended primarily to ensure the transition to membership of Greece and Spain and to adapt the Treaties between the European Community and all the Mediterranean countries accordingly. The fact that the Community now included a substantial number of the countries bordering on the Mediterranean and had therefore become the major power in that region meant that it was necessary to instigate specific preferential relations between the Community and all the countries of the Mediterranean basin.

In so doing, the Community has made three major contributions to the social and economic development of its partners.

- In the sphere of trade, the Community took various measures aimed at opening up its markets to exports of manufactured goods and agricultural products from the Mediterranean countries. In the case of manufactured products, this market had virtually opened up since the late 1970s as a result of duty-free entry of imports and the abolition of all quantitative restrictions<sup>1</sup>. In the case of agricultural products, in particular citrus fruits and vegetables, other measures have made it possible for the Mediterranean countries to maintain a high level of exports following the successive enlargements of the Community. Theoretically, such products should be entirely duty free with effect from 1996 when the final transitional measures provided for in the Acts of Accession of Spain and Portugal are due to expire.

These measures have undoubtedly had a positive effect. Between 1977 and 1988, imports of manufactured products from the Mediterranean countries increased fivefold, from ECU 2.6 to 13 billion. They account for over 50% of total imports from those countries. Textiles account for 40% of imports of manufactured products and increased fivefold or even tenfold in certain cases, such as Turkey, during the period 1977 to 1988. These textile imports now account for nearly one-quarter of the Community's total textile imports.

- The Community's successful economic performance since the mid-1980s has had a spin-off for the MNCs, by providing an important external boost for development, in particular:

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<sup>1</sup> In actual fact the real arrangements are more complex

- by making it possible to maintain and, in some cases, increase a substantial flow of revenue from tourism and remittances from migrant workers which have influenced the external balance of payments of the Mediterranean countries;
- by making it possible to maintain the level of trade despite the unfavourable economic conditions affecting those countries' exports of oil and gas.

The completion of a single European market entailing the abolition of internal borders is expected to act as a stimulus for the Mediterranean countries.

- Over the last ten years the Community and its Member States have underwritten a substantial proportion of funding for the economic and social development of the Mediterranean countries. The latter received a total of \$ 13 billion in the form of subsidies or loans between 1979 and 1987.

However, the financial impact and other cooperation projects carried out by third countries should be coordinated to a greater extent, in particular in order to avoid unnecessary duplication. It would also be useful if most of these measures could be incorporated into a multilateral framework so as to have a greater impact.

Generally speaking, the Community's Mediterranean policy appears to be relatively successful. However, it is now necessary to make substantial changes to this policy.

## II. Why a review of the Community's Mediterranean policy is necessary

### 1. Strictly political reasons

In the first place, the Community itself is changing under the influence of external and internal events.

The desire to achieve greater integration within the Community of Twelve is reflected at the present time in the proceedings of the intergovernmental conferences on EMU and Political Union. The institutional changes which will result therefrom are also expected to be reflected in the Community's policy towards third countries, such as the Mediterranean countries, which enjoy special relations with the Community.

Increased contacts of all kinds between the EEC and Central and Eastern Europe and between the EEC and the EFTA countries will also lead to substantial changes in the architecture of Europe, and it may be necessary to implement measures to restore the balance, particularly as regards the Mediterranean countries.

We would add that the Gulf crisis, which is currently in a critical phase with largely unforeseeable consequences, must inevitably make the European Community reconsider its various activities and its position with regard to the Mediterranean countries.

It will be necessary to review the following:

- trade interests;
- development aid and cooperation;
- all measures which, together, might ultimately lead to economic integration.

Naturally, the Community should assign strategic importance to its relations with the Mediterranean countries.

One of the main features of the Mediterranean region is the population explosion which is currently taking place. It is estimated that the population of the MNCs will increase from 200 to 400 m by 2020.

It is misleading to think that administrative measures alone will suffice to curb the entry into the Community of millions of MNC inhabitants.

It is in our interests to help them to develop and modernize their economies so that they create jobs and enjoy an acceptable standard of living in their countries of origin.

This is particularly important given that the Mediterranean basin (and the Middle East) is increasingly a hotbed of domestic, political, social and religious conflict whose effects are felt within the European countries to which thousands of people from that region have migrated. A solution to all those conflicts will require coordinated action on the part of all the European Community Member States.

**2. The European Community's Mediterranean policy has proved to be inadequate despite its apparent success.**

As far as trade is concerned, with the exception of oil, the Mediterranean countries' trade deficit with the EEC has increased drastically. The Mediterranean countries' per capita GNP has declined, while debt and food dependence have increased.

In practice, the Mediterranean countries' exports have suffered as a result of the protectionist practices on the part of the Community. The same applies to the question of migrant workers.

Financial cooperation has been thwarted by the lack of funds (in relation to requirements) allocated thereto. The limits of the agreements and certain inconsistencies in their implementation also appear to have exacerbated the difficulties.

A detailed economic analysis shows that Community import concessions do not always suffice to boost the exports of Mediterranean non-member countries. The importer must first be able to produce goods which meet the quality and standards required by the Community market.

The production of goods which can actually be sold on the Community market requires a well-qualified work force, an adequate production and distribution system and a high level of technological development.

Moreover, the competition between products from Mediterranean non-member countries and products from the Mediterranean regions of the Community is such that the Community cannot make further concessions (in their current form) to the MNCs without jeopardizing the vital interests of large areas of the Community.

It is therefore necessary to continue to implement a specific overall policy in respect of those countries which takes into account the new features of the problem.

### III. New priorities for the revamped Mediterranean policy

#### **1. Recent trends in the Mediterranean countries**

##### **(a) Population explosion**

The population of the Mediterranean non-member countries is currently 200 million as opposed to 320 million in the Community and 32 million in the EFTA countries. In 2025, the population of the EEC will be more or less the same, but the population of the Mediterranean non-member countries will have increased to 400 million, i.e. an increase of 5 million inhabitants a year. The MNCs<sup>2</sup> are the Community's third largest trade partner and fourth largest supplier. The Community's surplus trade balance amounts to 5.4 billion ECU. The MNCs supply around 20% of the Community's energy imports.

There are 5 million migrant workers from the MNCs residing legally in the Community.

##### **(b) Decline in the economic situation**

- The population explosion alone has led to a 20% increase in unemployment.

- The balance of payments has suffered considerable disturbances owing to oil price fluctuations, and the fall in the price of oil has had serious consequences. Foreign debt servicing is extremely high and foreign debt is reported to exceed \$ 190 billion. The more positive items in the balance of payments of the MNCs are fragile or at the very least unstable: tourism is highly dependent on fashion and on political circumstances (the Gulf crisis has therefore had an extremely adverse effect). Remittances from migrant workers depend on the level of unemployment in the industrialized countries, particularly those of the Community.

- Internal economic growth is not of a sufficient level to raise the standard of living. The gap in development between the European Community and the Mediterranean non member countries not only is not diminishing but is in danger of widening. Resources are often unsuitably allocated in relation to real requirements, which is helping to exacerbate the imbalances.

- A relatively new problem now appears to be taking on crucial importance, namely the food problem which is directly related to the population explosion. Massive imports of food products, which seem likely to continue for some time to come, have become necessary. In 1987, for example, it was necessary to import 18 m tonnes of cereals, i.e. 12% of Community production.

##### **(c) Damage to the environment**

The Mediterranean basin is facing serious difficulties for which the EEC Member States (although they are not the only ones) must bear a large share of responsibility: marine pollution as a result of the discharge of waste water and hydrocarbons, damage to arable land (through erosion and encroaching desertification) and sea resources, atmospheric pollution (particularly in urban areas) and a substantial reduction in drinking water resources.

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<sup>2</sup> MNCs: Mediterranean non member countries

In addition to its direct impact on the inhabitants of those countries bordering on the Mediterranean, environmental damage has an adverse effect on tourism which is extremely important in an area which receives 100 million visitors each year. Defence of the Mediterranean environment is closely linked to the general policy of economic development.

## **2. New priorities**

### **(a) The need to guarantee stability in the Mediterranean non-member countries**

While it is of course up to those countries to settle their regional conflicts and to lay down and fulfil the conditions for political, economic and social development geared towards liberalization of the economy and democratization (the introduction or consolidation of individual freedoms, the organization of free elections, multi-party systems, etc.), the EEC must nevertheless help them to acquire the necessary infrastructure to make such development possible.

Peace in the Mediterranean is one of the prerequisites for peace in Europe. By helping to achieve stability in those countries, we are contributing to our own defence.

### **(b) A new opportunity for the Community – to double the size of its internal market by expanding towards the south**

All the countries of the Mediterranean basin could be involved in a vast joint 'co-development' project under the auspices of the Community. Such a project could encompass cultural and political, as well as economic and trade aspects.

## **IV. The Commission proposals for a revamped Mediterranean policy<sup>3</sup>**

### **1. A clear expression of willingness to strengthen ties with Mediterranean non-Member countries**

It is necessary to make use of all the Community instruments such as trade arrangements, Community financing (budget and EIB), public and private bilateral financing and the transfer of know-how.

In order to enable these countries to manage their economy and cope with external crises, the Community's support must:

- be on a large enough scale to encourage and help the governments concerned to press on with the course of action chosen,
- offer a wide range of instruments to Mediterranean non-member countries (MNCs) with the necessary flexibility among sectors and countries.

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<sup>3</sup> As set out in the communication from the Commission to the Council entitled 'Redirecting the Community's Mediterranean policy – proposals for the period 1992-1996' (1 June 1990 – SEC(90) 812 final)

The Community should increase the opportunities for dialogue with its partners from the Mediterranean basin on economic matters (general, monetary, financial, agricultural, industrial and transport aspects), on social issues (immigration, demography) and cultural and political issues.

## **2. Trade cooperation**

The Commission wishes to go further than in the past in opening up Community markets to manufactured goods and agricultural products of Mediterranean origin.

This would involve adjustment measures within the framework of the agreements currently in force (small increase in quotas or ceilings, extended time schedules and the inclusion of new products).

All these measures will take some time to have an impact on MNC exports. Greater liberalization of intra-Mediterranean trade should be encouraged (trade among the MNCs at present accounts for only 5% of their total trade figures).

There should also be support for granting access to the markets of EFTA and other European countries.

## **3. Financial cooperation concerning all the MNCs**

### **(a) Support for cooperation among the Mediterranean partners along three main lines:**

- the definition, preparation and back-up of viable projects of regional interest (transport, telecommunications and the audiovisual sector, energy, etc.) which would then be financed from other sources (the EIB, the World Bank, etc.);
- technical assistance for regional operations or projects (regional institutions themselves, training centres, etc.);
- interest-rate rebates on EIB loans outside the scope of the protocols relating to the environment.

Such measures would extend, by allocating greater sums thereto, the specific aid given by the Community to regional projects since 1987. There is a danger that the sums allocated thereto will remain largely insufficient in relation to real requirements.

### **(b) Developing the business sector**

The Community already contributes to this by means of the financial protocols (financing businesses or local institutions by means of equity capital) and by encouraging European investment in the form of joint ventures (Item 9671 of the budget).

It is proposed that the sums allocated to Item 9671 should be substantially increased and should also be used for upstream investment operations (consultancy and expert services, seeking and contacting partners, etc.) and to encourage immigrants to set up businesses in their countries of origin.

(c) The environment

Many schemes are already under way, but the appropriations available for these measures remain far from sufficient and the enormous need for financing is expected to increase further in the future.

The main projects were laid down in the Charter for European-Mediterranean environmental cooperation in the Mediterranean basin adopted at the Ministerial Conference held in Nicosia (Cyprus) from 26 to 28 April 1990.

The programmes concerned are very wide ranging and involve many partners, but, in view of the requirements, it appears unlikely that it will be possible to tackle these programmes effectively in the short term despite the efforts that have been made so far.

(d) The development of human resources

This involves not merely vocational training but also sharing experience with people from countries which have already successfully undertaken a reform process, transfer of economic know-how, training in modern management of the Economy, strengthening these institutions and the service sector (central bank, financial bodies, public services, local administrations, trade organizations, etc.) and improving training capacities. It is therefore up to the Community to help this transfer of know-how from itself to the MNCs, and from other countries to the MNCs<sup>4</sup>.

This whole field of cooperation, which amounts to a highly ambitious, wide-ranging programme relating to cultural policy and audiovisual policy, involving large-scale development of modern communications resources, will be financed by appropriations from budget item 9670.

(e) Operations managed by the EIB

The EIB should be asked to contribute to operations in the MNCs from its own resources but outside the framework of individual protocols for each country.

These should be projects of interest to the Community or involving several countries in the area. They would involve various priority areas:

- environment: sewage treatment or desludging plants, anti-pollution equipment for industry and waste disposal systems;
- energy: interconnection of networks, power plants, intra MNC or MNC-Community gas pipelines and energy saving devices;
- transport: port installations, intra-MNC and MNC Community transport links;
- telecommunications and the audio visual sector: intra MNC and MNC-Community links, equipment for receiver stations and audiovisual productions.

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<sup>4</sup> SEC(90) 812 final, p. 11



#### 4. Renewing the financial protocols with the countries of the southern and eastern Mediterranean

The Commission attaches fundamental importance to renewing the financial protocols because of their flexible, multiannual arrangements which make it possible to provide these countries with a type of cooperation geared to their specific situations.

The new financial protocols should comprise two separate portions:

- a programmable portion written into the bilateral financial protocol signed with each country. This would continue present policy. The existing protocols are due to expire on 31 October 1991.

In the new protocols, the Commission is urging that the ratio between budget funding (grants) and bank resources (EIB) should be maintained (38% to 62%).

It will be possible to receive an interest-rate subsidy for EIB loans. As in the case of the current protocols, it will be up to the country concerned to make the choice.

The Commission recommends that finance should be concentrated on three sectors: reducing food dependence, developing the productive sector, above all the industrial sector, and protecting the environment.

- a non-programmable portion under an 'all countries' heading, which would be reserved for support for economic reform. Each bilateral protocol would mention the objectives and conditions of use of the non-programmable portion.

This aid would be used essentially for two purposes:

= to provide any technical assistance that the Mediterranean countries might need to implement their economic reforms, in areas including savings and credit;

= to finance back-up programmes vital to the success of reforms, particularly job creation programmes and import programmes for capital goods or essential items, spare parts and inputs.

The main aim is that such support will come outside the contractual framework of current bilateral protocols, and will take the form of an incentive to reform, that is to say, that it will be granted only on the basis of specific requests for assistance backed up by practical reform schemes. Administrative procedures will be based on those used in the Fourth Lomé Convention and consultations will be held wherever necessary with the World Bank and the IMF.

V. Appraisal of the Commission's proposals and suggestions for amplifying or improving them

1. **The Commission proposals appear to be somewhat unsatisfactory**

The Commission is clearly aware of the scope and variety of the problems involving the Mediterranean countries and there is no doubting its good intentions.

However, there is an enormous difference between the immensity of the task to be carried out and the resources made available (or proposed). The proposals amount to a patching-up of the Mediterranean policy implemented hitherto: they in fact consist of readjustment, rectification and extension measures.

Because of the variety of forms of aid proposed, it seems unlikely that duplication and certain inconsistencies will be eliminated.

Generally speaking, the only innovation appears to be the quantity of aid involved and, while this is certainly important, it does not necessarily amount to a new policy. Aid still appears to be spread too thinly in too many cases.

2. **The Mediterranean policy is still not applied to all the Mediterranean countries**

Two Mediterranean countries have yet to be included:

- Albania is not mentioned, despite the fact that it has a border with two Community Member States (Greece and Italy). This fact alone puts Albania in a special position. Political developments in Albania means that it is important to implement a more open policy and provide encouragement. The EC's Mediterranean policy forms a natural basis and framework for such initiatives.

- The EEC should also begin by normalizing relations with Libya. It is inadvisable to develop a Mediterranean policy which excludes a country that will inevitably pose particular problems if it is left out for too long. Provision should be made for transitional arrangements enabling Libya to be included, when the time is right, in the group of the Community's Mediterranean partners.

3. **The development agreement: a possible key instrument**

Mr AMATO, rapporteur for the Economic and Social Committee's Section for External Relations, Trade and Development Policy<sup>5</sup> states that the development agreement would commit the Community and one or more MNCs, together with other public (Community, national and local) or private bodies from both sides, to the implementation of specific undertakings contained within a development programme.

The development agreement and programme should lay down a coherent set of development projects to be implemented both in the MNCs and in the Community together with commercial contractual commitments and financial commitments.

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<sup>5</sup> Opinion of 22 June 1959 on the mediterranean policy of the European Community - Draftsman: Mr AMATO (ECS 271/89 fin.)

The practice of allocating aid on an individual project basis should be reviewed, as individual direct investments usually have limited spin-off. Instead, each investment should be linked to other investments and measures upstream and downstream, as well as with measures to boost infrastructure, vocational training, innovation, etc.

One of the most promising aspects of this type of agreement is the possibility of linking development measures to long-term supply contracts, guaranteeing supplies of raw materials to the Community and ensuring price stability for the MNCs.

#### **4. The role of the Mediterranean CSCE process (the Palma Conference) should be extended**

The proposals considered at the Conference appear to go further and to be more specific than the Commission's proposals in certain areas:

- The policy on water use and supply would benefit from a consistent, global approach rather than a piecemeal approach involving individual countries;
- The CSCE as such is concerned with the problem of desertification and international cooperation in this field, together with forestry conservation.
- The CSCE also hopes to organize international cooperation in the Mediterranean region aimed at the prevention and extinction of forest fires (involving the role of metrology and communications networks, forestry and other techniques applicable to forestry fire-fighting, including the use of aircraft and the coordination thereof at international level, fire-fighting techniques on the ground and standardization of fire fighting equipment) (see the EPOCH programme).
- The CSCE goes further than the Commission as regards environmental matters and nature conservation, if only because of the global nature of its projects.

These projects and the Commission proposals do not appear to be incompatible, but the Commission's approach appears to be somewhat cautious while the CSCE proposals are highly ambitious.

#### **5. The Conference of the Mediterranean Cooperation Council (MCC) - an important point of reference**

The MCC appears to be a particularly suitable forum for dialogue between the European Community and its Mediterranean partners and for dialogue between all the countries bordering on the Mediterranean and the rest of the world. However, this organization does not appear to have very much influence at the present time. It might be useful to revitalize the MCC by giving Parliament a greater role in its proceedings.

Reactivation of the MCC could be the starting-point for a new Mediterranean policy which would go much further than the adjustment measures which constitute the bulk of the Commission proposals.

The MCC could provide the impetus for such a policy and also become the management and supervisory body responsible for its implementation.

There is obviously little chance of such an idea, stated so boldly, being accepted as it stands, but it could serve to prompt an overall appraisal by all the partners concerned - the Mediterranean countries, the Community and the various international institutions involved in different forms of cooperation in the Mediterranean. It is reassuring to see, however, that the Mediterranean policy now has a number of financial and institutional instruments at its disposal and that the problem lies rather in organizing and coordinating these resources and institutions than in the actual principles involved.

## INDICATEURS ECONOMIQUES PRINCIPAUX DES PAYS TIERS MEDITERRANEE

	Population (mln)		Taux de croiss. pop.	PIB 1968 (mrd \$)	Taux croiss. PIB 64-68	PIB par capita. 1968 (\$)
	1968	2025				
Maroc	23,6	47	2,5	16,4	4,2	600
Algérie	24,1	56	3,1	64,0	1,2	2.500
Tunisie	7,9	14	2,5	10,1	3,0	1.300
Egypte	52,5	92	3,0	28,3	4,6	500
Jordanie	3,0	9	3,8	5,0	2,4	1.700
Syrie	11,4	37	3,6	14,3	3,5	1.300
Israël	4,5	7	1,6	39,8	2,3	8.500
Chypre	0,5	0,7	0,7	4,3	5,5	6.000
Malte	0,4	0,5	0,9	1,6	4,0	4.500
Turquie	54,2	90	2,5	61,9	6,5	1.300
Yougoslavie	23,7	27	0,8	53,1	0,0	2.000
Total Méditerranée	205,6	357		300,6		1.460 (moyenne)
Total ALE	32	30		587,3		
Total CEE	323	319		4.142,6		

## COMMERCE COMMUNAUTÉ-MEDITERRANEE, 1968 (mrd d'eus)

	Imports	Exports	Balance com.
Total extra-CE	367,0	362,6	- 24,4
dt. pays tiers médit.	30,0	35,4	+ 5,4
dt. ALE	90,5	96,4	+ 5,9
dt. Europe Est	29,8	20,7	- 4,1
dt. USA	68,3	71,8	+ 3,5
dt. Japon	41,6	17,0	- 24,6

## DONNEES FINANCIERES 1967

	Solde éco	dt. bal. olim.	Solde BDP	dt. trav. expat.	dt. rev. tourisme	Flux-publ. nets	Service dette % export.
	mld \$	mld \$	mld \$	mld \$	mld \$	mld \$	
Maroc	- 1.050	+ 202	+ 185	+ 1.011	+ 950	+ 612	33
Algérie	+ 2.413	- 1.728	- 879	+ 522	...	+ 653	55
Tunisie	- 764	+ 10	- 168	+ 354	+ 543	+ 215	25
Egypte	- 5.177	- 4.000	- 1.300	+ 2.000	+ 1.000	+ 513	26
Jordanie	- 1.762	- 394	- 352	+ 743	+ 267	+ 15	34
Syrie	- 305	- 600	- 530	...	...	+ 287	15
Israël	- 3.803	- 32	- 997	...	+ 1.300	- 28	39
Chypre	- 777	- 64	+ 92	+ 27	+ 667	...	15
Malte	- 393	- 100	+ 6	+ 30	+ 322	...	2
Turquie	- 3.229	+ 1.071	- 979	+ 2.025	+ 1.476	+ 1.441	34
Yougoslavie	- 1.238	+ 191	+ 1.248	+ 1.000	+ 1.700	- 683	45

Sources: Eurostat, Institutions financières internationales. Données non disponibles pour Albanie, Liban, Libye.

Motion for a resolution (B3-1153/90) by Mrs IZQUIERDO ROJO, Mr BOFILL ABEILHE, Mr CABEZON ALONSO, Mr de la CAMARA MARTINEZ, Mrs DIEZ DE RIVERA ICAZA, Mr PONS GRAU, Mr SANZ FERNANDEZ, Mr SAPENA GRANELL and Mr SIERRA BARDAJI, pursuant to Rule 63 of the Rules of Procedure, on a revamped Mediterranean policy

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The European Parliament,

- A. having regard to the communication from the Commission to the Council of 23 November 1989 on a revamped Mediterranean policy (SEC(89) 1961 final),
- B. having regard to the importance for the Community of political, economic and demographic stability in Mediterranean third countries and of continued improvement in its relations with this area,
- C. whereas the communication from the Commission was a first major step towards improving significantly the Community's policy in the area but, five months on, Parliament has received no information concerning the progress made in following up this communication,
  1. Calls on the Commission to explore further the various aspects of its communication on a revamped Mediterranean policy and to complete it with the appropriate financial references, specifying which financial and budgetary instruments will be required for this policy;
  2. Instructs its appropriate committee to carry out a study on the new Community policy towards third Mediterranean countries and to give special attention to Commission initiatives in this area, which is crucial to the stability of the Community;
  3. Instructs its President to forward this resolution to the Council and Commission.