

European Multilateralism and Soft Power Projection in the Mediterranean*

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Resumo

A Parceria Euro-Mediterrânica celebrada em Barcelona em Novembro de 1995 pela União Europeia com os Doze Estados Parceiros do Sul foi oficialmente desenhada para promover a estabilidade, paz e prosperidade na região da bacia do Mediterrâneo. Tratou-se de uma iniciativa para regular a periferia sul e que os estados-parceiros não poderiam ignorar devido à sua localização e dependência económica em relação à Europa. Esta iniciativa reflectiu o conjunto de relações estruturais através do Mediterrâneo, que remontam ao período colonial e às iniciativas de construção da confiança e cooperação desde a independência.

A sua natureza holística traduziu-se num conjunto de relações económicas, políticas, sociais, culturais e de segurança reflectindo a própria natureza da União. Os resultados económicos a curto prazo ameaçam ser desvantajosos a não ser que os Estados do Sul do Mediterrâneo possam combinar as suas economias num mercado único e que as questões de segurança não sejam bloqueadas pela actual situação no Médio Oriente e pela exclusão dos EUA do processo de paz. As consequências sociais e políticas levarão mais tempo a tomar forma, mas a longo prazo poderão vir a ser as mais importantes. Será através da interdependência da Europa e do Mediterrâneo Sul em relação às questões da energia e da emigração que o significado do Processo de Barcelona adquirirá maior significado.

Abstract

The Euro-Mediterranean Partnership, signed at Barcelona in November 1995 by the European Union with twelve South Mediterranean Partner states was officially designed to produce a region of stability, peace and prosperity in the Mediterranean basin. It was, however, a policy designed by the Union to regulate its southern periphery, which the partner-states could not ignore because of their location and their dependence on economic relations with Europe. It also reflected long-standing relationships across the Mediterranean, reaching back to pre-colonial times, as well as previous confidence-building and cooperative initiatives since independence.

Its holistic nature, covering economic, political, security, social and cultural relations, reflected the nature of the Union itself. Economic outcomes in the short-term threaten to be disadvantageous unless South Mediterranean states can combine their economies into a single market and security issues are blocked by the on-going conflict in the Middle East and the exclusion of the United States from the peace process. Social and political consequences will take longer to emerge but may, in the long-term, be the most important. Yet it is the interdependence of Europe and the South Mediterranean over energy and migration that the true meaning of the Barcelona Process will eventually be revealed.

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In November 1995, the European Union signed a wide-ranging declaration with the twelve littoral states of the South Mediterranean at the end of a major conference in Barcelona. The declaration outlined an agreed policy for future relations between Europe and its Mediterranean partners which sought to create a zone of shared stability, prosperity and peace. This policy is designed to condition relations throughout the Mediterranean on a new basis of partial economic integration and cooperation over mutual security issues, together with support for regional political, cultural and social development. It has extremely ambitious objectives and represents a new departure for the European Union, although the means proposed to achieve it have been modest, not least in view of the fact that it seeks to realise its objectives by 2010.

In reality, however, the new Euro-Mediterranean Partnership – the official title given to the policy, although it is better known as the Barcelona Process – is an exercise in European policy-making, in which its South Mediterranean partners have little choice but to acquiesce. It is an attempt to organise Europe's southern periphery, an exercise in European power projection in order to deal with security threats and risks in terms that the European Union itself can articulate. As such, it reflects Europe's own lack of capacity in hard security terms – such issues are currently left to NATO or, in the Eastern Mediterranean or the Gulf, to the United States and its chosen allies, although the new European rapid reaction force, once it is established, will give some teeth to Europe's new security and defence policy, even if formally within the context of NATO. The Barcelona Process is, in short, an exercise in soft power projection, to deal with soft security issues, such as economic failure, migration, smuggling – whether of drugs or people – and the associated trans-national problems of crime and international terrorism.

The mechanisms chosen to address these issues reflect the orthodoxies forced upon European policy-makers by the nature of the Union itself. The innate tensions within the Union between national sovereignty and collective action – most obviously manifest in the relative weakness of Europe's common foreign and security policy, despite the new role of former NATO secretary-general, Xavier Solana as its secretary-general to the Council of Ministers – mean that European regional periphery policy can only operate at the level of the lowest common denominator acceptable to member states. It has also meant that the policy should be holistic, without recall to specificities designed to address particular aspects of Mediterranean security. Furthermore, since Europe lacks any effective collective military force, despite the 1999 Helsinki summit decision to create the 60.000 – strong rapid reaction force, it clearly cannot take on hard security responsibilities alone. Indeed, as the Bosnia and Kosovo experiences demonstrated, it requires NATO and American support

for any such action – and that means that many problems in the South Mediterranean region, particularly in the Eastern Mediterranean, are outside Europe’s competence alone. Indeed, one of the great ironies of Europe’s policy towards the South Mediterranean is that it cannot achieve its objectives before American initiatives in the Middle East have succeeded – although the United States has no role within the Barcelona Process!

European policy, however, is not simply a consequence of the constraints imposed upon the Union by its own nature. It also reflects an historical experience and a view of the Mediterranean as a European borderland – the “forgotten frontier” of the confrontation between Christianity and Islam, between the sixteenth and nineteenth centuries¹, as much as the Braudelian vision of the Mediterranean as a common cultural space. Such attitudes have helped to inform the holism of the European vision, in comparison to a much more complicated American understanding of what the Mediterranean represents in geo-strategy and geo-politics. For the United States, although the Mediterranean is not a key strategic region, it is one of considerable complexity. As a strategic line-of-communication, mainly for the passage of oil, its security has a direct implication for world energy prices, particularly for world crude oil prices. As a region of vastly different geographically located problems, it is treated on a sub-regional basis, with Middle Eastern affairs – specifically the Middle East peace process-dominating concerns, in which soft and hard security responses may be used. As a region dominated by sub-hegemonic states – Israel, Egypt, Turkey and Algeria – each such state reflects a different aspect of American regional strategic concerns, whether strategic security, economic expansion or access to raw materials, especially in the East, alongside strategic control of surrounding regions, such as the Gulf and the Caucasus.

The background to Barcelona

European Union policy formation mechanisms could not respond to such complexity, nor could the European Commission manage it, given the meagre managerial resources available to it. Thus, the European Mediterranean vision is borne from exigency as much as choice and history. Equally, the current policy – the Euro-Mediterranean Partnership –

1 Hesse A. (1974), *The forgotten frontier*, University of Chicago Press.
Braudel F. (1949), *The Mediterranean and the Mediterranean world in the reign of Philip II*, (two vols) Fontana Books.

is part of a long and slow process of policy evolution that, in its modern form, really stems from the colonial period, particularly from the French colonial possessions in North Africa – the modern states of Tunisia, Algeria and Morocco, collectively known as the Maghrib. Its European predecessors reflected European awareness of the economic consequences of the colonial period and of the Maghrib's subsequent dependence on access to the European market, particularly for its agricultural and primary product exports, as well as for exports from the developing industrial sectors there. It also reflected European realisation that demographic pressures in the region required accelerated economic development if popular aspirations were to be met and increased labour migration flows into Europe were to be avoided.

As a result of the specific provisions of the Treaty of Rome for the Maghrib, this awareness was expressed, after 1969, in a series of bilateral cooperation and association agreements, together with five-year financial protocols providing development aid. The agreements, although specifically in economic nature – they provided for free access of industrial goods and primary products whilst subjecting agricultural exports to quota regimes because of the Common Agricultural Policy – also, as time went by, began to refer to issues of governance and respect for human rights. Indeed, in 1992, the European Parliament, in a fit of pique over Morocco's behaviour in the Western Sahara, actually withheld permission for the relevant financial protocol – to the embarrassment of the Commission which had had, only five years before, to discourage a Moroccan application for European Community membership, not on the grounds of failures in governance but because it was not a definably European country. Morocco retaliated by creating difficulties over its fishing agreement with the European Union, a matter of significance to Spain and Portugal for whom access to Moroccan fishing grounds was crucial.

The policy develops

This apparently trivial spat, however, was to have much more significant consequences. The European Union's Commission had long been aware that the bilateral cooperation agreements were no longer adequate to respond to the problems of the South Mediterranean region in the post-Cold War period. Although it had attempted to react to this through its "Renovated Mediterranean Policy" – which provided for a more complex aid funding function and an adjusted quota arrangement for agricultural goods to allow for full Spanish and Portuguese membership of the Union by 1996, at the end of a ten year transition period – it was clear that the new policy was not going to meet the demands that

would be placed upon it And those demands essentially expressed the security concerns of European countries over effective policy to deal with unwanted immigration flows, since the prolonged recession of the late 1970s and early 1980s had caused a significant increase in European structural unemployment.

Yet these migration flows, which had been traditional patterns of population movement since the beginning of the century for North Africans and since the Second World War for Turks and Egyptians, were expected to increase dramatically in the future, unless something were done to staunch them. European states also sought policies that would minimise spill-over from security problems within the South Mediterranean region itself – not least the Arab-Israeli dispute, but also, increasingly, the crisis in Algeria. Any policy, however, had to take into account the other responsibilities and interests of Union members – and of the Union itself – around its periphery, particularly in the East where, after the end of the Cold War, policies were in place to support economic and political transition in Eastern Europe with a view to eventual Union membership.

There was another, related concern as well, which reflected the anxieties of the Union's southern members. This was that the new European interest in the former Soviet Bloc would divert funding flows away from the south of Europe which, since it was less developed compared with the dominant triad inside the Union-Germany, Britain and France, or even compared with the Benelux countries, had dominated both Commission and private investment flows until then. Regional interest, in short, combined with the Commission's concerns to generate a new Mediterranean policy, for South European states believed that a renewed interest in the Mediterranean generally, would solve their fears of anticipated investment neglect as well. The result was a radical departure in the Union's Mediterranean policy away from the traditional bilateral format with its emphasis on economic support.

The Euro-Mediterranean Partnership

The new policy was, instead, holistic in nature, directed to the Southern Mediterranean basin, from Morocco to Turkey. It did not, however, include the Balkans, an omission which was to cause havoc four years later, when Europe had to consider how to fund development after the Bosnian and Kosovo crises in its South Eastern Europe initiative. It also sought to be comprehensive since it did not focus only on economic development but addressed security, political, cultural and social

concerns as well. It was in part inspired by the Organisation for Security and Cooperation in Europe, which had grown out of the process initiated in the Helsinki Conference of 1975 and which had played a significant role in undermining the monolithic nature of the Soviet Bloc. This had emerged in the Mediterranean as the Conference for Security and Cooperation in the Mediterranean, an Italo-Spanish proposal pushed – just before the Iraq crisis in 1990 – by the charismatic Italian foreign minister, Gianni de Michaelis, but abandoned as impossibly ambitious a year later. It had been followed by the Five plus Five Group, a French-inspired proposal for consultations about common security problems between five European states – Portugal, Spain, Italy, France and Malta – and the five states of the Maghrib – Libya and Mauritania had joined the group – who had formed a mutual collective security and economic integration organisation in 1989, the Maghrib Arab Union, better known by its French acronym as the UMA, because of its socio-political implications in Arabic. This, in turn, had been absorbed into another Mediterranean security dialogue, led by Egypt and created in 1994, the Mediterranean Dialogue.

The point about these seemingly endless initiatives apparently directed towards intangible ends was that not only did they act as confidence-building measures in a global arena totally unfamiliar to South Mediterranean states who had previously been comfortably ensconced in the stasis of the Cold War but now had to face the fact that super-power patronage no longer existed, but they also revealed the close relationship between security issues and political and socio-cultural causes. The crisis in Algeria made the linkages crystal-clear, particularly after bombs began to explode in France, and few European statesmen had any illusions about such linkages once they observed the problems faced by the American-led Middle East peace process. Although Europe had been effectively excluded from the political dimensions of Middle Eastern peace-making by Israeli suspicion and resentment after the 1980 *Venice Declaration*, it was the major funder of the process and, as a result, also appreciated the links between economics and security in the longer term. These realisations, in themselves, meant that any new European policy in the Mediterranean would have to address political and social issues if it were to respond to specifically European security concerns alongside the Commission's long-standing economic interests in the region. Furthermore, such security concerns comprised soft security issues, with hard security concerns being left to a wider alliance-NATO – which was therefore, by definition, excluded from the Union's own policies, alongside the United States! As a result, yet another dialogue developed as a confidence building measure, the NATO dialogue, which accommodated some of the Union's South Mediterranean partners but excluded

others², even though the Union itself dealt with all except Libya which was then under United Nations sanctions because of the Lockerbie affair³.

The new policy, known today as the Euro-Mediterranean Partnership or, more colloquially, as the Barcelona Process, and which was rushed out in time to coincide with the Spanish presidency during the second half of 1995, incorporated all of these conclusions. Although primarily a security initiative designed to respond to European concerns by coping with problems along the Union's southern periphery, it purported to be - and also was - an attempt at cooperative development within a trans-national region. Despite the fact that the economic aspect of the new policy was the most highly developed, there was also a commitment to respond to regional political and security concerns and aspirations and to resolve cultural and social differences as well. Consisting of three "baskets" of measures, the policy sought, in the words of the Barcelona Declaration in which it was formally announced, to create a zone of peace, stability and shared prosperity in the Mediterranean basin. The unspoken primary purpose, of course, was to render labour migration from the South unnecessary by stimulating economic development!

Such development was not only to be a consequence of purely economic measures; it was also to involve political, social and cultural change, in an atmosphere of comprehensive security in which all regional states would participate. In the first basket, political evolution was to address the related problems of human rights, state legitimacy and the degenerate corporate state in the Middle East and North Africa - by now profoundly neo-patrimonial and neo-prebendal in nature - by actively encouraging good governance, based on the assumption that this would best be achieved through liberal democracy and a market economy. Comprehensive collective security was to result from an agreed charter of security measures, alongside existing security arrangements, such as NATO and the Western European Union. There was here, to be sure, a problem, for no allowance was made for very different American perceptions of the Mediterranean and the security problems there, an omission that

2 So-called "rogue states" or "states of concern" were excluded from the NATO dialogue. Thus Syria, Lebanon and Libya still do not take part, although Algeria does, despite its appalling human rights record.

3 Libya was invited into the Barcelona Process as a special guest of the European presidency in mid-1999, after the suspects in the Lockerbie affair were handed over for trial. It is not a full member of the process, only an observer, because it has not accepted the Barcelona *acquis* - the bundle of legislation that accompanies membership of the Partnership. It does not do so because this would threaten *the jamahiri* political and economic system, although it claims that it cannot do so since, although the Partnership is dedicated to peace, two of its members - Israel and Palestine - are at war and should be expelled until they make peace.

was keenly felt in Washington despite initial American scepticism over the new European initiative. The socio-cultural basket, mainly aspirational in nature, was primarily devoted to supporting the growth of civil-society in the South - despite governmental distaste for such developments - alongside mutual cultural tolerance.

The economic dimension

It was, however, the economic basket that was the real core of the new initiative. This had been negotiated in the form of a bilateral association agreement with two states - Tunisia and Morocco - before the actual structure of the Euro-Mediterranean Partnership had been fully developed and would have stood alone as Commission policy had the full Barcelona package not been completed. It thus bears some study, for it has had the most profound effect on the Southern Mediterranean to date. Its structure was deceptively simple for it continued to be bilateral in nature, being negotiated separately with each non-member partner state and following the principles of the previous cooperation agreements. Thus it maintained quotas for agricultural exports in order to protect the Common Agricultural Policy and continued to provide unlimited access for primary products - mainly oil, natural gas and phosphates. However, in the industrial arena, it offered a free trade area agreement in addition to the traditional offer of free access to the European market for industrial goods - which, in practice, had often been constrained by so-called "voluntary restraint agreements" over textiles and clothes in order to protect high cost European producers. The catch was that the offer in effect required South Mediterranean participants to abandon their own tariff and non-tariff barriers to European industrial exports, thus exposing previously protected domestic industrial sectors to the full force of European competition.

Not only did this directly threaten Southern industrial entrepreneurs - and, unless aid were forthcoming, the threat to Tunisia was estimated to involve the destruction of a third of its industrial sector and the potential elimination of a further third of its 6,000 industrial enterprises, whilst in Morocco 60 per cent of the industrial base was said to face a similar fate - it also contained a profound threat to government finances as well. Outside the oil-rich states of the South, where government revenue depends heavily on rent in the form of energy taxes, most budgetary revenue is generated by customs dues and tariffs. Since Europe is by far the largest trade partner for the states of the Mediterranean region - the Union absorbs 26 per cent of the Arab world's

exports and generates 46.5 per cent of its imports and absorbs 46.3 per cent of the exports of the South Mediterranean partner states, generating 49.7 per cent of their imports⁴ – this effectively meant that government revenue would be radically cut. As a result, new forms of taxation had have to be found in the states that have signed up to the Partnership – Morocco, Tunisia, Jordan and the Palestinian Authority to date, with negotiation under way with Syria, Lebanon, Egypt and Algeria, whilst Libya prepares to join in and Israel and Turkey have their own prior free trade and customs union agreements with the Union. The problem is that many of these states have difficulties in collecting direct taxation, partly because of poverty but also because of inadequate collection systems, which lack transparency. As a result, they have turned to indirect taxation instead and value-added tax has now become common throughout the region. Whilst its efficiency is undoubted, its regressive character in such countries is intensified and adds to poverty and inequality of purchasing power.

Of course, lengthy transition periods have been offered to the new beneficiaries of this variant of the common European economic space which is due to be completed in 2010 – in fact, of course, the South Mediterranean states do not really benefit in precisely this way yet because of continuing restraints on their trade relations with Europe. Financial help also exists over the process of transition in the form of the MEDA financial programme which offered a global sum of €4.865 billion over a five year period, together with similar amounts in soft loans from the European Development Bank, of which €2.31 billion was in the form of bilateral aid. In the event, only €890 million, just 26 per cent of the committed funds, was actually spent by the end of the five-year period. The funding line was renewed as the MEDA II protocol in 1999 – with a 25 per cent increase in funding to €5.4 billion but intended to cover a seven, rather than a five year period.

4 These are the states included inside the Barcelona Process: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Libya, Malta, Morocco, Palestine, Syria, Tunisia and Turkey. Other Arab states are excluded, for there is a separate economic agreement in the process of negotiation with the Gulf Cooperation Council states, Iraq is excluded by United Nations sanctions and Mauritania and Sudan fall under the Lomé and ACP agreements. It should, however, be noted that Malta and Cyprus are now to become European Union members, as is Turkey, and Libya is merely an observer member of the Euro-Mediterranean Partnership. In essence, with the exception of Jordan, all Barcelona Process states are Mediterranean littoral states. It should also be noted that trade dependence increases markedly if the commercial relationship between Europe and the Maghrib is isolated – to 57.3 per cent of world imports and 64.5 per cent of world exports (see Table 3).

I: MEDA 1 COMMITMENTS AND DISBURSEMENTS 1995-1999

€ million	Commitments	Disbursements	% age spent
Algeria	164	30	18.2
Morocco	656	127	19.4
Tunisia	438	168	39.3
Egypt	686	157	22.9
Jordan	254	108	42.5
Lebanon	182	1	0.5
Syria	99	0	0.0
Turkey	375	15	4.0
West Bank & Gaza	111	54	48.6
Bilateral cooperation	2955	660	22.3
Regional Cooperation¹	480	230²	48.0
TOTAL	3,435	890	26.0

Source: European Commission DGExt.

Notes: ¹ Includes €63 million committed 1997-99 for technical assistance.

² Includes €150 million for horizontal cooperation before 1996.

Discussions also began in January 2000 to include agricultural exports within the free trade areas, but they are not due to be concluded for the next five years, even though, outside mineral exports, this is the area in which South Mediterranean states – except for Israel – have the greatest comparative advantage. Equally, no movement is expected on easing access restrictions to Europe, although, theoretically, the new economic arrangement should involve the free movement of goods, capital and labour! After all, the agreements exist primarily to exclude migration and are thus not genuine free trade area agreements, which should provide for the free movement of goods, capital and labour. Quite how long these agreements can be sustained as barriers to free movement of labour remains to be seen, however.

II: MEDITERRANEAN TRADE: 1997

(\$ billion)	World Imports	World Exports	EU Imports	EU Exports	EU Trade as % World	(%) EU Trade
Algeria	8.69	13.98	4.353	8.361	56.08	0.71
Cyprus	3.70	1.10	1.353	2.025	70.42	0.19
Egypt	13.21	3.92	6.752	2.634	54.81	0.52
Israel	30.78	22.50	11.505	6.269	33.36	0.99
Jordan	4.10	1.84	928	454	23.23	0.08
Lebanon	7.46	0.72	3.094	153	38.99	0.18
Libya	5.59	10.60	2.769	7.612	64.11	0.58
Malta	2.56	1.64	1.998	701	64.28	0.15
Morocco	9.53	7.03	5.328	4.750	68.69	0.56
Palestine	-	-	39	1	-	0.00
Syria	4.03	3.92	1.948	372	29.18	0.13
Tunisia	7.91	5.56	5.285	4.016	69.04	0.52
Turkey	48.59	26.25	22.357	11.869	45.74	1.91
Total	146.15	99.06	67.709	49.217	47.69	6.54

Sources: Eurostat; WTO

Economic outcomes

What will be the outcome of these agreements? Will they indeed stimulate economic development sufficiently fast to counter demographic pressures in a region where, until the 1990s, population growth rates on average had been of the order of 2.3 to 2.6 per cent, even if they have fallen dramatically in the past decade? It needs to be borne in mind that population growth rates of the order of magnitude imply population doubling within twenty-five years and that over 60 per cent of the populations of most South Mediterranean countries are now below the age of twenty-five. It is also worth remembering that gross domestic product growth rates, according to the World Bank, need to be between 5 and 7 per cent if the economies are to provide the necessary services in housing, education and health, let alone actually achieve positive development – and this in a region which had had an average growth in national wealth of between 1 and 2 per cent – including Israel – during the previous twenty years, according to the European Commission in 1994. And, finally, it should not be forgotten that, because of these economic failures and the

consequences of intensive economic restructuring over the previous fifteen years, official unemployment figures run at a chronic 15 to 30 per cent of the labour force. No wonder that migration seems an attractive option, despite European xenophobia and official discrimination.

There seems to be a growing consensus amongst analysts of the Mediterranean that the promise of economic development, in the short-term at least, is illusory, partly for theoretical and partly for practical reasons. The agreements themselves are closely modelled on the “Washington Consensus” adopted by the World Bank and the International Monetary Fund as prescriptions for developing economies enmeshed in heavy foreign debt – as was indeed the case for most South Mediterranean economies. Neo-Liberal in inspiration, they may well generate satisfactory macro-economic results but they depend heavily on stimulating foreign investment and private sector entrepreneurs, as well as on the increasingly discredited belief in “trickle-down” to achieve appropriate micro-economic outcomes. Foreign private investment has proved stubbornly reluctant to seize the opportunities the region offers, whether as direct investment or in the form of portfolio investment as national capital markets emerge and privatisation programmes enlarge, so that the Middle East runs just ahead of Africa in the total investment stakes, even though global investment flows are picking up after the 1997 crisis. Little of the estimated \$190 billion that was invested worldwide in 1999, for example, flowed into the Mediterranean, largely because other destinations seemed more attractive – as they always have.

III: EUROPEAN UNION-MAGHRIB TRADE 1997

(\$ billion)	World	World	EU	EU	EU	EU
	Imports	Exports	Imports	Exports	Imports (%)	Exports(%)
Algeria	8.69	13.98	4.35	8.36	50.5	59.9
Morocco	9.53	7.03	5.33	4.75	56.9	67.6
Tunisia	7.91	5.56	5.29	4.02	57.3	72.2
Total	26.13	26.57	14.97	17.13	57.3	64.5

In any case, the sheer size of the European market and the efficiency of European companies almost certainly predicates that the “hub-spoke” dependency of the past will continue and may even be worsened by trade creation and trade diversion effects. The South Mediterranean is simply too small to be able to compete effectively and its

economies will continue to be satellites to Europe, with a renewal of the dualism of the past - a modern sector closely in touch with the European market in a series of cross-Mediterranean trans-national regions and a traditional sector, serving the bulk of the population and isolated from real benefit as income disparities increase. Only economic integration within the South - anticipated by the Barcelona Process after 2010 - could create a market of sufficient size to attract foreign investment and, in Gordon Brown's immortal words, generate self-sustained "endogenous growth". Without that, the horizontal economic cleavages across South Mediterranean societies will intensify, threatening the vertical integration that the political structures are designed to sustain. In a sense, the details do not matter; what is important is that the Euro-Mediterranean Partnership is acting as an immense experiment in a particular vision of development economics - more so, perhaps, than any other example such as NAFTA or Mercosur - and is already giving evidence of the stresses and defects that will emerge.

IV: DIRECT PRIVATE FOREIGN INVESTMENT

(\$ billion)	1993	1994	1995	1996	1997	1998
Algeria	-59	22	-24	447	630	500
Cyprus	83	75	80	48	64	37
Egypt	493	1256	598	636	891	1076
Israel	596	432	1337	1382	1622	1850
Jordan	-34	3	13	16	361	310
Lebanon	7	23	22	64	150	230
Malta	56	152	182	325	165	325
Morocco	491	551	332	354	1079	258
Syria	176	251	100	89	80	100
Tunisia	562	432	264	238	339	650
Turkey	636	608	885	722	805	940
Total	3007	3805	3789	4321	6186	6276

Sources: Nord-Sud Export 400, 9 June 2000; World Investment Report 1999; IMF International Financial Statistics, March 2000.

Note: European Union direct foreign investment into the South Mediterranean is only 2 per cent of total Union foreign investment. Total investment was below \$7 billion in 1998, whereas China received \$30 billion and Latin America \$70 billion for the same period. Inter-Arab investment was also weak, totalling only \$18.5 billion between 1975 and 1998, whilst Arab investment abroad in total (mainly in Europe and the United States) was said to have reached \$647 billion by 1998.

Social and Political consequences

Of course, economic change also produces social change as well; indeed, under the World Bank's latest prescriptions for successful economic development, alongside openness and export-oriented growth, stand transparency and accountability as factors essential to attract the foreign investor and to ensure successful private sector development. Legitimacy, too, particularly in the form of the rule-of-law, forms part of the new package and there is an irresistible tendency, as behoves supporters of the economic theory of politics, to extend this economic prescription into the political sphere as well. The elision of the political and economic spheres is, to say the least, questionable, although it fits well within the current orthodoxy of the match between liberal democracy and free market economies. Chile, after all, demonstrated that this linkage was not necessarily the case in the late 1970s and the 1980s, as do Singapore and large parts of Asia today.

What is certainly the case is that there are cultural and social consequences of the kind of economic development policies described above. One interesting consequence, which is not directly related to the process itself but which is a by-product and which is also linked to the phenomenon of migration is the development of cross-Mediterranean trade networks between European suppliers and purchasers who are returned migrants. They will link in easily to the globalised trade patterns that will result from the Barcelona Process and may even become nuclei for development poles in the South. This is, incidentally, nothing new; it was first identified by researchers in the University of Amsterdam in the 1970s and is enshrined in the concept of trans-national economic regions. Another, which is related to the Process, is the universalisation of a commercial culture which itself stems from American and European paradigms, whatever the dominant cultural environment in which it appears. This will add a further horizontal cleavage to the vertically-integrated societies of the South Mediterranean region. It will only be hampered by the persistent opaqueness of traditional private sector economic activity that thrives best without transparency and seeks to perpetuate rent-seeking and economic privilege through its political alliances.

The Barcelona Process, however - as befits a policy that is essentially bureaucratic in nature - has much wider social and political ambitions than this. It is integral to the Process that it should stimulate the growth of civil society within the context of legitimised government. Ironically enough, this objective goes to the real heart of the crisis within the South for, without a radical change in the nature of the political process there, the kinds of conditions and commitment needed for successful economic development cannot

evolve. Most governments in the South have been constructed on a corporatist basis; they have sought to mobilise public support through vertically integrated political, social and economic structures in which the single political party has been the most obvious symbol. The attempt to achieve such structures, and to mobilise them for economic development, failed long ago both because of ideological mistakes and because the corporatist objectives themselves were unachievable. This political failure was associated with a further failure; that of the patrimonial and prebendal nature of the state in the South. Power was arbitrary and usually expressed through control of the army and the security mechanism by a group within society that neither enjoyed generalised support nor reflected general social and political goals and that often sought to monopolise the economic process as well.

The desire of the Barcelona Process to both force such political systems to become legitimised and participatory, with restrictions on government power exercised by a vibrant civil society, is thus laudable. What may be less so is the way in which this is to be done. Considerable effort has gone into supporting non-governmental organisations under the MEDA programme - rather less emphasis has been placed on political change, particularly in respect of human rights. Thus considerable care is spent not upbraiding Israel's disgraceful treatment of the Palestinians, both in terms of the peace process - in which Europe has very little say - and in terms of human rights abuses - about which it could say a lot. Europe's response to the massacres in Algeria in January 1998 was, to say the least, feeble and persuaded the Algerian authorities that they had little to fear from European disapproval. Equally, Tunisia's bizarre and endless search for Islamist threats to its own security, which involves repeated abuse of human rights goes virtually unremarked. Of course, one cannot know what is said behind closed diplomatic doors or what effect this has and this is quite correct - but "critical engagement" involves making such matters explicit whilst dialogue continues.

One reason for this reluctance to respond to what is, perhaps, the easiest issue on the collective Barcelona political agenda is that Europe and Southern governments share certain common security anxieties. This is also, no doubt, the reason why much deeper root-and-branch reform is not encouraged but there are also a certain and somewhat arrogant blindness in Europe on the issue. We laud the electoral process, when it occurs and tend to mistake it for genuine political participation of a kind that is globally applicable; we rarely consider what form of participation would be appropriate for the societies and cultures concerned. And although it is clear that cultural specificities can easily be used as a cover for profound illiberalism, are we so certain that our preferred

political paradigms are always so appropriate, or even liberal? Despite official claims that there is no objection to political Islam, for instance, provided that it accepts the rules of the democratic game – that there are winners and losers whose roles may be reversed by electoral success – and that it abandons violence as a political argument – even though such views are on the margin of the overall Islamist movement – it is a legitimate question to wonder how welcoming we would really be were there any possibility that such a government would come to power, except in Saudi Arabia? European reactions to Algeria and Iran give little grounds for optimism, as far as acceptability is concerned.

It could be argued that only by creating effective civil societies and hence attitudes of mind towards government, rather than institutions, can real and legitimate political change be achieved. There is no doubt that this is so and that this alone could justify the current official reluctance to engage governments directly in what would be wholly counter-productive initiatives. De Tocqueville remarked almost two centuries ago that:

I accord institutions only secondary influence over the destiny of men. I am thoroughly convinced that political societies are not what their laws make them but what they are prepared in advance to be by the feelings, the beliefs, the ideas, the habits of heart and mind of the men who compose them.

He was talking about the United States but his comments seem to be equally applicable to the South Mediterranean region and argue for an increased commitment by the European Union to building civil society and supporting indigenous political traditions, which seek participation and social justice, even if they do not match European political institutions themselves. How will the Union digest Libya's political idiosyncracies, once Colonel Qadhafi's Jamahiriyah joins the Euro-Mediterranean partnership, as it will inevitably do, once it decides that it can accept the European *acquis*? Europe will find it extremely difficult to resist that Libyan embrace, once it comes, given the desire of South Mediterranean states to see the Barcelona Process as genuinely universal, as far as non-European Union member countries in the Mediterranean basin are concerned.

Cultural change is an integral part of this process – not the divisive extension of Euro-American archetypes pilloried as McWorld or the Coca Cola culture – but the much wider influences spread by the cinema, radio, satellite television and, latterly, the internet. As they always did – for the phenomenon is not new, merely accelerated – they excite a contradictory mixture of fascinated desire and moral repulsion. They thus stimulate simultaneous attempts to emulate and to exclude, attempts which are the mirror image of

Europe's desire to exclude migrants but to export goods and services. And, even worse, denial of access builds a determination to reject so that the contradictions inherent in the Barcelona Process that encourage material satisfaction but deny freedom of access generate their own dynamic of moral rejection and political opposition. It is stimulated, too, by Europe's own failure to mitigate the xenophobia and Islamophobia inherent in Europe itself and its frequent failure to appreciate the consequences of its own initiatives in the field of security. For much of the violence directed towards Europe and indeed towards indigenous government in the South Mediterranean – whether Islamist or not – stems from the politics of exclusion and resentment.

The issue of security

Indeed, perhaps the most contentious issue is that of security within the Barcelona Process. By the end of the year 2000, during the French presidency of the Union, the Euro-Mediterranean Partnership was due to have drawn up a Charter for Peace and Stability in the Mediterranean along lines adopted by the Stuttgart summit of the Union in June 1999. These guidelines were really no more than a woolly list of desiderata extending into the social and politico-economic fields as well as dealing with specific security issues. In part, this was because the Barcelona process is primarily concerned with soft security, even though, with the Western European Union due to be folded into the Union itself, together with its EUROFOR and EUROMARFOR forces, as well as the projected 60,000 – strong rapid deployment force proposed at Helsinki in December 1999, now to be available as part of a future European Defence and Security Policy, there is some muscle to back up hard security concerns as well. Yet such potential unilateral approaches to what is supposed to be an initiative to support common security goals is precisely what many Southern states fear. The row that erupted when EUROFOR and EUROMARFOR were announced in 1997 was sufficient indication of that! Nor have Southern fears been eased by the appointment of Xavier Solana as the first secretary-general of the common foreign and security policy, given his previous role as NATO secretary-general.

Ironically enough, the continued existence of NATO as the vehicle of European collective security is the major source of dissent as far as collective Mediterranean security is concerned. The prolonged NATO dialogue with only some of the South Mediterranean members of the Euro-Mediterranean Partnership has done little to build confidence in NATO's overall objectives and what little confidence there was has been eroded by the intervention in Kosovo in 1999 – ironically enough, even though NATO

endlessly pointed out that its actions were in support of a Muslim population – and by the new NATO strategy announced last year. The tripartite objectives of Article 5 obligations, out-of-area activities and humanitarian intervention sent shivers up many southern spines, not least because, in the Mediterranean, NATO's out-of-area activities seemed directed against weapons of mass destruction, nuclear weapons and soft security targets such as migration, drugs and international crime and political terrorism. Nor was it the topics that formed the out-of-area agenda alone that caused such anxiety, it was the unilateral nature of the decision-making process in which Southern states would be the objects of security, not participants in its application.

Of course, nothing is so clear-cut Egyptian, Jordanian, Moroccan and Tunisian forces have engaged in Operation Brightstar exercises with American forces. Jordanians and Moroccans have also participated in SFOR's operations in Bosnia. There are clearly cases where, in terms of peace-keeping if not peace-making, cooperation already exists. It is, however, in the way in which Europe's hard security concerns in the Mediterranean appear to be hived off into the NATO arena in which the Partnership has no voice that creates anxieties about Europe's good faith over common security concerns. And then, furthermore, there is the United States. America has been excluded from the Barcelona Process, largely at French behest and much to Washington's irritation. More seriously, the United States, for whom the Mediterranean is not significant in national security terms, has, nonetheless – as was mentioned above – a much more complex appreciation of security problems there. It controlled – perhaps unintentionally torpedoed – the complicated Middle East peace process and is not too willing to consider burden-sharing with Europe outside the purely financial arena. It considers Turkey, Egypt and Algeria as significant regional hegemon or potential hegemon and does not accept the holistic European vision of an equality of states, preferring instead to reduce the Mediterranean into a series of sub-regions for analytical purposes. It cannot divorce Balkan issues from the overall picture, nor can it ignore the Mediterranean's role as a strategic line of communication, given its concerns over world energy prices – and instability in the Mediterranean is certainly bound to affect the global price of oil.

America is, in short, an integral player in the Mediterranean, particularly in security terms – its economic significance is much less – and it cannot therefore be excluded from the security equation. Yet, at present, Europe has not found a place for it within the overall Partnership structure. South Mediterranean states know this well and this knowledge saps a little at their commitment to the security aspects of the Barcelona Process, not least because, during 1999, the United States hinted that there might be an alternative to

Barcelona on offer - the Eizenstat Initiative. In reality, this has never amounted to much, being largely a device to isolate Libya in the Maghrib, but the interest with which Tunisians, in particular, took up the issue indicated their profound uncertainties about the Euro-Mediterranean Partnerships⁵.

The most profound anxiety for Southern members of the Partnership is the most recent of Europe's initiatives, the intervention in Kosovo and the resulting doctrine of humanitarian intervention with its implied breach of the sacrosanct principle of state sovereignty through intervention. It is true, of course, that 70 per cent of the military burden was borne by the United States - somewhat reluctantly, by all accounts - but, for Southern Mediterraneans, it is Europe, which looms nearest over the Mediterranean horizon. The flavour of Southern anxieties was given in President Abdelaziz Bouteflika's reply to Kofi Annan's suggestion at the end of 1999 that humanitarian intervention should be integrated into the United Nations vision. Take care, said the Algerian president, that this is not merely a cover for a renewed form of colonialism, for that is how it will be seen in the South. Indeed, that is true of much of the Barcelona *acquis*, economic, social and political - for better or worse, Southern states increasingly feel that the bargain they entered into in 1995 is becoming a unilateral imposition and an intervention in which hard-won sovereignty from colonialism is to be tom apart by European-directed globalisation as the past is re-created but labelled anew. What is Kosovo, they ask, but a Protectorate and what is a Protectorate or a Mandate, but subjugation even if it is called liberation?

Interestingly enough, the problems inherent in collective and cooperative security between a group of states with very different agendas and concerns was underlined by the fact that the Charter promised at the end of 2000 could not be agreed amongst the twenty-seven states that make up the Partnership. Southern states found the Union's proposals unacceptable and the French presidency was unable to bridge the gaps in trust and understanding that existed, not least because of the collapse of the Middle East peace process. The simple fact is that Mediterranean security is indivisible and hard security and soft security concerns are bound to impinge on one another. Equally, too, if the Mediterranean is genuinely to be treated as a shared common space, elements and aspects of it cannot be amputated because of the interests of outside powers, be they the United States, Russia or the Gulf. Even if the Barcelona Process is to serve specifically European interests, thus underlining the role of the Mediterranean as the "forgotten frontier", the same assumptions will apply, particularly in the case of the Middle East, if not the Balkans.

⁵ Congress did allocate \$5 million in 1999 and 2000 to the Initiative!

The future

By this reading, therefore, the Barcelona Process becomes no more than a kind of enforced peripheral regionalisation, a unilateral globalisation process writ small, in which sovereign states have lost their sovereignty – it never amounted to much anyway, given the compromises with international institutions – over the years – and have been offered a deal they cannot refuse because no other is available and nobody else can offer an alternative. Matters, of course, are not quite like that; it is true that South Mediterranean states had little choice but to accept the Barcelona Declaration but it is also true that they were anxious to do so, recognising their inescapable partnership with Europe, in economic terms at least. It is equally true that governments there know that they cannot indefinitely resist the popular clamour for participatory political systems. What is difficult is the insensitivity of the European response and the unwillingness – to engage, beyond the level of government, with the very civil society that Europe claims it wishes to encourage. There is also a need to persuade Southern governments that the implied abrogation of sovereignty – which, unlike the past, is not voluntary but an inherent component of the Barcelona Process – is justified by the ultimate benefits; benefits which will not mean a cultural and social homogenisation but which will preserve cultural, social and political specificities within an integrative framework. And they are determined to gain a better deal over economic development.

All these issues also inform the much wider global agenda that international affairs commentators seek to interpret, so that the Barcelona Process really does become a paradigm in itself for the future. Yet there is one aspect, implicit in the Barcelona Declaration but far removed from the day-to-day negotiations and disagreements, which is rarely mentioned in regional security discussions – the degree of European dependence on the Southern Mediterranean region. It is a little-appreciated fact that the liberalisation of European energy markets and the “dash for gas” is producing a degree of European dependence on Mediterranean suppliers that the designers of the Barcelona Process never anticipated. The issue is not one of oil, for alternative suppliers can always be relatively easily found. It is Europe’s future dependence on natural gas that is at issue. Algeria already supplies 18 to 20 per cent of European gas demand, but when Libya’s Western Gas Project comes on stream in 2003, that European dependence on North African gas supplies will rise towards a quarter of total demand. Gas is also due to come from Central Asia via Turkey and from the Gulf too, so that, within twenty years the Mediterranean may become a major or even the major gas supplier to Europe. It is a dependence that cannot easily be

altered, given the massive investment in fixed pipeline infrastructure - so that Europe, in its turn, becomes dependent on those that are its own clients. Although history suggests that there is little danger of a crippling interruption in supply - during the past eight years of the Algerian crisis, supply was only interrupted for a period of four days and European states have up to one year's worth of gas in storage against failures in supply - this might not be true if real sustained violence erupted in the South Mediterranean region.

Allied to this concern, which has profound security implications for Europe, is another, which ironically enough, undermines Europe's real Barcelona agenda. This is that, in the years to come, Europe is going to increasingly depend on migrant labour, as European populations age and the European labour-force shrinks. Recently the United Nations Development Programme suggested that, within fifty years, Europe would need 136 million additional labourers - and they can only come from the Mediterranean basin! The figures may be exaggerated, but the problem is not-Germany and Britain, after all, are already proposing a green-card scheme to overcome their shortage of computer skills; to the sound of polite scepticism from South Asia, where Indian and Pakistani computer experts anticipate far greater benefits from the United States. And the problems with unskilled and semi-skilled labour-areas in which Europeans will not work - will be even more acute. Perhaps, therefore, European statesmen should be busy trying to discourage the intensifying strains of xenophobia and racism that are coming to characterise the European discourse over migration and political asylum, rather than exploiting them for short-term electoral gain. In short, just as with energy dependence, Europe cannot escape its Mediterranean involvement - a perfect example of political symbiosis that may have interesting social and cultural consequences and should be the real paradigm for the future! Thus, in a perfect circle, soft power projection becomes inter-dependence as the "forgotten frontier" becomes the common arena - the stated objective of the Barcelona Process, if not its underlying purpose.