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PRIORITY 7: Citizens and Governance in a Knowledge Based Society

BERLIN WORKSHOP REPORT

21st- 23rd September 2008



SIXTH FRAMEWORK PROGRAMME

Project co-funded by the European Commission within the Sixth Framework Programme (2002-2006)		
Dissemination Level		
PU	Public	X
PP	Restricted to other programme participants (including the Commission Services)	
RE	Restricted to a group specified by the consortium (including the Commission Services)	
CO	Confidential, only for members of the consortium (including the Commission Services)	

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1. Executive Summary

The 7th GO-EuroMed workshop took place in Berlin on 21st - 23rd September 2008. The meeting was hosted by the Jean Monnet Centre of Excellence (JMC) at the Freie Universität Berlin. The workshop started on 21st afternoon with an open-house welcome meeting for all consortium members at the JMC location. The event was also attended by representatives of academia, business and politics in Berlin. The next two days the consortium met at the Representation of the European Commission in Berlin. The first day was dedicated to the presentation and discussion of GO-EuroMed research during stage III. All papers will be available in the public part of the project's website by November 2008. The second day the consortium concentrated on the preparations for the Brussels conference to be held on November 27th 2008. The GO-EuroMed consortium would like to thank the European Commission's Representation in Germany for its generous support.

2. List of Participants at the Workshop

Go-EuroMed Workshop Participants, 22th-23th September, Berlin

	Last Name	Name	Institution	E-Mails
1	BOLLE	Michael	Jean Monnet Centre of Excellence FU – Berlin	bosch2@zedat.fu-berlin.de
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3. Workshop Programme

Activity	
<u>Sunday 21.09</u>	Day 1: Arrival of participants
15:00 – 18.00	Welcome at JMC Berlin, Registration/ Reception of invited guests, drinks
<u>Monday 22.09.</u>	Day 2: GO-EuroMed Stage III: Institutional Strategies for the EMP
10.00 – 10.30	Welcoming remarks by Prof. Michael Bolle, Germany & EC
10:30 – 11:15	Session I/ Working package 11: Domestic Institutions Chair: Prof. Thierry Monthalieu, LEO Orléans Presentation: WP Coordinator – Prof. Bahri Yilmaz, Turkey (15 min) <ul style="list-style-type: none"> • Discussant 1 (5 min) Prof. Ahmed Driouchi, Morocco • Discussant 2 (5 min) Makram Malaeb, Lebanon • General Discussion
11.15 – 11.45	Coffee Break
11:45 – 12:30	Session 2/ Working Package 12: Bilateral Institutions Chair: Prof. Ahmed Driouchi, IEAPS Ifrane Presentation: WP Coordinator – Marcin Zbytniewiski, Poland (15 min) <ul style="list-style-type: none"> • Discussant 1 (5 min) Yasmeen Tabaa, Jordan • Discussant 2 (5 min) Mark Furness, Germany • General Discussion
12:30 – 14:00	Lunch at Dressler Restaurant
14:00 – 14:45	Session 3/ Working Package 13: Multilateral Institutions Chair: Prof. Bahri Yilmaz, Turkey

	<p>Presentation: WP Coordinator – Dr. Bélen Becerril, Spain (15 min)</p> <ul style="list-style-type: none"> • Discussant 1 (5 min) Prof. Thierry Montalieu, France • Discussant 2 (5 min) Prof. Ahmed Driouchi, Morocco • General Discussion <p>14.45 – 15.30</p> <p>Session 4/ Macroeconomic Policy Standing Group</p> <p>Chair: Prof. Ghassan Ohmet, Jordan</p> <ul style="list-style-type: none"> • Presentation Andreas Kern and Alexander Salhi, Germany ‘The Barcelona Process: A macroeconomic response’ • Presentation Dr. Nevine Mokthar Eid, Egypt ‘Macroeconomic challenges in the EMP’ • General discussion
<p>15:30 – 16:00</p>	<p>Coffee break</p>
<p>16:00 – 16:45</p>	<p>Session 5 / Stage 3 Summary</p> <p>Chair: Dr. Belén Becerril, Spain</p> <ul style="list-style-type: none"> • Presentation: Pablo Gándara, Germany (15 min) ‘GO-EuroMed Stage III Summary’ • General discussion
<p>17:00</p>	<p>Drinks and thanks to the European Commission</p>
<p><u>Tuesday 23.09</u></p>	<p>Day 3: Preparing Brussels Final Conference</p>
<p>10:00 – 10:15</p>	<p>Introduction by Prof. Michael Bolle, Germany</p>
<p>10:15 – 12:00</p>	<p>Morning Session / Brussels conference preparation.</p> <p>Chair: Prof. Michael Bolle, Germany</p> <ul style="list-style-type: none"> • Presentation: Pablo Gándara, Germany ‘Brussels Conference Draft Agenda’ • Presentation: Mark Furness, Germany ‘Discussion paper: The Union for the Mediterranean – striking a new Euro- Med bargain?’ • General Discussion: Partner contributions to the Brussels conference
<p>12:00</p>	<p>End of Workshop / Drinks + Sandwiches</p>

4. Minutes

DAY 1

Sunday, September 21st 2008

The Jean Monnet Centre of Excellence (JMC) welcomed its international guests at the Freie Universität in Berlin Dahlem. It was an open-house meeting where the consortium, representatives of political and economic life and students met for an informal conversation at a relaxed and warm atmosphere. JMC Director Michael Bolle delivered a short speech welcoming all consortium partners and guests.

DAY 2

Monday, September, 22. 2008

Welcoming words

In her welcome speech at the morning of the first conference day Dietlind Jering, EC-Representative, stated the importance of the GO-EuroMed project to the EU and the EU's interest in the results. She expressed that the current situation of the EU is difficult, due to the small economic growth rate. Furthermore, the perception of the EU as an institution among citizens is not exclusively positive, thus leads to low election participation. This makes projects focussing on policies and people in the wider European region even more important.

In his introduction Michael Bolle, Director of the Jean Monnet Centre of Excellence, FU-Berlin, emphasized the importance of the key results of the research project in order to push forward the EuroMed relations. The main aim of this project is to provide politicians with instruments for reaching the aim of an institutionally well-balanced and forward-looking partnership.

4.1. Session 1: WP11 – Institutional Strategies 1: Domestic Institutions

Bahri Yilmaz, coordinator of working package 11, presented a model stressing the importance of influence of institutional development. He made his assumptions based on the views of Simon Kuznets and Douglas North, who put forward the idea that democracies perform better in a number of dimensions. They produce less randomness and volatility, they are more efficient in managing shocks as well as they yield more desirable distributional outcomes. Thus, democracy and better institutional diversity helps build better institutions. Bahri Yilmaz also presented the Turkish 2001-2004 political and economic reforms. He compared the subject of actual political reforms to the accession partnership requirements and defined the main points why the

implementation of certain reforms is not functioning as a lack of constitutional base for amendments, insufficient judicial sector and populist/clientelist policies.

Makram Malaaeb, who prepared a paper on the domestic institutions, presented his ideas for the enforcement of contracts in the case of Lebanon. His main recommendations to policy makers are to encourage the establishment of factoring organizations and transaction guarantee bodies and to create courts or chambers in charge of small claims (i.e. US\$ 2,000), with restricted possibilities of appeal (i.e. appeal not available for cases under US\$ 1,000) and exclusive competence over specific matters such as landlord/tenant disputes. Furthermore a review of the allocation of judges and the number of commercial chambers through a revision of the law on judicial organization and to implement case management by computerization of the courts is recommended. The identification of laws responsible for a substantial percentage of litigation and clarify their drafting in order to facilitate consistent interpretation by judges is needed, as well as an adjustment of the commerce code for investment law shortcomings. The EU's role should be, so Malaaeb, to focus on corporate governance.

Ahmed Driouchi presented the third paper of working package 11. He explained his findings on the roles of domestic institutions related to the protection of intellectual property rights. In addition he used a Regression analysis to show the links between piracy and economic losses. His main findings were that the undertaken reforms in the region have further promoted market mechanisms but have contributed to further development of informal economies. This trend is generating direct and indirect losses that can lead to the elimination of domestic and foreign sources of services besides the reduction of foreign direct investments and the performance of each economy. Finally, his recommendations were to strengthen the functions of the domestic institutions that are dealing directly with intellectual property rights in order to formalize the informal sector.

Discussion

Pablo Gándara remarked that formalizing the informal sector should be thought as a main message. Ahmed Driouchi noted that more investors would come into the MPC if intellectual property rights were enforced. Bahri Yilmaz added that the Turkish Team will come up with further results in 4-8 weeks. Michael Bolle stressed that the Teams should make advises for which politicians are looking and that the project's conclusions should be precise.

4.2. Session 2: WP12 - Institutional Strategies 2: Bilateral Institutions

Marcin Zbytniewski, coordinator of the Working Package 12, summed up the findings. The main argument was that non-tariff barriers are more substantial in the MENA region than in any other region of the world. Therefore opening the market in terms of tariff-elimination, which is the main goal of the bilateral negotiations between the EU and MPCs, is not enough. Hence the concentration of the abolishment of non-tariff barriers has the utmost importance. He also suggested that MPCs should be deeper involved in WTO negotiations.

Yasmeen Tabbaas paper addressed the potential of export diversification in the EuroMed area. Her main recommendation was to integrate the MPCs Small and Medium Enterprises into the global economy chain. She also addressed that the US Qualifying Industrial Zones with MPCs (QIZs) have no real exchange with the local economy; hence they are by far not as beneficial as EU FTAs. Nevertheless, there is a need for improving institutional implementation of the latter.

Mark Furness made a comment on his illegal migration paper within working package 12. He mentioned three main arguments. First is that illegal migration is a widely misunderstood phenomenon. There is a problem with reliable data and that people focus on sensationalist media reports. The second major issue is that the EU's role in policing illegal migration is growing because in a Europe where the borders are open the phenomenon cannot be addressed by the member states. The third argument was the idea for a possible improvement at the oversight level. The agreements which have been entered by some EU member states with the MPCs involve close cooperation between security agencies which are not subject to civilian oversight. Therefore these agreements are questionable.

Discussion

Marcin Zbytniewski stated that the paper will include aspects the group has already worked on. It shall be a summary of this summary. Michael Bolle suggested to draw on Makram Malaaeb's funding aspects which include the private-public-partnerships (PPPs).

4.3. Session 3: WP13- Institutional Strategies 3: Multilateral Institutions

Belén Becerril presented the working package 13 from three different perspectives. It included the institutional options of the Euro-Mediterranean cooperation; the conditionality design and policy reform in a comparative perspective of the Euro-Mediterranean Partnership and the Multilateral Institutional Mechanisms for Development through Investments from Returning Migrants and Diasporas. Her main recommendations included to consider all the institutional structures in place in order not to launch new overlapping or unnecessary instruments; to adopt

just few and more specific approaches; to tackle structural problems within the existing institutions and as well as to involve the civil society, promoting it with an equal status. In her opinion the EMP is a relative success story. Belén Becerril proposed a better internal and external coordination and more transparency within the institutions. Further suggestions were to launch short term project aid, long term policy reform aid and to implement the specialization of industries.

In his presentation, Ahmed Driouchi stated the importance of local development and the necessity of South-South links. He said that there is a need for mechanisms to identify the local opportunities for immigrants. He mentioned that today such research networks exist and that they are being institutionalized, but claimed that there is a need to support the portability of social and economic benefits in order to support civilians and to foster the return of immigrants.

Discussion

Makram Malaaeb raised the question on how to prioritize the institutional settings. He also proposed a EuroMed Migrant Investment Fund. Belén Becerril explained that the paper was written after the new MedUnion, which provides more visibility, more participation and a more transparent framework for negotiations. Thierry Montalieu remarked that the UPM has potential for solving some problems. Ahmed Driouchi mentioned that these networks already have been addressed in sociological research and that they exist based on local geography. He also remarked the importance of the social capital. He said that investment should be done by promoting joint investment and not by just providing financial alternatives. Ghassan Ohmet remarked that the EU provides help but that there is no real will apparent to get involved. Ms. Nevine Eid stated that there is no link between the governmental and civilian needs in Egypt.

4.4. Macroeconomic Policy Standing Group

Andreas Kern and Alexander Salhi presented the macroeconomic perspective of Euro Mediterranean relations. They compared the current GDP per capita of MPCs and the EU. They calculated the time required for certain MPCs to catch up to 50% of the GDP of the EU 27 at growth rates of 6, 8 and 10 per cent per year. Further, they showed the required growth rates to keep the unemployment constant. In order to achieve macroeconomic stability in the MPCs they suggested that it should be focussed on fiscal policy and continued fiscal consolidation; on the monetary policy and the choice of the exchange rate regime as well as the financial market liberalisation and financial market stability. They proposed to establish Cooperation on Macroeconomic Policy Assessment Strategies (COMPAS) office which coordinates the demands and needs of the different players.

Nevine Eid presented her paper on macroeconomic challenges in the EMP and focused on Egypt as a benchmark. She defined her recommendations on identifying the competitive advantage per individual economy; to be able to estimate the gap between Basel Accord II application and the banking system per individual economy; to determine an explicit agenda for the immunization of capital market and to establish different scenarios to involve the capital market as a real accelerator of investment and motivator to Foreign Direct Investment. She mentioned that Egypt has the competitive advantage in labour therefore the EU should provide FDIs.

Discussion

Makram Malaaeb remarked that macro-economics is an issue of development. He underlined the importance of reforming the public sector as a basis for good management in the MPCs. He stated that the effectiveness of investment lies in the micro-level, the productive sector and the human resources. Nevine Eid stated that Egypt is in a vicious circle. She proposed that in the meantime the only path is to invest in the Agricultural-business. Thierry Montalieu remarked that the project should not just be friendly towards Sarkozy's UPM achievements but also find some issues which are to be addressed in the future. Michael Bolle stated that jobs and growth is the only means to fight poverty. Therefore, MPCs should never decrease consumption per head in order to make room for necessary production, but that the MPCs should run a huge current account deficit. He stated that the MPCs should sell their resources and their man-power. Finally he summed up, that we need to build trust and reliable cooperation.

DAY 3 –

Tuesday, September, 23. 2008

4.5. Outlook on the final Brussels conference

After having discussed the results of Stage 3, the purpose of the third day was to give an outlook on the upcoming final conference in Brussels. Pablo Gándara presented the summary of Stage 3 of the GO-EuroMed project. The key issues were that the obstacles to progress in EuroMed relations were related to the institutional framework and that the EMP is an outcome of an intra-EU process (objectives, budget & organisational structure). As a further problem he mentioned the MPCs diverse interests, without having any equivalent equilibrating mechanism (mutual competition). This leads to problems for both the MPCs and the EU. In the end he presented the main policy recommendations of the Stage 3, which have been mentioned the first day.

Mark Furness addressed in his presentation of a discussion paper the proposed UPM. He mentioned that the UPM addresses two of the main weaknesses of the EMP: the lack of south Mediterranean influence in decision making and the tendency to political deadlocks in certain issue-area where common interests exist. He also noted that the UPM has a greater potential to include non-governmental actors in the Euro-Mediterranean bargaining process and that it will be more difficult to escape the new framework due to the new institutional settings.

In order to take this paper as a basis for a presentation in Brussels Mark Furness asked the partners to provide empirical anecdotes supporting the arguments advanced in the introduction and sections 2 and 3. To provide comments and insights on the four issues we highlight as potential UPM projects as well as the UPMs possible pitfalls.

5. Picture Gallery

