



The Political Economy of Governance in the Euro-Mediterranean Partnership

Deliverable No. 6

Working Package V: Political Economy of Negotiations

Working Package Summary of Findings

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1. Introduction

The Euro-Mediterranean Partnership (EMP) is an ongoing negotiations game characterised by interactions among actors at various levels and over several interlinked policy areas. The GO-EuroMed project's fifth Working Package was designed to investigate key aspects of the negotiations process between the EU and its Mediterranean partners. The GO-EuroMed consortium decided at its first meeting in Berlin in February 2006 to focus on the latest stage of this negotiations process: the European Neighbourhood Policy (ENP), which has been rolled out in stages between the 2003 publication of the European Commission's 'Wider Europe – Neighbourhood' Communication and the launch of the European Neighbourhood and Partnership Instrument in January 2007. The intention of this working package is threefold: to outline the policymaking and negotiating processes that led to the ENP, to discuss the ENP's strengths and weaknesses, especially with regard to its implications for Mediterranean partner countries, and to discuss policy initiatives that could move the ENP closer to its goals in the Mediterranean Basin.

The three working papers in this report present research from three contrasting 'viewpoints.' Thilo Bodenstein and Mark Furness, from the Jean Monnet Centre of Excellence, Freie Universität Berlin, concentrate on the policy of 'old Europe' – the EU's goals, and the intra-EU policymaking process that shaped the ENP. They consider whether the ENP is likely to be more effective than the EMP at achieving political and economic transformation in Mediterranean partner countries. Katarzyna Żukrowska, Aleksandra Galek, Marcin Zbytniewski, Beata Jagiełło, and Małgorzata Grącik, from the Warsaw School of Economics, bring the perspective of a new EU member state to the ENP negotiations process. They analyse the influence of post-Cold War Polish foreign policy on the ENP and compare EU negotiations with Eastern and Southern neighbours. The third paper in this report was written by Sandra Poggoda and Saleem Haddad on behalf of the GO-EuroMed Consortium. They provide a southern perspective to the ENP negotiations process, concentrating on the importance of south Mediterranean stakeholders in developing ENP Action Plans and the likely impact of the resulting policy at various levels in Mediterranean Partner Countries.

2. The Edges of External Governance: Europe and its Mediterranean Neighbours

Thilo Bodenstein and Mark Furness, Jean Monnet Centre of Excellence, Freie Universität Berlin

The ENP aims to create a ‘ring of friends’ around the EU by actively promoting democratic political and legal reform and economic liberalisation in sixteen European and Mediterranean countries. Its key elements are close dialogue, cooperation and monitoring in a number of political, economic and socio-cultural areas, with a ‘stake in the market’ the major incentive for countries that implement an agreed reform programme. The European Commission insists that the ENP does not replace the EMP. Nevertheless there are some notable changes in the policy from the EU side, suggesting that Europeans intend more than to merely reinvigorate existing strategies for neighbourhood relations. However, the EU faces a dilemma: policy instruments need to go beyond rhetorical statements of intent and deal with the central issues facing governments and societies in neighbouring countries as well as in the EU itself. At the same time the Commission must design a policy capable of managing the multiplicity of sometimes conflicting interests among European institutions, EU member states and the neighbours themselves. This dilemma is especially sharp in the South Mediterranean where the interests of the EU and its members are significantly different from those of most partner governments.

To date, Europe’s most successful strategy for influencing developments in neighbouring countries has been the enlargement of the EU itself. Prospective members have had to implement reforms based on EU standards and practices before joining – in many cases this has meant radical political and economic transformation. EU expansion, however, has limits as a remedy for solving political and economic problems even in prospective members, let alone countries that are unlikely ever to join the EU. Nevertheless the European Commission has modelled its new European Neighbourhood Policy (ENP) on the EU *Acquis Communautaire*, albeit without the offer of membership. This suggests that the ENP is the outcome of the Commission’s interest in extending and enhancing its institutional competences in the foreign policy domain, where its competencies are not clearly defined by treaty. The Commission has used its agenda setting power as agent of the member states to secure the lead in designing and implementing the ENP.

Unfortunately this does not mean that the ENP will prove any more effective than its predecessors. Although ‘policy effectiveness’ is notoriously difficult to measure accurately, data is available that illustrates the weaknesses of the EMP, especially with regard to positive conditionality. The JMC Berlin present data measuring changes in levels of economic openness, democratisation, constraints on the executive, corruption and socio-political values. Mediterranean partner countries are compared with the EU-15, the 10 countries that joined the EU in 2004, EU accession countries and the EU’s neighbours to the east. These figures reveal that the EU’s carrots of market access and aid money, together with the lack of conditions the EU places on its assistance, have been insufficient to bring about change in the last decade. However, as far as convergence of norms and values is the bedrock of increased cooperation, there is hardly a gulf to bridge. Support for democracy in Mediterranean partner countries is strong. Failure to push for deeper reform during the Barcelona process cannot be attributed to general resistance to so-called ‘western’ norms in these countries.

The paper concludes with some general recommendations for moving policy instruments and objectives closer together. The most important of these concerns the rewards structure, which is the key to making the ENP more effective than the EMP. Crucially, conditions need to be agreed that will lead to consequences if progress is unsatisfactory. The EU should not be afraid of using stricter conditions in its bilateral relationships, especially for human rights violations and failure to implement prior agreements. If the EU is to wave the stick, it must also be prepared to offer rewards that conform to the interests of Mediterranean partners – especially in agricultural market access and temporary migration. These are rewards that under current EU decision-making rules can only be offered by member states and it is clear that at present the Commission does not have the necessary tools to achieve its ENP objectives.

3. Easternization vs Southernization: The European Neighbourhood Policy and Polish foreign policy interests.

Prof. Katarzyna Żukrowska, Aleksandra Galek, Marcin Zbytniewski, Beata Jagiello and Malgorzata Grącik, International Security Department, Warsaw School of Economics (SGH).

This paper examines EU policy developments towards Eastern and Southern neighbours starting from the introduction of Partnership and Cooperation Agreements and the Euro-Mediterranean Partnership. It concludes with some predictions on how the EU can pursue its interests in the future. Firstly, Polish foreign policy towards Russia, Ukraine and Belarus after 1989 is discussed. This has influenced the ENP's conceptual framework and its financial instruments. Secondly, the paper compares the Ukrainian and Moroccan Action Plans – the results of the negotiation game between the EU member states and their immediate neighbours. Finally the paper explains why the two regions have similar weights in the ENP, indicating that the EU is unwilling to either Southernize or Easternize the ENP, an approach that would not be advantageous for the EU in any case.

For Central European and Baltic states the eastern dimension is dominant in their foreign policy. Geography, geopolitics, history, security and economy influence such an attitude. The Mediterranean region and problems linked with those countries are underestimated, if not ignored. However this does not mean that Poland is totally absent in the Mediterranean policy of the EU, as Poland has interests in the region. Moreover, the question of the degree to which Eastern enlargement would shift the EU interests from the South to the East is on the agenda. In reality such a shift is not appropriate or desirable. The EU has sufficient capacities to deal with the South and East in parallel.

Poland has always paid particular attention to the developments of the EU policy towards its neighbours. Therefore the 2004 enlargement was expected to bring a shift in the ENP proposals, particularly with regard to the East. This turned out to be true, since Poland had a say about formulation of the ENP towards its immediate neighbours. Since 1998 when Poland started accession talks, it called for creation of 'the Eastern Dimension' and asked the EU not to 'close the door behind our backs.' Polish politicians have stressed the importance that countries which show clear interest in joining the EU should not be deprived of hope. While countries like Libya, Tunisia or Morocco can remain only the neighbours of the EU, a Polish immediate neighbour like Ukraine clearly expresses a request for EU membership. Therefore

the ENP is perceived by the Polish politicians not only as a limitation to its foreign policy goals but also as a threat to its own *raison d'etat*.

According to the EU, cooperation between the EU and Ukraine in the framework of the ENP has so far been successful, and Ukraine is seen as the most effective of all ENP countries in implementing agreed reforms. But the EU does not envisage a membership perspective in the foreseeable future, while EU membership remains the final goal for Ukraine. In the short term Ukraine may with help of Poland and the Baltic republics make use of one clause from its Action Plan which says that 'the EU acknowledges Ukraine's European aspirations and welcomes Ukraine's European choice'. The future of EU-Morocco relations depends on the country's readiness to adopt EU standards and pursue economic development through integration with Europe. EU readiness depends on a group of countries which have consistently pushed Moroccan interests into the EU agenda: Spain, Italy and France. But the EU-Morocco Action Plan is somewhat ambiguous due to the difficulty of maintaining stability while implementing reforms. While the path for Morocco is not clearly illuminated, the challenge is clear: change and become a member of the European Economic Area (sharing everything but institutions) and when this stage of cooperation is achieved we can talk about membership. Each stage of fulfilling EU requirements enabling closer cooperation creates possibilities for future negotiations.

Enumerated differences indicate that the EU is not choosing between Easternization or Southernization of ENP policy. Both dimensions are part of the ENP, they compliment each other and should not be considered as mutually competitive as far as financial allocation is concerned. The study has proved that there is no harm in the fact that the ENP embraces two geographical dimensions Mediterranean as well as Eastern states which represent different systems, different problems and are tied with the EU by different institutional solutions. Those two dimensions are mutually supportive and should not be considered as mutually competing.

The European perspective for Ukraine and Moldova should be put high on the European agenda. However the prospects of pushing interests more towards the East are not well founded in the European realities and Poland has to recognize this fact. A bit of competition among regions, which can shift some portion of aid from one region to another can be considered as a tool stimulating changes in both of them, what in natural way is used by the EU in the policy of 'managing the queue'.

4. The ENP and Southern Stakeholders: An Analysis

Saleem Haddad and Sandra Poggoda, on behalf of the GO-EuroMed Consortium.

Most academic papers assess the ENP by its potential to further European interests in the Mediterranean, whereas the southern partners are regarded as subject to European policies. However, the question why the Mediterranean regimes engage in the ENP and in how far they profit from the new policy is widely ignored. This paper therefore illuminates the southern perspective on the ENP. European Neighbourhood countries can choose to participate in those areas of the EU internal market that most interest them. But who is involved in making these choices? Who are the negotiators on behalf of the millions of people living in the Southern Mediterranean? This paper aims to answer some of these questions by analysing the final outcome of negotiations within the Association Agreements, as well as examining the internal political economy of a number of Mediterranean Partner Countries.

While Mediterranean partner countries have articulated reform strategies in many important areas, these policy commitments are negotiated by a selective group of senior policy makers, and most of the benefits accrue to an elite selection of society. Neither the EMP nor the ENP have been effective in breaking through and expanding negotiations beyond the tight circle of elites in the Southern Mediterranean. In many cases the primary goals of this elite group have been to ensure the survival of their regimes and to adapt their institutions to a rapidly changing environment. Thus, these processes of 'reform' are strictly controlled and regulated in such a way that regimes can retain their sources of power, with the aim of reconstructing the current system, rather than transforming it. Furthermore Arab governments do not necessarily engage seriously with EU-sponsored reforms, as for most the United States is a more important regional partner.

The EU has not made much headway in expanding dialogue with opposition groups, and has been unable to invite a representative civil society into ENP discussions. Liberal opposition in many partner countries such as Morocco, Egypt, Tunisia, and Jordan, is particularly weak, and is supported by an even weaker civil society. This has meant that the only civil society organizations that have remained powerful are those with ethnic, religious or cultural ties. It is understood in the EU that the key 'problem' in the Middle East is political Islam, and this is reflected in the exclusion of Islamists from any dialogue on reform. The conceptualisation of the adversarial nature of the main opposition in Arab countries is a fundamental stumbling block in EU attempts to maintain an inclusive dialogue with the Southern Mediterranean.

Moreover, the use of Action Plans to strengthen engagement with political Islamic movements is constrained by the fact that these documents have to be jointly agreed with the partner governments, who engage in selective negotiation with their populations.

Negotiations on economic reform under the ENP have also been structured in a way that favours the economic interests of elite groups. Although Association Agreements offer a unique opportunity for Arab firms to access new and large markets, business lobby groups have struggled to emerge. The local private sector faces the daily challenge of securing sustainability and competitiveness in small traditional markets. Furthermore, the “free trade” offered by the EU has not helped since Arab states have not been given the prospect of market integration in those sectors where they are most competitive – especially agriculture. The role played by MPC farmers in negotiations with the EU has been miniscule.

The policy recommendations in this paper are necessarily directed towards the EU, because Arab regimes are not normally particularly responsive. The ENP is widely perceived in the Arab world as a step forward from the EMP. Yet it is not without its faults. There are a number of policies the EU could pursue in order to widen the scope of negotiation on reform in order to build a more inclusive EuroMed region. In particular, the EU should support all forms of peaceful reform movements in the South. The EU should work towards assisting the liberal opposition in fulfilling their functions of political representation that transcend the lines of ethnicity and religion. This can be done by creating a level playing field for civil society actors, by criticizing oppression, funding independent and peaceful civil society groups of all kinds, and refocusing efforts towards negative conditionality in the form of linking aid to repeals of restrictive laws. If the EU really does intend to broaden the ENP beyond the elite circles of Arab diplomacy, then it must work to engage with civil society groups, many of which are Islamists. As a first step, the EU should work to develop a better understanding of the constellations of power in the Southern Mediterranean.

5. Conclusions

The issues, problems and challenges facing the Euro-Mediterranean Partnership can only be dealt with effectively through a process of negotiation. All three papers found that the ENP's emphasis on bilateral relations is definitely a step forward as it enables partner countries to progress with reforms and receive rewards without waiting for their neighbours. However, all three papers identified weaknesses in the ENP policy framework that create potential stumbling blocks for negotiations. The core finding of the GO-EuroMed consortium's work on negotiations is that the rewards and conditions offered under both the EMP and the ENP are unclear.

The European Commission, backed by the EU member states, is trying to bring about political and economic transformation in Mediterranean Partner Countries. In return negotiating partners are offered a 'stake in the market' and 'everything but institutions.' It is highly unlikely that this means a promise of membership in the European Free Trade Area and a relationship on the same level as Norway and Iceland. The Commission's position on the 'four freedoms,' is unclear, as are its capacities to actually offer these freedoms. Until this is clarified it is difficult for negotiating partners to know where they stand. On the other hand, the three institutes working on negotiations all agreed that the European Union should be prepared to place stricter conditions on its relationships. The consortium's research into the role of southern stakeholders concludes that South Mediterranean governments have succeeded in keeping sensitive areas off the table, and are happy to be just as vague about their timetables for reform as the Europeans are about rewards. From the point of view of SGH Warsaw, Poland's success at transforming a core member of the Cold War communist alliance into an EU member in fifteen years is both an example of what is possible and a reminder that the EU need not heed the excuses of authoritarian governments. The EU should not be afraid of using stricter conditions in its bilateral relationships, especially for human rights violations and failure to implement prior agreements.

International organizations, institutions and even close cooperation necessitate convergence towards the core principles and values upheld by these agreements. The EU considers itself to be a 'civilian power' and it expects that its partners will show commitment to shared norms and values. The convergence of values can be considered even more important in the absence of the membership perspective – neighbours are expected to want reform for its intrinsic value, and not simply because they will be able to join the EU.

Data collated by the JMC Berlin indicate that basic political values are indeed shared in the Euro-Mediterranean region. Failure to push for further democratisation and economic reforms during the Barcelona process cannot be attributed to general resistance to so-called 'western' norms in these countries. However, it is likely that there are differences between the preferences of ordinary people and their governments in the South. While citizens may favour democracy at least in principle, convincing their governments of the benefits of political liberalisation is more difficult. Norms, values and social and political institutions are difficult to reform and tend to take time to change. If the European Union, its member states and its partners in the Euro-Mediterranean Partnership take each other's preferences seriously, then they will have to engage openly in negotiations on common goals and the means by which to achieve them. These negotiations have a greater chance of success if they build on shared values.