

**EUROPEAN NEIGHBOURHOOD POLICY:  
POLITICAL, ECONOMIC AND SOCIAL ISSUES**

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## **PREFACE**

*This book gives to the reader the opportunity of examining some important issues and problems of the new political initiative of the European Union known as the European Neighbourhood Policy (ENP). The publication of the book is the result of an important project of the Faculty of Political Sciences of the University of Catania. A grant of the European Commission Jean Monnet Project – Heading A-3022 (Support for European integration activities organised by the academic world, 2003) covered the fifty per cent of the costs of the Project but this Project belongs to a long tradition of studies in the Faculty.*

*The University of Catania is innately concerned with the development of the relations between European Union and Mediterranean countries. The Faculty of Political Sciences has been constantly supporting research on Mediterranean politics, history and economy. However, this book and the Project that shaped this book are a step forward to renovate this practice and bring it up to the present challenges. Over the last ten years, the change of Europe and the surrounding areas has been creating new conditions, problems and responsibilities. The new European Neighbourhood Policy is the outcome of this change in terms of policy action of the European Union. To match with the change, the Faculty of Political Sciences decided to create this research project.*

*The main aim of the Project was to create a group of researchers concerned with the broad area of the analysis of the problems of the relations between European Union and neighbouring countries. The true challenge of the Project, however, has been networking young researchers of the EU and non-EU countries in order to make a screening of the problems they recognize as crucial in the European Neighbourhood Policy. Indeed, the Project was not invented to diffuse ideas and strategies cooked-in-Brussels but create a community of scientists engaged in the study of neighbourhood building. The young researchers got knowledge and experience from the analyses provided by senior scientists that represented various disciplines as well as different EU and non-EU countries. Some of them have contributed to this book.*

*The Faculty of Political Sciences believes that the Project has been an effort to give impetus to the study of ENP. Her aspiration is also to contribute to the venture of making friendship and cooperation between the peoples of Europe and nearby countries a real fact.*

Giuseppe Vecchio  
*The Dean of the Faculty of Political Sciences*

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# **INTRODUCTION**

# THE EUROPEAN NEIGHBOURHOOD POLICY IN PERSPECTIVE

Rosa ROSSI

This book focuses thematically on issues relating to the European Neighbourhood Policy (ENP). The ENP is considered a response to the new challenges and opportunities that the European Union (EU) has to address after the historic enlargement on May 1<sup>st</sup> 2004. The *new* EU with 25 member states and with its extended borders is facing both internal and external relevant developments and needs accordingly to reframe its external relations. The new geopolitical environment increases the importance for the EU to establish *innovative* forms of cooperation within its new geographic proximities, considering the fact that EU's most successful instrument to build cooperation – the prospect of membership – is not anymore *sustainable*. Quoting Chris Patten: “*Over the past decade, the Union’s most successful foreign policy instrument has undeniably been the promise of EU membership. This is not sustainable. For the coming decade, we need to find new ways to export the stability, security and prosperity we have created within the enlarged EU. We should begin by agreeing on a clearer vision for relations with our neighbours*”<sup>1</sup>. Or again referring to the Commission’s Communication on Wider Europe where it is stated that: “*the incentive for reform created by the prospect of membership has proved to be strong – enlargement has unarguably been the Union’s most successful foreign policy instrument*” (European Commission, 2003a). Political conditionality seems to work when the “*carrot is enticing enough*” (Haukkala, 2003: 12). Candidate governments overcame domestic resistance against political and economic reforms and accepted the *Acquis Communautaire* for the incentives of full membership (Wallace, 2003: 3). However, the Commission realised that the enlargement cannot be extended to the infinite. The integration process will lose of the selectiveness and meaning that are drawn from creating distinctions in terms not only of territorial boundaries, but also of normative ones. Not to consider the *institutional overstretch* and the EU structures viability in facing an everlasting enlargement. As pointed out by Romano Prodi, “*we cannot go on enlarging forever. We cannot water down the European political project and turn the European Union into just a free trade area on a continental scale*” (Prodi, 2002). What is needed, then, is to draw on successful experiences with new Member States, and exporting these experiences to other countries, however, without prospecting the membership.

## *Neighbourhood Cooperation Background*

EU's interest in developing close cooperative relationships with *near* countries is not obviously a novelty within EU's external actions and has been a top priority also in the past. Expressly, after the end of the Cold War the EU has fostered regional cooperation, in a context that was facing what has been considered a *new wave of regionalism*<sup>2</sup> (Mansfield and Milner, 1999). New regionalism becomes an attempt to “*regain some measures of political control over processes of economic globalization that have curtailed national policy instruments*” (Katzenstein, 1996:127). In order to face problems derived from the new global trends governments promote cooperation with neighbourhood countries, as they find that “*a neighbour’s action or inaction on a cross-border problem directly affect their own policies*” (Attinà, 2003:183), and therefore “*to provide states with political stability, people with personal security, societies with economic growth, and groups with social and cultural protection, cooperation with neighbouring countries is of the greatest importance to national policy makers*” (Attinà, 2003:183).

Regional approach has undeniably become a key factor of EU's own identity. Regional cooperation is defined by the Commission as a “*general concept that refers to all efforts on the part of (usually) neighbouring countries to address issues of common interest*” (European Commission, 1995). This definition implies that the EU should clarify the classification of neighbouring countries and the meaning of common interests. These notions are not fixed forever and came across a continuing redefinition over the time. For instance, recently there has been a change in EU *partners hierarchy*. “*The ‘pyramid of privileges’ has shifted over time: in the 1980s the ACP partners were unquestionably at the top, now the EU’s immediate neighbours are certainly crowding the top spot. This reflects the new post-Cold War priorities of integrating Central and East European countries into the EU, stabilizing South Eastern Europe, and spreading security to the southern shore of the Mediterranean*” (Smith, 2003: 56).

In June 1992 the Lisbon European Council was calling on a Foreign Policy co-operation based on “*geographical*

<sup>1</sup> Commissioner Chris Patten, Directorate General External Relations, 11 March 2003

<sup>2</sup> According to Mansfield and Milner, regionalism has “*occurred in two waves during the post-World war II era. The first took place from the late 1950s through the 1970s and was marked by the establishment of the EEC, EFTA, the CMEA, and a plethora of regional blocs formed by developing countries...[While] the most recent wave of regionalism has arisen in a different context than earlier episodes. It emerged in the wake of the Cold War’s conclusion and the attendant changes in interstate power and security relations*” (Mansfield and Milner, 1999:600-1).

proximity,”<sup>3</sup> The three components included in the so called “*EU Near abroad*”<sup>4</sup>, at the time were: 1) the Central and Eastern European Countries (Czech Republic, Slovakia, Hungary, Bulgaria, Romania, Slovenia, Estonia, Latvia and Lithuania), 2) the Balkans (Croatia, Bosnia, Former Yugoslavian Republic Of Macedonia (FYROM), Serbia and Montenegro, Albania) at the exception of Slovenia, which is included in the first group; 3) the Mediterranean (Cyprus, Malta, Turkey, Morocco, Algeria, Tunisia, Egypt, Jordan, Israel, Palestine Authority, Lebanon and Syria) (Charillon, 2003: 254).

In the last decade, the EU adopted different strategies towards the three areas with various levels of cooperation, which produced also a variety of outcomes. The different impact depended also on the dissimilar geopolitical context of the regions interested. For Central and Eastern European countries (CEECs) the EU created the Central European Free Trade Agreement (CEFTA) and offered and granted membership with a complete integration. The various association agreements with CEECs (known as ‘Europe Agreements’) presented some similarities in terms of conditionality, political dialogue and aid programmes, however they were agreed on a bilateral basis (Smith, 2003: 81). The Pact for Stability, launched under French initiative, represents, instead, EU’s effort to promote regional cooperation in Eastern Europe.

Towards the Balkans, EU policies ranged from an unsuccessful conflict management at the early stage of the armed conflict, followed by peace monitoring and post conflict peace-building activities funded with the reconstructions OBNOVA and CARDS programme. The EU Regional Approach and Royaumont Process of 1995/96 were, later, followed by the launch of the Stability Pact for South Eastern Europe and the establishment of the Stabilization and Association Process, and the recently perspective of membership.

With the Mediterranean the EU established a broad range of initiatives framed under the Euro-Mediterranean Partnership (EMP), launched in Barcelona in November 1995, which consist of political, economic, social and cultural cooperation. Instruments to foster this process include MEDA aid programmes, Euro-Med association agreements and multilateral dialogue<sup>5</sup>.

The EU efforts towards these regions were characterized by a *multidimensional* scope: peace, stability, development, integration, free trade are the main issues included (Uvalic, 2002:321). Past EU approaches towards its neighbours, may be grouped, in two main categories: 1) approaches promoted for “*stabilization*” and “*based on fostering regional cooperation and broad partnership (regionalism)*” and 2) approaches aimed to a real integration and with the goal of bringing neighbouring countries into the EU through conditionality (Missiroli, 2003: 9). The latter was the approach typical for to the CEECs, while the former characterized the relations with the Mediterranean and the Balkans. In particular towards the Balkans the stabilization aim was stressed, while towards the south-Mediterranean countries

The mentioned cooperation initiatives were also a mixture of bilateral and multilateral dimensions. Bilateral agreements were not neglected for the membership negotiations with CEECs countries.

Russia and the former Soviet countries stand in a different position. This area was never seen by the EU as a “region”, however Finland and Sweden were calling for more EU efforts towards the Northern Dimension. “*The Northern Dimension currently provides the only regional framework in which the EU participates with its Eastern partners to address transnational and cross-border issues. But participation is restricted to Russia*”. (European Commission, 2003a: 8).

Russia and the former soviet countries were mentioned in the Lisbon European Council Conclusions among the areas of possible joint actions and some forms of cooperation were established also with them. In 1994-1995 Partnership and Cooperation Agreements<sup>6</sup> (PCAs), signed with Russia<sup>7</sup> Ukraine and Moldova<sup>8</sup>. *Technical Assistance to the Commonwealth of Independent States (TACIS)* programme was the aid fund for the CIS states.

### *European Neighbourhood Policy*

10 years later, the definition of *near abroad* changed and neighbouring countries became the ones that do not have currently membership perspective within the EU. The Commission realised that enlargement may create tensions between members and non-members, and hinder, by the rise of new borderlines, the previous cooperation which existed between

<sup>3</sup> Lisbon European Council (26-27 June 1992): Conclusions of The Presidency

<sup>4</sup> “Near abroad” was named in Russia foreign policy in the 1990s. The concept was drawn from that period and context and used for EU, however with the necessary distinguishes (Christiansen et al, 2000: 393; Charillon, 2003:253). States belonging to the “near abroad” were considered as “independent neighbours but taken for granted as not quite foreign, in which [one has] tangible interests [and] economies are inextricably linked to the ... centre (Page, 1994: 789 quoted in Christiansen et al 2000).

<sup>5</sup> For a comparison between EMP and ENP policy see Moschella’s chapter in this volume

<sup>6</sup> “Ten-year bilateral treaties that set out the political, economic and trade relationship between the Eu and the signatories” (White et al, 2002:138)

<sup>7</sup> For an overview of Partner and Cooperation Agreement with Russia see Akatov’s chapter in this book.

<sup>8</sup> EU relations with Moldova are discusses in Benchechi’s chapter.

new *insiders* and *outsiders* (Haukkala, 2003:5). So the EU needs to reframe its new steps towards the world and expressly towards its neighbours or towards what someone would rather call *New European Periphery*. The enlarged Europe put on the Union new responsibilities and offers chances to play a new role in the emerging political space. Consequently, the European Security Strategy<sup>9</sup> and the Europe Neighbourhood policy were created to frame the new European diplomacy.

Considering geographical coverage, neighbourhood countries are now listed in three new groupings: The Mediterranean, the Western Balkans, and Russia and Eastern Countries, plus Switzerland and other states for whom the *status quo* is fine (Patten and Solana, 2002). While for the Western Balkans the accession is already foreseen and it is considered just a question of time, for the Mediterranean is explicitly excluded. The Eastern countries seem to lie in between the other two conditions.

At the General Affairs and External Relations Council of November 2002, the EU accepted the challenge of increasing the ties with the old and new neighbouring countries and launched the EU's future tasks in this area. This intention was confirmed Copenhagen European Council in December 2002. On this occasion, "*the Union's determination to avoid drawing new dividing lines in Europe and to promote stability and prosperity within and beyond the new borders of the Union*" was emphasized.

Also the awareness to develop policies on the new challenges towards the new neighbours rose within the European Parliament (EP). Expressly on 12 February 2003 the EP called for attention to draw towards the issues surrounding the new neighbours.

The Communication from the Commission to the Council and the European Parliament: "*Wider Europe-Neighbourhood: a New Framework for Relations with our Eastern and Southern Neighbours*", known as *Wider Europe Communication*, is dated 11 March 2003. The partner countries initially included in the policy were 14: Russia, plus ten Southern Mediterranean countries (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority, Syria, Tunisia) and three Western Newly Independent States (WNIS) (Ukraine, Moldova, Belarus).

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#### A Chronology of ENP

- April 2002: The General Affairs Council (GAC) requests the Commission and the High Representative for Common Foreign and Security policy 'to work up ideas on the EU's relations with its neighbours'.
  - September 2002: The GAC initial outline, presented to an informal meeting of foreign ministers, meets with a general lack of interest.
  - December 2002: At academic conference, the Commission President proposes 'A Policy of Proximity' arguing that the enlarged EU needed 'a ring of friends'.
  - December 2002: the Copenhagen European Council declares that The Union remains determined to promote stability and prosperity within and beyond the new borders of the Union.
  - March 2003: European Commission publishes Communication 104: *Wider Europe— Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours*
  - June 2003: the Council of Ministers declares the EU wishes to define an ambitious new range of policies towards its neighbours
  - July 2003: European Commission publishes Communication 393: *Paving the way for a New Neighbourhood Instrument*
  - December 2003: the European Council adopts the "Solana document" *A Secure Europe in a Better World*
  - May 2004: the Commission presents Communication 373 *European Neighbourhood Policy Strategy Paper*
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EU intention with this policy is to assure "*political stability, economic development and the reduction of poverty and social divisions*" (European Commission, 2003a). The rhetoric of the EU's mission is rather eloquent since the beginning of the document, where it is stated that the EU after the enlargement feels "*duty, not only towards its citizens and those of the new member states, but also towards its present and future neighbours to ensure continuing social cohesion and economic dynamism*" (Commission 2003a: 3).

The membership Copenhagen *criteria*<sup>10</sup> seem to be adapted in the ENP process. Neighbours countries, indeed, became EU's essential partners "*to increase our mutual production, economic growth and external trade, to create an enlarged area of political stability and functioning rule of law, and to foster the mutual exchange of human capital, ideas knowledge and*

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<sup>9</sup> Presented by Javier Solana at the Thessaloniki European Council in June 2003 and adopted by the European Council in December 2003.

culture” (European Commission, 2003a).

The main objective is to “*create an area of shared prosperity and values based on deeper economic integration, intensified political relations, enhanced cross-border cooperation and shared responsibility for conflict prevention between the EU and its neighbours*” (*ibidem*). Thus political stability and economic development are the mainstream ideas of the policy and of EU effort to promote worldwide sustainable security. The EU will guarantee the neighbours “*further integration and liberation to promote the free movement of persons, goods, services and capital*” (*ibidem*:10). Concerning work plans March 2003 Communication lists several incentives<sup>11</sup>.

The approach is characterised by some new arrangements that may reflect the EU assessment of previous pitfalls in its former cooperation initiatives. The **differentiation** between partner countries is at the basis of the neighbourhood policy. While stating the importance of a standard and coherent approach, the Commission recognises the big difference, in terms of regional economic cooperation, administrative and institutional capacities of the neighbouring partners. A **step-by-step** or **progressive** approach towards EU neighbouring countries is also required in order to introduce a gradual engagement for each state depending on its willingness to progress with economic and political reform. The way to pursue this policy is not anymore *political conditionality* but rather **benchmarks**: clear and public definitions of the actions that the EU expects the partners to implement. *Political* or *economic* benchmarks may be carried out, depending on which targets and reforms are agreed.

The Thessalonica European Council in June 2003 regarded the Wider Europe Communication as a good starting point for “*developing a new range of policies towards*” neighbourhood countries<sup>12</sup> and reconfirmed the overall goals and principles within the policy, which “*should be seen as separate from the question of possible EU accession*”. The document identified new possible incentives and offered more relevance to the field of *Justice and Home Affairs*, as another context where it is possible to assess reform achievements by neighbouring countries. Regarding the presence of a numbers of existing arrangements with the same countries, the Council Conclusions emphasize that neighbourhood policies should not override those agreements. *Action Plans* will be the political documents, which considering existing agreements will spell out benchmarks and timetable and will be functioning as key policy instruments in the medium term.

Soon after, on July 1<sup>st</sup> 2003, the Commission through a new Communication “*Paving the Way for a New Neighbourhood Instrument*”, addressed the European Council request and assessed the possibility to create a New Neighbourhood Instrument. The Commission proposed a two-step approach: from year 2004 up to year 2006 it is planned to seek a better coordination between the existing financial instruments (INTERREG, PHARE, TACIS, CARDS, MEDA); while after 2006 the New Neighbourhood Instrument will be established providing cross-border and regional cooperation around the external border<sup>13</sup>.

Meanwhile the Commission established a Wider Europe Task Force and a Wider Europe Inter-Service Group.

The Wider Europe Task Force, which reports to Commissioner for *Enlargement* (Günter Verheugen) has the responsibility to:

- “*Develop further the political concept of a European Neighbourhood Policy;*
- *Draw up action plans for countries concerned (Eastern European and the Southern Mediterranean countries) in consultation with these partner countries and in close cooperation with the High Representative/Secretary General of the Council;*
- *Pilot the action plans through the Commission;*
- *Prepare proposals for the “European Neighbourhood Instrument (ENI)” which will finance projects involving the enlarged EU and neighbouring countries;*
- *Draw up plans for handling European Neighbourhood Policy in the next Commission”.*

<sup>10</sup> “*Stable democracy, respect of human rights, the rule of law, and the protection of minorities; functioning market economy; and adoption of the common rules, standards and policies that make up the body of EU law.*” (Copenhagen European Council, 1993)

<sup>11</sup> “*Extension of the internal market and regulatory structures; Preferential trading relations and market opening, Perspectives for lawful migration and movement of persons, Intensified cooperation to prevent and combat common security threats, Greater EU political involvement in conflict prevention and crisis management, Greater efforts to promote human rights, further cultural cooperation and enhance mutual understanding, Integration into transport, energy and telecommunications networks and the European research area, New instruments for investment promotion and protection, Support for integration into the global trading system, Enhanced assistance*” (*ibidem* pp10-14).

<sup>12</sup> Concerning the partners, it is interesting to notice that the Council Conclusions on Wider Europe–New Neighbourhood, underlines the special EU–Russia strategic partnership. The distinction between the different neighbouring regions is vanished, being the other 13 neighbouring countries listed all together. The Council Conclusion also declared EU plan to examine Southern Caucasus position in a later stage.

<sup>13</sup> Regarding the existing cross-border and regional cooperation instruments see Domaranok’s chapter in this volume

The mainstream of security, however, was not dismissed and indeed "building security in our neighbourhood" is one of the main strategic aims proposed in the *European Security Strategy* in December 2003<sup>14</sup>.

On May 12<sup>th</sup> 2004 the Commission presented another Communication called *Strategy Paper* and delivered seven Country Reports<sup>15</sup>. In the Strategy Paper it is mentioned the possibility to extend the policy to the Southern Caucasus states. Indeed, Armenia, Azerbaijan and Georgia were officially included in ENP by the European Council in June 2004. The Strategy Paper also introduced some new concepts like "joint ownership", "monitoring" and "added value", defined the European Neighbourhood Instrument steps, promotes the issue of the Action Plan and advanced the negotiation of European Neighbourhood Agreements, when Action Plan priorities are met.

In a first assessment of the ENP preliminary documents, it is interesting to observe that room for manoeuvre of the partner countries seems to be very little. If this is true, more than *partners* the states should be better regarded as "targets". For instance concerning bench markers and action plans, it said that they "should be developed in close cooperation with partner countries", but only "whenever possible". However, as pointed out by the Strategy Paper "exploratory talks to identify elements for inclusion in possible Action Plans have begun" with some partners. Moreover even if the ENP is an offer made by the EU, "joint ownership of the process ... is essential"

Furthermore, an underlying concern brings the EU officials to stress that the Union's aim is to approach neighbouring countries in a *coherent* and *efficient* way. The idea is not to override the existing arrangements, but rather to offer a general framework. The achievement of ENP vision of increasing stability, security and well being relies also on cost-effective measures and practices, and above all on sharing them with other states. The procedures may play a strategic impact in the EU's stability promotion.

#### *A first critical evaluation of the ENP*

ENP seems to use a narrower and less principled approach compared with previous EU cooperation initiatives, like for instance the Euro-Mediterranean Partnership. However, this change in prospective may reflect a critical and weighted assessment of failures and success of previous EU policies and might reveal a more realistic and less diplomatic way to express EU's goals. What might be considered, at a first reading, *limited objectives*, with a deeper insight might be regarded as *cost-benefit* procedures in order not to recreate identical policies. What in many cases was an only *pretended* partnership is now substituted by a joint ownership. It is too early to assess whether it will be a real common and joint effort. The regional approach in this policy has been put aside, possibly responding to the fact that regionalism has not long life when is not really wanted by the interested countries. Preferences for more concrete issues at stake like EU's internal market and free movement may have more success. Further studies will analyse the extent to which ENP has introduced a real change in EU cooperation approaches and in EU foreign policy, or whether the shift remains only constrained within the languages and terms introduced. Further investigations may also question whether the changes advanced within this policy be read in a different way. The marginalised role relegated to the neighbouring countries, which on some occasions seems may or may not agree with EU's plans and offer for them... may be the signal of a EU which is starting to believe in its potentiality to become a powerful global actor.

However, ENP had the incomparable value to put forward in the post-enlargement environment agenda some of the puzzling issues that the following chapters have tried to address.

#### *Book Outline*

This book addresses some political, economic, social and cultural processes involved within the framework of the European Neighbourhood. These issues are tackled principally by the young researchers that participated in the study seminars on ENP held in Catania University in March and July 2004. However other scholars, whose works best fitted within the general framework of the book, also enrich the book. Authors' background is heterogeneous in terms of disciplinary and geographic area, and research experience, which made possible to treat ENP in a comprehensive way. This book consists of 13 chapters divided into three sections.

The first section is made up of four chapters that deal with political and institutional issues and are mainly focused on the challenges of security and democracy promotion. Fulvio Attinà frames ENP's major aim - building security - within his study on regional security arrangements and explains how it is based on improving domestic conditions, mutual confidence and coordination among and between neighbouring countries. Sven Biscop argues that the ENP and EES may offer to the Security Dimension of Euro Mediterranean Partnership a second life by developing a security community. Elena Baracani

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<sup>14</sup> On the European Security Strategy and its links and prospects with the ENP see Attina's and Biscop's chapters in this volume.

<sup>15</sup> Ukraine, Moldova, Israel, Jordan, Morocco, Tunisia, Palestinian Authority of the West Bank and the Gaza Strip.

presents an analysis of EU strategy in promoting democracy to ENP countries. Democratization is one of the most important trend in the international system and the European Union is one of the most important international actor which promotes democracy towards third states, in particular through the policy of enlargement. Elena Baracani analyses the main aspects of the European Union democracy promotion in the framework of the European Neighbourhood Policy (ENP), focussing in particular on content or political priorities and instruments of this strategy, and compares them with the main aspects of the strategy of democratization pursued through the enlargement policy. Manuela Moschella regards the new Neighbourhood Policy as an instance of region-building, stressing its distinctive elements, as they result in comparison with the Euro-Mediterranean Partnership's main characteristics – i.e. the special Neighbourhood Policy designed for Mediterranean countries.

The second section deals with economic and financial issues. The four chapters are interested mainly in economic cooperation and aid. Ali Hemal examines growth of North African Countries through FDI and trade. For the North African countries, trade and FDI are needed to provide new engines of growth and stability. With more trade and FDI they will be able to achieve higher rates of growth, create more jobs, and improve the knowledge and skills and productivity of their labor force. This is the main objective of these countries' Association Agreements with the EU. With reference to ENP, Ali Hemal argues that EU political stability and security concern may undermine the socio-economic development of partner countries. For this reason he analyses the impact of the Euro-Med association on aid and FDI flow to North African countries since 1995, so as to verify how far it has been consistent with the main objective of the European Neighborhood Policy. Brian Portelli examines past trends and future potential of FDI flows in the Mediterranean region. As Ali Hemal, he believes that foreign direct investment (FDI) represents a distinct form of international economic integration for developing countries and is increasingly sought after as a medium for the injection of capital and knowledge and the generation of economic growth in host countries. He argues that although past trends highlight the Mediterranean region's relative marginal share of global FDI flows, there is great potential to increase flows to the region given the current pace of economic reform and institutional development are sustained. In particular, the consolidation of the Barcelona process, particularly the enhancement of economic reform and particularly regional trade, are expected to provide the scale and scope for greater FDI activity in the region. Oleg Akatov analyses EU and Russia relations with reference to economic cooperation within the framework of EU enlargement. Ekaterina Domorenok deals with cross-border cooperation within the ENP and assesses the differences with previous borders regional cooperation arrangements. She points out the incentives that the Neighbourhood Policy brings in for regional cooperation and draws up the *output* picture of the interaction between the Neighbourhood Initiative and cooperation at regional level.

The third and final section consists of five chapters that look into social and cultural aspects. Diana Benchechi presents a study on EU relations with Moldova. Tahar Haffad and Ljudmila Kudrina concentrate on migration flows in the area. While Kudrina debates on Muslim immigration in Europe, Haffad is more interested in the flux and politics migratory. Olena Shestavina compares the Ukrainian's system of higher education with the European Union's countries systems, in the framework of Bologna process. She believes that also the new European Neighbourhood Policy opens up new opportunities of mutually advantageous cooperation between Ukraine and the European Union's universities. Finally, Arno Tusch argues that development is not linked with culture but policies. He believes that not a Huntingtonian development failure of "Muslim culture" is to blame for many of the ills of the region, but the policies based on the "Washington Consensus".

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## **POLITICAL AND INSTITUTIONAL ISSUES**

# EUROPEAN NEIGHBOURHOOD POLICY AND THE BUILDING OF SECURITY AROUND EUROPE

Fulvio ATTINÀ

*Europe Neighbourhood Policy* (ENP) is the name of the ambitious project launched in March 2003 by the European Commission of President Romano Prodi in agreement with the European Council. The policy objective is to soften the meeting of the European Union with the enormous problems of the countries in the areas surrounding the Union, and build strong, durable and productive cooperative relations with the neighbouring countries. This outcome will make the European Union a credible foreign policy actor.

A single policy towards countries as different as Morocco and Russia, Libya and Belarus, is momentous assignment to EU's foreign and external relations policy-makers and professionals in Brussels. Two founding ENP documents<sup>1</sup> explicitly address the problem of difference among the neighbouring partners, and adopt the method of bilateralism (namely, single nation action plans) rather than genuine regional cooperation<sup>2</sup>.

On the other hand, ENP wants to be a centralized policy without the vagueness of the "common strategy" instrument that was adopted for conducting relations with Russia, Ukraine and the Mediterranean states but evaporated in the corridors of the Brussels buildings. The current instrument invented by the Commission, instead, seems to be directed to circumvent single EU governments' pressure to spend common resources for improving relations with "their" geographical and political neighbours with no regard for the relations with the neighbours of other EU countries.

Security is a major aim of ENP (See, especially, Biscop, 2004). In this respect, Russia, Belarus, Ukraine, Moldova and the Mediterranean countries are expected to become partners of the Union in the progressive construction of a security community extended from the Atlantic to the Urals, from the Caucasus and the Middle East to the Arctic Sea. This paper analyses some theoretical and practical aspects of this security project which is far from being fully fudged in the Brussels factory, appropriately known in the European capitals and heartedly supported by the member governments.

In the first section, different regional security arrangements are portrayed and compared. The section is inspired by the belief that geographical groups of countries have a number of arrangements at their disposal to choose from when they decide to climb the road of security cooperation. In the following two sections, a single arrangement – the regional security partnership – is analysed taking into consideration the security system created in Europe over the last thirty years, and in other parts of the world in current times. The last section deals with ENP as the early plan of a project of security cooperation which exhibits the intention of the people in Brussels to extend the European security partnership to the areas on the Southern and Eastern border of the Union.

## *Regional security arrangements*

In a recent study (Attinà, forthcoming), I propose to order regional security systems according to the level of institutionalization of security co-operation and social integration of the members. This order varies from zero-level, i.e. no agreement on co-operative measures of security, to the most institutionalized structure of co-operation, i.e. the amalgamated security community defined by Karl Deutsch. The graphic representation of this classification is given here below.

No single process of change is implied by the assumptions that guided the construction of this taxonomy. Accordingly, neither positive feedback and successful interactions in a geographical group of countries necessarily produce the movement of the group from an existing arrangement to the next one on the right-side of the line, nor negative interactions necessarily produce less co-operative arrangements. It is assumed, instead, that change depends on the political decisions of the leaders of the participating states. Decisions on increasing the level of co-operation depend on the expectation of better welfare conditions of the participating countries as effect of additional security co-operation. In other words, increasing organized security cooperation and the institutionalization of peaceful management of international conflicts depend on the elite's perception of the gains that derive from extending the successful experimentation of previous security cooperation. Lastly, this assertion is based on the belief that social practices induce social learning and evolution of social systems, including international systems. Briefly, it is assumed that security cooperation in a region expands on as much as formal institutions and social practices mutually reinforce each other, and decision-makers perceive additional gains from future cooperation.

<sup>1</sup> COM(2003) 104 final, Brussels 11.3.2003, and COM(2003) 393 final, Brussels, 1 July 2003.

<sup>2</sup> Early studies of ENP are Batt, Lynch, Missroli, Ortega, Triantaphyllou (2003) Emerson (2003), Pelczynska-Nalecz (2003), and Wallace (2003). Information on the study of ENP is given in the Jean Monnet Centre at the University of Catania website <http://www.fscpo.unict.it/EuroMed/a3022home.htm>



abandon their full sovereignty and merge into an expanded state, and pluralistic security communities in which states retain their legal independence but develop common institutions and a sense of “we-ness” and “we-feeling”. As Adler and Barnett remark (1998), pluralistic communities vary between two forms - the loosely and tightly coupled form - on whether they are close to persistent state sovereignty separation or emerging government centralization. Therefore, the right-hand part of the line of regional security systems is populated with three forms of arrangements. An example of amalgamated security communities is the formation of federal states like Germany in the 19<sup>th</sup> century. Scandinavia, Canada and the United States, and the Euro-Atlantic community are examples of the loosely coupled form of pluralistic security community. Finally, the European Union is example of the tightly coupled form of security communities, but the whole European continent is hardly a security community, and the wider Europe and its surrounding area is still far from being qualified as a case of this arrangement.

#### *The ‘regional security partnership’ model*

The *regional security partnership* arrangement is based on a concept of security building very different from those of opposed military alliances and collective security, and partially different from the various forms of security community. The best way to understand the concept of regional security partnership is to bear in mind the approach to international security that developed in Europe with the Helsinki Process (See, among others, Flynn and Farrell, 1999; Ghebali, 1989; Ghebali and Warner, 2001, Hopmann, 2003). In this approach, it is believed that the objectives of dissuading the aggressor states and avoiding the use of international violence are attained by including all (or almost all) the states of the region and also extra-regional powers in a single regional security arrangement rather than pooling national armed forces in opposed military alliances and alignments. Second, in this form of regional security, measures of cooperative security (like exchange of information on military policies and structures) and comprehensive security (i.e. the military and non-military aspects of security) are constitutive means of regional security, and are explicitly defined in international agreements. Furthermore, regional security partnership attributes importance to both international and internal measures to improve the security conditions of the region and preserve geopolitical stability. Third, security partnership agreements, in contrast to security communities, are formed by groups of countries characterized by conflict divisions, not-large flows of transactions and communication, and a small sharing of values and institutions. These conditions apply to the whole group of the countries of the partnership project, but some countries of the group are not divided by conflict lines, are linked by large flows of mutual transactions and communication, and share the same cultural and institutional values. In addition, the countries of the region have different security cultures but these are not so distant from one another as to prevent the formation of consensus on introducing cooperation on security problems. In other words, for some political and practical reasons, these countries are inclined to act together for the reduction of the risk of violent confrontation, and allow the flow of mutual communication and material transactions to increase on their own. Fourth, in as much as security cooperation in a regional partnership becomes strong and durable over time, the observance of common practices by the partner states produces common orientations towards problems and values and, consequently, reduces the security culture difference. On their turn, common practices and orientations lead to the formation of we-ness and common identities of the people of the partner states. Hence, it is possible that a regional security partnership turns into a security community.

In general terms, the regional security partnership is the arrangement that originates from the consensus of the states of a region to cooperate on the reduction of violence and enhancement of stability and peace by making use of different types of agreements and mechanisms like formal security treaties, security international organizations, joint action agreements, multilateral dialogue processes, peace and stability pacts including confidence-building measures, preventive diplomacy measures, and also measures for influencing the domestic structures and processes of the countries at risk of internal violence.

In empirical terms, this model is derived from the observation of historical and current experiments aimed at changing the nature of security management in some regions, namely in Europe and Asia. The construction of the European security system since the early Seventies, i.e. from the opening of the Helsinki Process, is the most important case of regional security partnership building in international politics but other current initiatives in Asia – namely in the East Asia/Pacific (i.e. the ASEAN Regional Forum, ARF) and in Central Asia (i.e. the Shanghai Cooperation Organization, SCO) – are examples of this form of regional security co-operation. This observation reveals that a regional security partnership is based on a set of documents, i.e. one or few fundamental agreements, and a number of related operative agreements. In the fundamental agreement shared principles of peaceful relations are proclaimed, commitment to avoid power confrontation is given, and sources of conflict, tension and instability are made public by the partner governments. Within the frame of the fundamental agreements, the regional states agree to establish also the operative agreements and mechanisms that are needed to implement co-operative measures for the management of the common security problems. With the operative agreements,

the partner governments create multilateral offices and make use of existing and new created international organizations to deal with the perceived security threats. Multilateral offices and organizations are the most important collective instruments of the security partnership, especially in as much as they are responsible for peace-making and peace-keeping operations. In these conditions, a certain extent of defence de-nationalization and, in the long-term, also the constitution of a security community can be expected as consequences of the establishment of a regional security partnership.

The main attributes of the regional security partnership model are summarized as it follows.

*Pre-conditions*

- awareness of the countries of the region for interdependence and the local effects of global problems,
- relaxed or no power competition in the international politics of the region and restrained use of violence in international conflicts.

*Conditions*

- consensus of the governments of the region on building security cooperation by reducing violence in international relations, improving international and domestic stability, and promoting peace and economic growth,
- no system of opposite military alliances.

*Structures and means*

- written fundamental agreements,
- operative agreements, multilateral offices and international organizations,
- a set of international and internal measures and mechanisms of conflict management and prevention,
- involvement of extra-regional powers (very probable).

*Consequences*

- reduction of the gap between the security doctrines and cultures of the countries of the region,
- increase of defence de-nationalization,
- development of security community (possible).

*Security partnership in Europe and Asia*

The present security arrangement of Europe is properly defined by the concept of regional security partnership and is neither a system of opposed military alliances, as it was in the past, nor in the condition of becoming any soon a security community in deuschian terms, i.e. “a group of people which has become integrated”.

The European security partnership arrangement developed after the launching of the Helsinki Process in the early 1970s and matured in the 1990s. It includes all the states of Europe, the non-European members of the OSCE (i.e. the United States and Canada) and the former Soviet Union countries of Caucasian Asia (Georgia, Azerbaijan and Armenia). On the contrary, the five former Soviet countries of Asia (Kazakhstan, Kirghizistan Tajikistan, Turkmenistan and Uzbekistan), which are formal members of OSCE, cannot be considered any more members of the European security system because their security policies are tightly linked to the Central Asia security complex. Indeed, at the exception of Turkmenistan, they are members of the Central Asia security partnership, which is presented here below. This condition signals the overlapping of regional security arrangement, which is worth of future analysis.

The fundamental agreements of the European security partnership are the 1975 Helsinki Final Act and the 1990 Charter of Paris for A New Europe. Many operative agreements have been made within the Helsinki Process, which gave birth to the offices, mechanisms and activities of the CSCE/OCSE<sup>4</sup>. They have been added to a number of agreements signed by European governments during the past fifty years. All these agreements are de facto complementary with the European partnership fundamental agreements (Attinà and Repucci, 2004). This is the case of NATO and NATO's Eastern projection mechanisms known as the Partnership for Peace (PfP) and Euro-Atlantic Partnership Council (EAPC), the EU's mechanism known as the Rapid Reaction Force (RRF) created within the European security and defence policy (ESDP), and EU's economic cooperation programs (like PHARE and Tacis).

The European security partnership has been put to a test in various occasions during the Nineties, namely in former Soviet states and the Balkans. Performance has not been always good, sometimes deceptive. However, the positive role of the security mechanisms cannot be denied in several cases in which the direct intervention of peacekeeping forces helped to restrain violence, and the programs of relief and rehabilitation helped to restore civilian conditions in countries ravaged by internal violence. As of today, OSCE displays a range of 18 field missions in member countries in need of assistance

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<sup>4</sup> The OSCE structure includes the Office for Democratic Institutions and Human Rights, the office of the Representative on Freedom of the Media, the High Commissioner on National Minorities, and 18 Mission and other Filed Activities in member countries.

for security, political and economic problems.

Since the last Nineties, the European security partnership is under the challenge of the current worldwide *in-security* environment (see, for example, Biscop, 2004). Accordingly, the European governments' preference for cooperative and comprehensive security has been tempered by the so-called "*new discourse of threat and danger*" (Krause and Latham, 1999: 39). To cope with the problem of containing the policies of governments which are perceived as aggressive, irrational and unreceptive of the cooperative mechanisms (like the Milosevic's regime), and the problem of dealing with the threats of global terrorism, the European governments have focused on the need for upgrading their countries' military preparedness. This policy change has many aspects including the development of the ESDP for worldwide use and, in some cases, the enhancement of the Euro-Atlantic strategic preponderance as condition for international stability and peace.

The development of the Asia/Pacific security partnership is centred in the ASEAN Regional Forum, also known as the ARF (See Attinà and Zhu, 2001; Cossa, 2000; Johnston, 1998; Kivimaki, 2001; Narine, 2002). The membership of this initiative increased from initial 18 to 23 countries including the United States and European Union. The fundamental agreement is the First ARF Chairman's Statement, issued in 1994. ARF objectives are to foster constructive dialogue and consultation on political and security issues of common interest, and make significant contributions towards confidence-building and preventive diplomacy in the region. Despite its rather long life, ARF has been unable so far to develop operative agreements and create permanent offices for security issues.

The summit meeting of five states - China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan - in the Chinese city of Shanghai in April 1996 is the founding event of the Central Asia security partnership (See Attinà and Zhu, 2001; Zhang, 2001). The meeting launched the so-called Shanghai Five Initiative, which was turned into the Shanghai Cooperation Organization (SCO) on June 15, 2001. On this occasion, the fundamental agreement of the Central Asia security partnership system was signed. After Uzbekistan's admission in 2001, the SCO counts on six member states. Since the first summit meeting, a series of operative agreements have been concluded and practical measures have been agreed on to strengthen effective cooperation in various fields and mutual trust among member states. The "Agreement on Confidence-Building in the Military Field Along the Border Areas" and the "Agreement on Mutual Reduction of Military Forces in the Border Areas", signed in 1996 and 1997, are the most important agreements to implement security partnership building among the five countries. Lastly, in January 2004, the SCO's secretariat office opened in Beijing, and the SCO's Antiterrorism Center was created in Tashkent. Cracking down on international terrorism, drug trafficking, arms smuggling, illegal migration and other forms of cross-border crimes are perceived as the most urgent task of the Organization. These measures are pertinent to the building of regional security cooperation, but the implementation of existing confidence-building measures and their development are still uncertain. However, taking into account the peculiarities of the region, this first step is recognized as the inception of the "Central-Asian way" of building a regional security partnership.

#### *The Euro-Mediterranean project*

A Euro-Mediterranean project of security cooperation was implicitly launched in Barcelona in 1995 with the Euro-Mediterranean Partnership (EMP) agreement while the explicit negotiation started in the late Nineties with the launch of the initiative for the Mediterranean Charter of Peace and Stability.

The EMP approach to security is a multidimensional approach as stated in the Barcelona Declaration which includes three Chapters on Politics and Security Affairs, Economic and Financial Affairs, and Human, Social and Cultural Affairs. For this reason, the Barcelona Declaration has the nature of the fundamental agreement of a regional security partnership, but it will have full effect only if the partner governments agreed on operative agreements to implement multilateral mechanisms and measures of cooperative security. The negotiation of the Mediterranean Charter of Stability and Peace was claimed to be as the most important step towards introducing operative measures and mechanisms. The aim of the proposal of the Stability Charter for the Mediterranean was to achieve the solemn commitment of all the Mediterranean governments to political stability and abstention from war to solve conflicts and disputes over border and national issues. Agreement about starting negotiation at the level of Senior Officials and experts was reached on 1997, but very soon it was understood that the Mediterranean governments had divergent perceptions of threats and challenges to political stability. Discussions among experts continue to be held by the EuroMeSCO network, but the Charter negotiation has been interrupted.

By all means, the project has been confronted with many obstacles like the derailment of the Middle East Peace Process, the post-9/11 anti-terrorism policies of the Western governments and the post-Iraqi war problems. All these events slowed down the partnership building process and, finally, made the Charter negotiation to die. However, it is noted that the 9/11 events and the spread of global terrorism had the positive effect of reinforcing efforts to include domestic security and police co-operation in the agenda of the Barcelona Process. At the same time, the true consequences of the Iraqi war are still unclear. Finally, the new EU "neighborhood policy" affects the Mediterranean security partnership building process, as it is

analyzed later in this paper.

The EMP security project, however, is not the only multilateral initiative for building a new security arrangement in the Mediterranean.

- In 1994, OSCE decided to establish an informal contact group with experts from Algeria, Egypt, Israel, Jordan, Morocco and Tunisia with the aim of sharing information on confidence-building measures with the representatives of these countries. OSCE's projection in the Mediterranean dates back to the early years of the Helsinki Process. On the assumption that security in Europe was closely linked with security in the Mediterranean and the process of improving security could not be confined to Europe but extended to other parts of the world, in particular to the Mediterranean area, a chapter on "Questions relating to security and co-operation in the Mediterranean" was included in the Helsinki Final Act (1975). Starting in 1995, annual seminars were organized by the OSCE and Mediterranean partners. The OSCE initiative has been losing momentum with the passing of time, but the Seminars are regularly celebrated.
- In 1995, NATO made a proposal to the governments of Egypt, Israel, Jordan, Mauritania, Morocco and Tunisia, and later to Algeria, to open direct Dialogue with a view to achieve better mutual understanding and foster the process of regional stabilization. The Dialogue focuses on civil issues, like exchange of information and technical assistance in the area of civil emergency planning, but develops also a military dimension which includes observation visits of officials of the Six non-NATO members to NATO exercises and military bodies, exchange of staff officers and port visits to Dialogue Countries by NATO's naval forces. Except for seminars, conferences and other information sessions, the dialogue has been strictly bilateral between NATO and the single dialogue country. The Iraqi war and Bush's strategy of attention to North Africa have negatively influenced the NATO's Mediterranean policy. However, it has not been formally closed.

The OSCE and NATO initiatives and the importance of the military presence of the United States in the Mediterranean area signal the need for taking into consideration the problem of including external actors in the negotiation on the Mediterranean security partnership. It is worth to remind that the European and East Asia/Pacific security partnerships demonstrate the importance of including external actors as partners of the regional security arrangement. The European Union had to pay more attention to the positive results that the convergence of the Euro-Mediterranean project with other multilateral initiatives could produce. A EU-NATO-OSCE-Mediterranean conference could perhaps provide a good start for intensifying co-operation in the region. Such a conference was suggested by the OSCE Chairman-in-Office at the last annual OSCE Conference on Security Policy in Munich (February 11, 2004). The construction of the Mediterranean security system will become more probable if the existing multilateral initiatives are coordinated, and also multilateral initiatives develop on the opposite side of the Mediterranean, that is among the Arabic countries of North Africa.

#### *Wider Europe-Neighbourhood as security policy*

The March 2003 Communication of the Commission names fourteen countries as neighbouring countries and partners to the project of creating a new framework of relations. They are Russia, Belarus, Ukraine, Moldova, Libya and all the members of the Barcelona Process but Cyprus, Malta, and Turkey (namely Algeria, Egypt, Jordan, Israel, Lebanon, Morocco, Syria, Tunisia, and the Palestinian Authority). The two Mediterranean islands are new members of the European Union. Turkey's candidacy to EU makes this country not eligible to participate in ENP. However, in the July 2003 Communication on the Neighbourhood Instrument, Rumania and Bulgaria, which are formal candidates, and the Balkan countries, which are prospective candidates, have been made partners of the ENP programmes<sup>5</sup>. Lastly, in the Solana document on *A Secure Europe in a Better World*, firstly released in Brussels on December 12, 2003, the Southern Caucasus is included in the "ring" of special interest for the EU.

The new policy plan is expressly aimed at developing a zone of prosperity and a 'ring of friends' with whom the EU can enjoy close, peaceful and co-operative relations. Political and economic interdependence is recognized as a reality that puts on the European Union the duty to creating an enlarged area of political stability and functioning rule of law. The European Union offers the prospect of a stake in the EU's internal market to those countries that make concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms.

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<sup>5</sup> *In order to ensure a comprehensive approach, the Instrument should also cover those neighbouring countries which benefit from CARDS and Euro-Med partnership, even though the Western Balkans fall outside the political scope of the Wider Europe Communication. Following the accession of Bulgaria and Romania to the European Union, their borders with the Western NIS and the Western Balkans will be future external borders of the Union, and are therefore also considered* (COM(2003) 393 final, page 3).

### **ENP proposed incentives**

1. EXTENSION OF THE INTERNAL MARKET AND REGULATORY STRUCTURES
2. PREFERENTIAL TRADING RELATIONS AND MARKET OPENING
3. PERSPECTIVES FOR LAWFUL MIGRATION AND MOVEMENT OF PERSONS
4. INTENSIFIED COOPERATION TO PREVENT AND COMBAT COMMON SECURITY THREATS
5. GREATER EU POLITICAL INVOLVEMENT IN CONFLICT PREVENTION AND CRISIS MANAGEMENT
6. GREATER EFFORTS TO PROMOTE HUMAN RIGHTS, FURTHER CULTURAL COOPERATION AND ENHANCE MUTUAL UNDERSTANDING
7. INTEGRATION INTO TRANSPORT, ENERGY AND TELECOMMUNICATIONS NETWORKS AND THE EUROPEAN RESEARCH AREA
8. NEW INSTRUMENTS FOR INVESTMENT PROMOTION AND PROTECTION
9. SUPPORT FOR INTEGRATION INTO THE GLOBAL TRADING SYSTEM:
10. ENHANCED ASSISTANCE, BETTER TAILORED TO NEEDS
11. NEW SOURCES OF FINANCE

Neighbouring countries are invited to take political and legislative measures to enhance economic integration and liberalization, and measures to promote human rights, cultural cooperation and mutual understanding. Besides these measures, which are coherent with the European view of regional security, neighbouring countries are explicitly invited also to make steps towards regional security co-management and participate in initiatives aimed at (a) improving conflict prevention and crisis management, and (b) strengthening co-operation to prevent and combat common security threats. In such a perspective, it is apparent – as Biscop (2004) has extensively demonstrated – that the Neighbourhood Policy approach to security consists of the classical concepts that distinguish the European regional security partnership of the last thirty years: i.e. the concepts of comprehensive security – as the interdependence between the political, socio-economic, ecologic, cultural and military dimensions – and cooperative security – as the constant exercise of dialogue and exchange of information, knowledge and expertise.

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#### **□ INTENSIFIED COOPERATION TO PREVENT AND COMBAT COMMON SECURITY**

**THREATS:** Cooperation, joint work and assistance to combat security threats such as terrorism and trans-national organised crime, customs and taxation fraud, nuclear and environmental hazards and communicable diseases should be prioritised. Both domestic measures and intensified bilateral and multilateral action are indispensable to fight organised crime. Particular attention should be paid to drugs trafficking, trafficking in human beings, smuggling of migrants, fraud, counterfeiting, money laundering and corruption. The EU should explore the possibilities for working ever more closely with the neighbouring countries on judicial and police cooperation and the development of mutual legal assistance. The approach taken in the EU/Russia Action Plan against organised crime and the Justice and Home Affairs (JHA) Action Plan for Ukraine, which includes a scoreboard, could be developed for other neighbouring countries. The EU should capitalise on the cooperation initiated in the Mediterranean to introduce reforms to the judicial system, improve police training and other cooperation in the fight against organised crime. The fight against terrorism is a potential area for closer cooperation. The new neighbours should also be assisted in the implementation of all the relevant international instruments in this field, notably those developed in the UN. EU political focus and assistance must continue to support efforts to take forward nuclear clean-up in north west Russia and follow-up to the closure of the Chernobyl Nuclear Power Plant. Efforts to combat trans-boundary pollution - air, sea, water or land - should be modelled on the collaborative approach taken by the Northern Dimension Environmental Partnership (NDEP) and the Danube-Black Sea Task Force.

#### **□ GREATER EU POLITICAL INVOLVEMENT IN CONFLICT PREVENTION AND CRISIS**

**MANAGEMENT:** Shared values, strong democratic institutions and a common understanding of the need to institutionalise respect for human rights will open the way for closer and more open dialogue on the Union's Common Foreign and Security Policy (CFSP) and the development of the European Security and Defence Policy (ESDP). A shared neighbourhood implies burden-sharing and joint

responsibility for addressing the threats to stability created by conflict and insecurity. The EU should take a more active role to facilitate settlement of the disputes over Palestine, the Western Sahara and Transdniestria (in support of the efforts of the OSCE and other mediators). Greater EU involvement in crisis management in response to specific regional threats would be a tangible demonstration of the EU's willingness to assume a greater share of the burden of conflict resolution in the neighbouring countries. Once settlement has been reached, EU civil and crisis management capabilities could also be engaged in post-conflict internal security arrangements. Additional sources of funding for post-conflict reconstruction and development would be required. *COM(2003) 104 final, pages 11-12*.

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#### Concluding remarks

In this paper, the main aspects of regional security cooperation in contemporary international politics have been examined and the analysis of the initial steps of a new policy of the European Union for building security in the surrounding areas has been introduced. Catching up the challenge of a fast changing world and coping with a hard to understand security environment is the preoccupation of the people in Brussels that drew up and on March 2003 released the document on the Wider Europe-Neighbourhood Policy. In the document, the European Union policy-makers declared commitment to take responsibilities that are as huge as the challenge they want to face in the economic and financial area as well as in the political and security area. An enormous amount of material and human resources are needed to cope with those responsibilities for a long period of time to come. Such an endeavour cannot be assessed in a short time because it needs a progressive and flexible implementation. However, initial steps can already be estimated as appropriately or inappropriately fitting the objective. In such a perspective, the Neighbourhood Instrument document (July 2003) is quite deceptive as it declares that the Union is ready to put already existing programmes for economic and technical cooperation under the umbrella of the Neighbourhood Instrument but not to add one Euro to them.

In the security area, the European Union is firmly committed to the long-range strategy of building security by improving the domestic conditions (both economic and political) of the neighbour and partner countries, and by furthering mutual confidence and understanding of the states. At the same time, to face the threats of trans-national crime and terrorism, it urges intense coordination and the use of new instruments. A Secure Europe in a Better World is, in a certain sense, the twin document for the political and security area of the neighbourhood policy as the July document on the Neighbourhood Instrument is in the economic and technical area. A Secure Europe in a Better World is a wide-range document that devotes special attention to relations with the neighbouring countries. In this regard, the message of the document is ambivalent in the sense that commitment to dialogue with the partners is sided with commitment to the full-round development of the military capabilities of the Union. In fact, this is an obligation of the Union since it committed itself to develop ESDP.

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# THE EUROPEAN SECURITY STRATEGY AND THE NEIGHBOURHOOD POLICY: A NEW STARTING POINT FOR A EURO-MEDITERRANEAN SECURITY PARTNERSHIP?

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## *Introduction*

On 12 December 2003 the European Council adopted the European Security Strategy (ESS), 'A Secure Europe in a Better World', the first ever common strategic vision of the Member States, filling the void that had existed ever since the beginning of the European Security and Defence Policy (ESDP) in the late 1990s.<sup>1</sup> Although since Amsterdam the Treaty on European Union mentions the types of operations the EU can undertake – the Petersberg Tasks or humanitarian, peacekeeping and peace enforcement operations – the role of ESDP in the whole of EU external action and the conditions for the use of the military instrument had been left undecided for lack of consensus between the Member States. The ESS now offers an ambitious agenda with a global scope that, because of its comprehensive approach to security, has the potential to serve as a reference framework and a driving force for policies in all fields of external action, from trade and development to the Common Foreign and Security Policy (CFSP) and ESDP. 'Building security in our neighbourhood' is among its explicit objectives.

Furthermore, in March 2003 under the heading of 'Wider Europe' the Commission proposed a Neighbourhood Policy as an enhanced framework for relations with the EU's neighbouring states.<sup>2</sup> The first draft Action Plans in that regard were submitted to the Council in June 2004. The European Council of that was also to consider an enhanced strategic partnership with the Mediterranean and what has been dubbed the 'Wider Middle East'.

EU policies with regard to its neighbourhood are thus going through significant changes. The aim of this chapter is to assess whether these developments – the ESS, 'Wider Europe' and the 'Wider Middle East' – open up new possibilities for the – hitherto flawed – attempts to give substance to the security dimension of the Euro-Mediterranean Partnership (EMP), specifically with regard to politico-military or ESDP-related issues.<sup>3</sup> The paper will also take into account the impact of other simultaneous developments such as the proposed upgrading of NATO's Mediterranean Dialogue and the American 'Greater Middle East Initiative'.

## *The European Security Strategy: Affirming the Partnership Approach*

In fact, the ESS affirms the comprehensive approach to security that is underlying – *inter alia* – the EMP and makes it into a general strategy for EU external action.<sup>4</sup>

The starting point of *comprehensive security* is the recognition of the interdependence between all dimensions of security – political, socio-economic, cultural, ecologic, military – hence the need to formulate *integrated* policies on all of them. In the EMP, this approach is evident from the composition of its three baskets, which cover the whole range of relations between the EU and its Southern neighbours: a political and security partnership, an economic and financial partnership and a partnership in social, cultural and human affairs. The EMP added a politico-military dimension to the traditionally economic focus of Europe's Mediterranean policies, but firmly embedded it in a broad framework of relations. In this framework, there is a strong emphasis on dialogue and co-ownership. This cooperative approach, i.e. addressing third States as partners for cooperation rather than as mere objects of policy, is inherent to comprehensive security: on the one hand, unilateral policies would be politically unacceptable to the Mediterranean partners and would lead to an antagonization of North-South relations; on the other hand, cooperation and partnership cannot be built solely on the field of security, but require a much broader base.

In the ESS, the comprehensive approach is translated into the overall objective of 'effective multilateralism', i.e. 'a stronger international society, well functioning international institutions and a rule-based international order'. At the global

<sup>1</sup> 'A Secure Europe in a Better World. European Security Strategy. Brussels, 12 December 2003'.  
<http://ue.eu.int/pressdata/EN/reports/78367.pdf>.

<sup>2</sup> COM (2003) 104 final, 'Wider Europe – Neighbourhood: a New Framework for Relations with our Eastern and Southern Neighbours'.

<sup>3</sup> The specifics of the short-term prevention and prosecution of terrorism, which is considered to necessitate increased Euro-Mediterranean cooperation between the judiciary, police and intelligence services rather than in the politico-military field, therefore falls outside the scope of this paper. Tackling the root causes of terrorism is of course an inherent part of the multidimensional EMP.

<sup>4</sup> For a detailed analysis of the ESS see Sven Biscop, 'The European Security Strategy – Implementing a Distinctive Approach to Security'. Brussels, Royal Defence College (IRSD-KHID), March 2004, Sécurité & Stratégie No. 82, <http://www.irri-kiib.be/papers/Artikel%20V&S%20ESS.pdf>.

level, the EU seeks to pursue this objective mainly through the UN, which the ESS sees as the core of the international system, and through the other global and regional partnerships and organizations. With regard to its neighbourhood, the EU will itself assume a leading role in order to 'promote a ring of well governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations'. The same approach is to be followed at both levels: dialogue, cooperation and partnership in all fields of external action, putting to value the whole range of instruments at the disposal of the EU.

*De facto*, this approach amounts to promoting effective global governance, which can be best understood as a system that at the global level ensures access to the same core public goods which the state provides to its citizens at the national level. These *global public goods* (GPG) can e.g. be summarized as: international stability and security, an open and inclusive economic system, an enforceable legal order, and global welfare in all its dimensions as an equivalent to national welfare systems. At a certain level of inequality in terms of access to these core GPG, the resulting political instability and extremism, economic unpredictability and massive migration flows risk to become uncontrollable. This gap between haves and have-nots therefore represents the ultimate systemic threat to international security.<sup>5</sup> GPG are not explicitly mentioned in the ESS, but: 'spreading good governance, supporting social and political reform, dealing with corruption and abuse of power, establishing the rule of law and protecting human rights are the best means of strengthening the international order'. So without any doubt, emphasis in the ESS is on a long-term policy of stabilisation and conflict prevention through the promotion of global governance.

But of course, dialogue, cooperation and partnership cannot be unconditional. States violating the norms of behaviour vis-à-vis the international community or their own population 'should understand that there is a price to be paid, including in their relationship with the European Union'. Partnership with the EU can thus be cut back or enhanced according to performance, for: 'We want international organizations, regimes and treaties to be effective in confronting threats to international peace and security, and must therefore be ready to act when their rules are broken'. In certain cases this can include the use of force, but certainly not exclusively – implicitly, the ESS considers the use of force as an instrument of last resort, in principle to be applied only with a Security Council mandate.<sup>6</sup> The EU aims for 'early, rapid, and when necessary, robust intervention', but this applies to 'the full spectrum of instruments for crisis management and conflict prevention at our disposal, including political, diplomatic, military and civilian, trade and development activities'.

On the whole, the ESS is a positive project, emphasizing positive objectives – 'effective multilateralism' or the core GPG. 'What for' rather than 'against whom' is the question that determines policy. Thus the comprehensive approach avoids the classic security dilemma. The added value of comprehensive security lies in the integration of all fields of external action under this single agenda of 'effective multilateralism'. 'Securitization' of policy fields other than ESDP, i.e. treating issues as politico-military or 'hard' security problems and consequently applying politico-military instruments to solve them, is equally avoided however. Under the global heading of promoting 'effective multilateralism', the politico-military is just one dimension of external action, at the same level as the other fields. Thus, the implementation of the ESS should lead to the opposite of 'securitization': issues should be dealt with as development, human rights, ecologic problems etc. and should only be put in a politico-military or security perspective when developments threaten to have direct security consequences for the population of the state concerned, for the region or for the EU itself. In fact therefore, the ESS really is more than a security strategy – it is a strategy for external action.

Even though until December 2003 no formal strategic concept existed, a distinctive European approach to security had already been emerging over the last few years. EU policies towards its neighbouring States have been particularly revealing with regard to the EU's preference for a comprehensive and cooperative approach, aiming at cooperation rather than confrontation. Obviously, there have been exceptions to this line – in the Mediterranean, the conclusion of an Association Agreement with Algeria, quite regardless of ongoing violence in the country, is a case in point – and there will continue to be so. Nevertheless in the ESS, the concept of comprehensive security has now been rubberstamped as the European approach to security.

#### *From Affirmation to Implementation: 'Wider Europe'*

Simply reaffirming the 'spirit of Barcelona' in the ESS is insufficient however, in view of the EMP's need of revitalisa-

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<sup>5</sup> Rik Coolsaet & Valérie Arnould (eds.), 'Global Governance: The Next Frontier'. Brussels, Royal Institute for International Relations, April 2004, Egmont Paper No. 2.

<sup>6</sup> Although it can be argued that on this issue, if at all, an unambiguous position was called for, in order to prevent further paralyzing divides like on the invasion of Iraq, and because of the exemplary role of the EU: who will yet stand up for the collective security system of the UN if not Europe?

tion. With regard to the Mediterranean specifically, the ESS, under the heading of 'Building security in our neighbourhood', states that it 'generally continues to undergo serious problems of economic stagnation, social unrest and unresolved conflicts. The European Union's interests require a continued engagement with Mediterranean partners, through more effective economic, security and cultural cooperation in the framework of the Barcelona Process'.

This emphasis on the EU's neighbourhood does not contradict the global scope of the ESS. This is not a question of a hierarchy of priorities: an effective system of governance at the regional level is a component of the overall objective of global governance; because of globalisation, stability of the world order as such is as important as stability in our neighbourhood. Rather the *modus operandi* differs: whereas at the global level the EU chooses to act primarily through the multilateral architecture, in its neighbourhood it also seeks to assume leadership itself. The EU and its neighbourhood can be considered a 'security complex' as defined by Buzan: 'a group of States whose primary security concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another'.<sup>7</sup> Therefore, in this area the onus is on the EU to assume responsibility and take the lead: a stable neighbourhood is a necessity for its own security *and* promoting stability in that area is its duty, since the EU is the local actor with the means to do so.

Although – surprisingly perhaps – it is not explicitly mentioned in the ESS, the objective of 'building security in our neighbourhood' and the call to render existing partnerships, including the EMP, more effective, correspond perfectly to the Neighbourhood Policy proposed by the Commission. The aim of the Neighbourhood Policy is to achieve 'an area of shared prosperity and values' by creating close partnerships with the EU's neighbouring States, bringing them as close to the EU as possible without being a member, which should lead to in-depth economic integration, close political and cultural relations and a joint responsibility for conflict prevention. To that end, the EU is to offer very concrete 'benefits', basically a stake in the EU's internal market, to be accompanied by further integration and liberalisation to promote the free movement of persons, goods, services and capital – 'the four freedoms'. Through a process of 'positive conditionality', these benefits will be linked to political and economic reform. As the Commission proposes: 'The privileged relationship with neighbours will build on mutual commitment to common values principally within the fields of the rule of law, good governance, the respect for human rights, including minority rights, the promotion of good neighbourly relations, and the principles of market economy and sustainable development. Commitments will also be sought to certain essential aspects of the EU's external action, including, in particular, the fight against terrorism and the proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution'.<sup>8</sup> The Neighbourhood Policy thus has a wide stabilizing and preventive scope.

The Neighbourhood Policy's overall objectives could thus be summarized as:<sup>9</sup>

- preventing conflicts in the EU's neighbourhood and acts of aggression against the EU itself;
- settling ongoing disputes and conflicts;
- establishing close economic and political partnerships based on shared values, prosperity and security;
- controlling migration and all forms of illegal trafficking into the EU;
- protecting the security of EU citizens living abroad.

The Neighbourhood Policy does not aim to replace existing frameworks for relations, such as the EMP; rather it wants to supplement and build on them. The idea is to strike a balance between, on the one hand, bilateral Action Plans, so that benefits and benchmarks for progress can be tailored to specific needs and circumstances, in agreement with the individual – *in casu* Mediterranean – partners, and, on the other hand, multilateral partnerships such as the Barcelona Process, in order to deal with regional issues and to promote regional integration between partners. The latter is the key to mending the institutional imbalance within the EMP, which sees a closely integrated EU of now 25 Member States facing ten partner States that are only loosely involved in any kind of regional consultation. The Action Plans, to cover the next three to five years, are to address five key areas: 'political dialogue and reform; trade and measures preparing partners for gradually obtaining a stake in the EU's internal market; justice and home affairs; energy, transport, information society, environment and research and innovation; and social policy and people-to-people contacts'.<sup>10</sup> The next step, if Action Plan priorities are met, could be the conclusion of European Neighbourhood Agreements to replace current bilateral agreements.

Actually, most of the measures that are now being proposed in the framework of Wider Europe are already among the established objectives of the EMP. This holds true for both substance and progress. E.g. in the 1995 Barcelona Declaration

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<sup>7</sup> Barry Buzan, 'People, States and Fear. Second Edition. An Agenda for International Security Studies in the Post-Cold War Era'. Hemel Hempstead, Harvester Wheatsheaf, 1991.

<sup>8</sup> Communication from the Commission, 'European Neighbourhood Policy – Strategy Paper', 12 May 2004.

<sup>9</sup> Rik Coolsaet & Sven Biscop (eds.), 'A European Security Concept for the 21st Century'. Brussels, Royal Institute for International Relations, 2004, Egmont Paper No. 1.

<sup>10</sup> Communication from the Commission, 'European Neighbourhood Policy – Strategy Paper', 12 May 2004.

partners agreed to create 'an area of shared prosperity', to be based on 'the progressive establishment of a free trade area', economic cooperation and 'a substantial increase in the EU's financial assistance to its partners'. The EMP already comprises a mix of multilateral and regional activities on the one hand and Association Agreements and associated programmes that are negotiated bilaterally with the partners on the other hand. There has certainly never been a lack of ideas to advance the EMP – it is their implementation that has been rather more problematic. There is a lack of 'cross-pillar' functioning in the EMP; each basket is run in a more or less autonomous way, without much coordination with the others. The Association Agreements ought to include provisions on political dialogue, human rights, rule of law etc., but in the actual agreements these remain limited to very general stipulations, and even those have never been invoked. The regulations on the MEDA Programme link economic support to the promotion of human rights, fundamental freedoms and good-neighbourly relations, but here too in actual practice conditionality is very limited if not non-existent.<sup>11</sup> As a result, comprehensive security has been insufficiently translated into practice. The impression created is that the EU prefers stability over democratization and reform.

On the other hand, for positive conditionality to be effective, a *real* 'carrot' should be offered by the EU. Currently, it seems as if the Mediterranean partners are suffering all the hardships entailed by economic reforms necessitated by the projected free trade area, but without gaining much in terms of effective benefits in return, or even the near-term prospect of benefits. Undoubtedly, the most sensitive area in this regard is the EU's agricultural policy, the protectionist character of which produces major negative effects for its Southern trade partners.<sup>12</sup> But in the textile sector as well, limits have been imposed; real free trade applies only to oil, gas and industrial products. It has been argued that the result of these half-hearted policies has actually been a worsening of socio-economic conditions in the partner countries.<sup>13</sup> For this situation to be amended, a substantial effort would be needed on the part of the EU.

With regard to the Mediterranean, the added value of the Neighbourhood Policy therefore is not in the substance of the measures and working methods proposed.<sup>14</sup> Care should rather be taken to preserve the *acquis* of the EMP, so as not to lose its rich and varied approach to the many dimensions of Euro-Mediterranean relations.<sup>15</sup> What the Neighbourhood Policy does offer is an opportunity to re-launch the EMP, the possibility to have a fresh start. To grasp that opportunity, the Member States will have to muster the necessary political will to invest sufficient means and offer the neighbouring States real benefits.<sup>16</sup> Even if membership is not on offer for the remaining Mediterranean partners – except Turkey – other, 'silver' carrots can be devised.<sup>17</sup> Opening up to agricultural exports for one, or subsidizing major infrastructure projects. In the longer term, perhaps a 'Marshall Plan' for the Mediterranean could be the next grand project of the EU after enlargement, a major scheme as the only way to substantially and durably improve conditions on the Southern shore.<sup>18</sup> These real benefits should be related to clear benchmarks, to ensure real progress towards reform. As partners agreed at the latest ministerial meeting (Dublin, 5-6 May 2004): 'The level of EU support to the implementation of reforms should be related on a mutually agreed basis in a spirit of co-ownership, to the intensity of the efforts of the partners assessed under the framework of agreed evaluation instruments'.<sup>19</sup>

Without a substantial effort the Neighbourhood Policy will suffer the same fate as the 'old' EMP: well-intentioned principles, but very limited implementation. Promises only of the proverbial carrot will be insufficient, for they

<sup>11</sup> Erwan Lannon, Kirstyn Inglis & Tom Haenebalcke, 'The Many Faces of EU Conditionality in Pan-Euro-Mediterranean Relations'. In: Marc Marescau & Erwan Lannon (eds.), 'The EU's Enlargement and Mediterranean Strategies. A Comparative Analysis'. New York, Palgrave, 2001, pp. 97-138.

<sup>12</sup> Not to mention for the EU budget.

<sup>13</sup> Fred Tanner, 'North Africa. Partnership, Exceptionalism and Neglect'. In: Roland Dannreuther (ed.), 'European Foreign and Security Policy. Towards a Neighbourhood Strategy'. London, Routledge, 2004, pp. 135-150.

<sup>14</sup> The Commission proposes *inter alia* the following incentives: extension of the internal market and regulatory structures; preferential trade relations and market opening; perspectives for lawful migration and movement of persons; integration into transport, energy and telecommunications networks and the European research area; new instruments for investment promotion and protection; and support for integration into the global trading system.

<sup>15</sup> Martin Ortega, 'A New EU Policy on the Mediterranean?'. In: Judy Batt et al., 'Partners and Neighbours: A CFSP for a Wider Europe'. Paris, EU Institute for Security Studies, Chaillot Paper No. 64, 2003, pp. 86-101.

<sup>16</sup> William Wallace, 'Looking after the Neighbourhood: Responsibilities for the EU-25'. Paris, Notre Europe, Policy Paper No. 4, July 2003.

<sup>17</sup> Antonio Missiroli, 'The EU and its Changing Neighbourhood. Stabilization, Integration and Partnership'. In: Roland Dannreuther (ed.), op. cit., pp. 12-26.

<sup>18</sup> Martin Ortega, op. cit., p. 93.

<sup>19</sup> 'Euro-Mediterranean Mid-Term Meeting of Ministers of Foreign Affairs (Dublin, 5-6 May 2004) – Presidency Conclusions'. On conditionality see Dorothee Schmid, 'Interlinkages within the Euro-Mediterranean Partnership. Linking Economic, Institutional and Political Reform: Conditionality within the Euro-Mediterranean Partnership'. Lisbon, Instituto de Estudos Estratégicos e Internacionais, 2003, EUROMESCO Paper No. 27.

have been made too often already. Implementing the Neighbourhood Policy should be nothing less than a top priority. In the long term, if it is successful, the Neighbourhood Policy could, through permanent close interaction and sharing of norms and values, lead to the progressive emergence of new 'security communities'<sup>20</sup> encompassing the EU – a 'security community' in itself that is expanding through enlargement – and the neighbouring regions or sub-regions.

#### What of the Security Dimension?

Even though no direct security threats to the EU are emanating from the Mediterranean, the EMP and the Neighbourhood Policy cannot do without a politico-military or security dimension as a necessary component of a comprehensive approach. The security dimension, which is included in the first basket of the EMP, must complement policies in the other fields of external action. On the one hand, politico-military cooperation is an aspect of the long-term stabilization and conflict prevention that the comprehensive approach aims for: exchange of information, exchange of liaison officers, observing exercises, joint manoeuvres and eventually joint operations, arms control, non-proliferation and disarmament all increase mutual trust, both in North-South and South-South relations. Secondly, in the event of crises that require some sort of military intervention, involving the threat or use of force or not, established politico-military cooperation provides a much more effective framework for consultation and, preferably, joint action than ad hoc arrangements or unilateral initiatives on the part of the EU or one or more of the Mediterranean partners. As ESDP continues to develop, the EU becomes an ever more capable actor in this field.

This politico-military dimension, including the willingness to use force if necessary, is not contradictory to the so-called 'civilian character' of the EU or the EMP, contrary to what *inter alia* Jünemann and Smith<sup>21</sup> fear. The defining question is *when*, under what circumstances, and not *if* force can be used. Maintaining the option of the use of force as an instrument of last resort, to be used according to international law, is in line with Maull's definition of 'civilian power' as including military power 'as a residual instrument'.<sup>22</sup> Without the willingness to apply pressure, sanctions and, if need be, force, EU external action will not acquire the credibility it needs to be effective. This leads Stavridis to the assertion that 'thanks to the militarising of the Union, the latter might at long last be able to act as a real civilian power in the world'.<sup>23</sup> Keukeleire too concludes that what he terms 'structural foreign policy' can be effective only 'if it goes hand in hand with an effective traditional foreign policy which can be supported by military instruments'.<sup>24</sup> The deciding factor is that since it has acquired a military capacity, the EU still presents itself, not as a 'traditional' power, but as 'a power which is unique because it will be able to use military means as an integrated part of a much broader range of political, economic and diplomatic means'.<sup>25</sup> As Gnesotto states, 'the great debate of the 1980s over Europe as a civil power or a military power definitely seems to be a thing of the past [...] what the Union intends to become is a *sui generis* power'.<sup>26</sup> 'Comprehensive security' therefore is a term better suited to the EU than 'civilian power', as it emphasises the integration of all fields of external action, and avoids the paralysing debate on the validity of the claim to 'civilian power-status' when possessing a military dimension that is inherent in the literature on the latter.<sup>27</sup>

Proposals to enhance the security dimension of the EMP are abundant. In its 2000 Common Strategy on the Mediterranean Region the EU already stated its intention 'to make use of the evolving common European policy on security and defence to consider how to strengthen, together with its Med partners, cooperative security in the

<sup>20</sup> Adler & Barnett define a 'pluralistic security community', that can evolve from 'loosely' to 'tightly coupled' as 'a trans-national region comprised of sovereign States whose people maintain dependable expectations of peaceful change'. (Emanuel Adler & Michael Barnett (eds.), 'Security Communities'. Cambridge, Cambridge University Press, 1998).

<sup>21</sup> Annette Jünemann, 'Repercussions of the Emerging European Security and Defence Policy on the Civil Character of the Euro-Mediterranean Partnership'. In: Mediterranean Politics, Vol. 8, 2003, No. 2-3, pp. 37-53. Karen E. Smith, 'The End of Civilian Power EU: A Welcome Demise or a Cause for Concern?' In: The International Spectator, Vol. 35, 2000, No. 2, pp. 11-28.

<sup>22</sup> Hans Maull, 'Germany and Japan: The New Civilian Powers'. In: Foreign Affairs, Vol. 69, 1990, No. 5, pp.92-93.

<sup>23</sup> Stelios Stavridis, "'Militarising' the EU: The Concept of Civilian Power Revisited". In: The International Spectator, Vol. 41, 2001, No. 4, pp. 43-50.

<sup>24</sup> Stephan Keukeleire, 'Reconceptualising (European) Foreign Policy: Structural Foreign Policy'. Paper presented at the ECPR First Pan-European Conference on European Union Politics, Bordeaux, 26-28 September 2002.

<sup>25</sup> Henrik Larsen, 'The EU: A Global Military Actor?'. In: Cooperation and Conflict, Vol. 37, 2002, No. 3, pp. 283-302.

<sup>26</sup> Nicole Gnesotto, 'European Strategy as a Model'. In: EU Institute for Security Studies, Newsletter No. 9, January 2004, pp. 1 & 4.

<sup>27</sup> This division within the literature on 'civilian power' is already apparent in the earliest authors' writings. Whereas the 'founder', Duchêne, used the term 'civilian power' to refer to the EEC, which did not possess a military capacity at all, Maull applied the concept to Germany and Japan, which do have armed forces. (François Duchêne, 'Europe's Role in World Peace'. In: Richard Mayne, 'Europe Tomorrow'. London, Fontana, 1972).

region'. So far however, all efforts to add substance to it have failed in the face of the unwillingness of the Mediterranean partners. Consequently, political dialogue has remained at a low level and only a few partnership measures have been implemented: a network of contact points for political and security matters; training seminars for diplomats; the EUROMESCO network of foreign policy institutes; a register of bilateral agreements among the partner countries; exchange of information on partner countries' adherence to international conventions on terrorism, human rights, arms control and disarmament, armed conflict and international law; and a pilot project on natural and man-made disasters. These measures are limited not only in number, but also in scope: they are mainly declaratory and deal with neither military cooperation nor crisis management. Measures regarding arms control, disarmament or non-proliferation are conspicuously absent, even though these are among the region's most important security issues.

The Valencia Action Plan adopted by the 5<sup>th</sup> Euro-Mediterranean Conference (22-23 April 2002), an important attempt to define concrete actions to further the EMP, listed 'effective dialogue on political and security matters, including on the ESDP' among the measures to be taken. Subsequently, on 19 March 2003, the Council endorsed a set of proposals aiming to open up ESDP to the Mediterranean partners.<sup>28</sup> An enhanced dialogue has been created, including meetings between the troika of the Political and Security Committee (PSC) and the heads of mission of the Mediterranean partners once each Presidency, as well as meetings at expert level; partners can also establish contact with the Secretariat General of the Council and with the Commission. Flexibility has been introduced – partners can themselves decide on the scope and intensity of their participation – and progressiveness. The initial aim is to familiarize partners with ESDP objectives and procedures. In a mid-term perspective partners that are willing can be invited to observe manoeuvres, to appoint liaison officers to the EU Military Staff and to participate in EU training courses. This gradual process should pave the road to participation by Mediterranean partners in actual EU-led crisis management operations, to which the Council can invite them on a case-by-case basis.<sup>29</sup> In spite of this offer on the part of the EU, partner countries have remained extremely reluctant to engage however; so far, the dialogue has gained little substance.

Foremost to explain this lack of political will is the Middle East conflict. On a par with socio-economic conditions, notably the poverty of the majority of the population, and the lack of democratic institutions, leading to delegitimization of existing regimes, extremism and internal instability, the eternal conflict between Israel and Palestine continues to be the main cause of instability in the region. As such, it is the main stumbling-block for an enhanced security partnership between both shores of the Mediterranean. One cannot expect partners to engage in far-reaching security cooperation when they are divided on the question of an armed conflict hanging over the whole region, and when moreover a number of them criticize EU policy on the issue as too passive. Furthermore, authoritarian regimes abuse the conflict as a ground of legitimacy. Significant steps towards a resolution of the conflict are a necessary prerequisite for a security partnership to really take off. Proposals for a security partnership that ignore resolution of ongoing conflicts are not taken seriously. The same actually holds true for other unresolved conflicts and disputes in the area: Western Sahara, Algeria and, in spite of recent mediation efforts with a view to the island's undivided accession to the EU, Cyprus – although it is far from certain that in all these cases all parties concerned would welcome any EU involvement. Since EU enlargement on 1 May 2004, the importance of the Middle East conflict for the EMP has become even more pronounced, for with the accession of Cyprus and Malta, and with Turkey having a special status as a candidate member and as a NATO Ally, the partners comprise only the Mediterranean Arab countries and Israel.<sup>30</sup>

The dissatisfaction with the EU's limited investment in the financial and economic chapter is a second reason. It is often felt that the EU puts undue emphasis on the security aspects of the EMP, to the detriment of the economic basket which the Mediterranean partners consider to be the field for priority action.

Thirdly, there is certain distrust with regard to ESDP itself. With the Gulf War and the intervention in Kosovo in mind, there is a fear to become objects of 'Western interventionism'. In the mid-1990s the formation of two multinational military units, EUROFOR and EUROMARFOR, by the EU's Southern Member States was already viewed with considerable suspicion. Indeed, states on the Southern shore of the Mediterranean considered the units to

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<sup>28</sup> On proposals to deepen the security partnership see Sven Biscop, 'Opening up the ESDP to the South: A Comprehensive and Cooperative Approach to Euro-Mediterranean Security'. In: *Security Dialogue*, Vol. 34, 2003, No. 2, pp. 179-193. *Ibid.*, 'Euro-Mediterranean Security: A Search for Partnership'. Aldershot, Ashgate, 2003.

<sup>29</sup> The situation is different for Turkey: like the other non-EU European members of NATO, it is already involved in a close dialogue on ESDP, it is automatically invited to participate in all EU operations using NATO assets and it can be invited to EU only operations on a case-by-case basis.

<sup>30</sup> Fred Tanner, *op. cit.*, p. 140.

be mainly directed against them. In view of the initial absence of a strategic concept, it was easy to see the development of the ESDP and the creation of a rapid reaction force for the EU in a similar light. It is not difficult to imagine how the debate on 'pre-emption' can fuel this fear of 'interventionism'. Research shows however that more important than actual distrust is a generalized lack of information about ESDP – which can of course easily be abused to create distrust, notably by nationalist and Islamist sectors of society. This lack of information either leads to scepticism regarding the ability of the EU to become an effective international security actor or, quite the opposite, to unrealistically high expectations regarding a potential EU role in the Middle East conflict. There are positive views of ESDP also however, because its development is seen as evidence of multilateralism and as a way to balance the US.<sup>31</sup> These positive sentiments must be built upon.

Fourthly, on a more general level, in the partner countries there is limited interest in the Mediterranean as an organizing concept of policy, both among policy-makers and academics. The EMP is mostly seen as a way of addressing relations with the EU; regional dynamics and South-South regional integration between the Mediterranean partners receive far less attention. From the perspective of the EU, security is an obvious dimension of its Neighbourhood Policy, but for the partners themselves, 'Mediterranean security in itself does not seem to have an autonomous *raison d'être*',<sup>32</sup> hence their lack of enthusiasm for multilateral security cooperation at the regional level. It should also be acknowledged that Mediterranean partners are less familiar with notions such as comprehensive security, cooperative security and confidence and security-building measures.

Finally, it must not be ignored that with regard to those partner States that have authoritarian forms of government and where the armed forces play an important part in politics, politico-military cooperation with the EU is a double-edged sword. On the one hand, it could serve to enhance the status of the current regime – which might in some cases run counter to EU objectives in the field of democratization, human rights and the rule of law. On the other hand, cooperation that is conditional upon reform in precisely those fields would undermine the position of these regimes, which explains why they are not very forthcoming. Furthermore, large parts of public opinion are often not in favour of security cooperation with 'the West', which again would have negative consequences for the regimes' internal power base.

#### *Enhancing the Security Dimension: An Incremental Process*

Obviously, in view of the lack of political will on the side of the Mediterranean partners, enhancing the security dimension of the EMP cannot be but a very incremental process. In the field of security, the EU has a major problem of credibility vis-à-vis its Mediterranean partners, which rules out any grand schemes in the near future. But as this lack of credibility is to a large extent based on a lack of information, which is at the same time an important source of distrust, it is not without mending. Two concrete initiatives might be considered by the EU.

*Firstly*, the EU could step up its efforts to *communicate about the aims and nature of ESDP*. The absence of a strategic concept for ESDP was an important cause of suspicion regarding the true intentions of the EU. Now that the ESS has filled this strategic vacuum, offering as it does a strategic framework for the whole of EU external action, the document should be publicized much more than it is. Even within the EU, the ESS is little known outside the small circles of policy-makers and experts. The EU could consider an exercise in outreach, not only in the limited framework of the EMP dialogue on ESDP, but also to academia, journalists and NGOs in the partner countries. The EUROMESCO network for one could play an important role in this regard.

Perhaps in a later stage such a dialogue about the ESS could lead to a truly *joint reflection* on the specifics of the Mediterranean region, along the same lines as the ESS – the challenges posed by the security environment, the objectives, and their policy implications – in order to arrive at a common document at the regional level, next to the bilateral Action Plans, which could put down guidelines for cooperation and serve as a framework for an enhanced security partnership similar to the way the ESS does – or should – for EU external action. By tackling it from this new angle, the debate on the Euro-Mediterranean Charter for Peace and Stability, which has been moribund ever since at the 1999 Stuttgart Ministerial it was decided to postpone its adoption until 'political circumstances allow', could be given a new impetus, be it not in the short term.

*Secondly*, the EU need not wait for the dialogue on ESDP to have advanced further to *invite partner countries to participate in its operations*. At its Istanbul summit in June 2004, NATO decided to hand over operations in Bosnia-Herzegovina (SFOR) to the EU by the end of the year; the EU will stage an operation making use of NATO assets under

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<sup>31</sup> Alvaro de Vasconcelos, 'Launching the Euro-Mediterranean Security and Defence Dialogue'. Lisbon, Instituto de Estudos Estratégicos e Internacionais, 2004, EUROMESCO Brief. Annette Jünemann, op. cit., pp. 45-6.

<sup>32</sup> Gamal A. G. Soltan, 'Southern Mediterranean Perceptions and Proposals for Mediterranean Security'. Lisbon, Instituto de Estudos Estratégicos e Internacionais, 2004, EUROMESCO Brief.

the Berlin+ framework. The take-over of SFOR presents an excellent opportunity for the EU to invite its Mediterranean partners, for a number of them have already taken part in NATO operations in the Balkans in the past or are still present with their forces today. In the first half of 2004, Morocco had 350 troops in SFOR and a field battalion in Kosovo (KFOR); Egypt and Jordan have taken part in IFOR, SFOR's predecessor, in the past, while the latter has also participated in KFOR. For these countries at least, taking part in an EU operation using NATO assets, i.e. in a very similar framework, on familiar terrain, ought to be politically feasible. The EU and NATO could very well take a joint initiative to put the proposal to all the States involved in NATO's Mediterranean Dialogue – Algeria, Egypt, Israel, Jordan, Mauritania, Morocco and Tunisia – and to the other Mediterranean partners of the EU. Taking part in an actual EU operation and witnessing ESDP functioning in the field should go a long way to improve the credibility of the EU. Participation would of course be on a voluntary basis, open at all times to the Mediterranean partners that are willing.

As Ministers noted at the Naples Euro-Mediterranean Conference (2-3 December 2003), 'some of the Mediterranean partners already work with the EU in peacekeeping activities (Balkans, Africa) under the UN aegis'. E.g. in the first half of 2004 Morocco and Tunisia contributed with contingents of 826 and 465 respectively to MONUC, the UN mission in the Democratic Republic of Congo, while Algeria, Egypt and Jordan were also present with military observers and/or civilian police. On the EU side in that same period Sweden was present with a contingent of 86, with Belgium, the Czech Republic, Denmark, France, Ireland, Poland, Portugal, Sweden, Spain and the UK contributing observers and/or police. From June to September 2003, the EU at the request of the UN also implemented an operation of its own, 'Artemis', to secure the area around the city of Bunia in the Eastern province of Ituri. Such common participation in a UN operation could be the subject of a fruitful exchange in the framework of the EMP dialogue on ESDP, on lessons learned, best practices etc. It could also lay the foundations for involvement of Mediterranean partners in future EU operations, in Africa e.g., particularly operations at the request of the UN. Would an intervention in crises such as that in the Darfur region of Sudan e.g., if the international community could muster the necessary political will that is, not lend itself to Euro-Mediterranean cooperation? The EU has recently adopted a new Common Position on conflict prevention, management and resolution in Africa, outlining an ambitious comprehensive approach, with a strong emphasis on empowerment of African actors.<sup>33</sup> Britain, France and Germany have launched the idea to create 1500-strong rapidly deployable 'battle-groups' to contribute primarily to UN operations. As the EU gradually takes on a more 'expeditionary' role, as can be expected, taking on more responsibility for international peace and security and implementing the ESS, those Mediterranean partners that are willing could easily be involved. This would answer the call from the latest Euro-Mediterranean Ministerial, in Dublin, to explore cooperation in concrete activities.

These very concrete steps would all contribute to increasing confidence between both sides of the Mediterranean and to enhancing the credibility of the EU as an international actor, thus to prepare the ground for a deepening and institutionalization of the security dimension of the EMP in the longer term. The next steps could then firstly include the measures already foreseen by the Council: a more substantial and perhaps also more regular dialogue at PSC and expert level, detaching liaison officers to the EUMS, and taking part in EU training and manoeuvres.

In the longer term further-reaching steps can be imagined:

- standard procedures for joint crisis management in the event of crises in the EMP area, to allow for joint decision-making and action; taking into account partners' sensitivities, it would seem recommendable to provide for – at least – automatic consultation whenever the EU considers an intervention in the region; an automatic invitation to participate in any EU operations in the Mediterranean could perhaps follow in an even later stage;
- a Euro-Mediterranean situation centre, to collect and analyze data – provided on a regular basis by partners on both sides of the Mediterranean – on a number of agreed items, and to monitor developments with crisis potential;<sup>34</sup>
- multinational forces including contingents from the Mediterranean partners, e.g. on the basis of EUROFOR and EUROMARFOR;
- joint action on landmines and air/sea search and rescue;
- a wide range of confidence and security-building measures, e.g. prior notification of major manoeuvres, participation in the UN system of standardized reporting of military expenditure, an encyclopaedia of terminology on security.

Finally and more generally, in the longer term an update of the Common Strategy on the Mediterranean Region can be considered. A new text, concise, along the lines of the ESS, but also more precise, to be elaborated in much closer

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<sup>33</sup> 'Council Common Position 2004/85/CFSP of 26 January 2004 Concerning Conflict Prevention, Management and Resolution in Africa and Repealing Common Position 2001/374/CFSP'. In: Official Journal, 2004, L021, pp.25-29.

<sup>34</sup> On the idea of a conflict prevention centre see Stephen Calleya, 'Conflict Prevention in the Mediterranean: A Regional Approach'. In: Bo Huld, Mats Engman & Elisabeth Davidson (eds.), 'Euro-Mediterranean Security and the Barcelona Process. Strategic Yearbook 2003'. Stockholm, Swedish National Defence College, 2002, pp. 41-59.

consultation with the Mediterranean partners than the current document, could summarize the new approach, based on the ESS, the Neighbourhood Policy and the joint reflection on security proposed above, and translate this into operational objectives.

*Obstacles posed by the International Context*

For the time being however, the EU had better concentrate on small, incremental but concrete steps, as for more substantial advances to be possible in the security field, the regional context as such must improve significantly as well.

This context imposes that on the one hand, the EU should make an earnest effort and invest sufficient means to implement the Neighbourhood Policy, to answer the socio-economic concerns which the Mediterranean partners hold to be most important, but also to ensure the comprehensive nature of its approach, i.e. to maintain the link between politico-military cooperation, political reform and economic support that is at the core of 'Wider Europe'. Politico-military cooperation had best been put in the context of the bilateral Action Plans, in which mutual commitments and objective benchmarks must be clearly defined. Even if politico-military cooperation cannot be obligatory, participation in certain activities could certainly be included among the steps meriting the accordance of specific benefits. In the absence of conditionality, politico-military cooperation might be counterproductive with regard to the objective of promoting democratization, respect for human rights and the rule of law. Security sector reform should actually be among the explicit objectives of the EU, especially in the context of the ongoing fight against terrorism, the label of which is all too easily abused by security agencies and armed forces to silence legitimate opposition.

On the other hand, significant steps towards a settlement of the Middle East conflict are a *conditio sine qua non* for the establishment of any durable security arrangement in the Mediterranean. As the ESS itself states: 'Resolution of the Arab/Israeli conflict is a strategic priority for Europe. Without this, there will be little chance of dealing with other problems in the Middle East'. This can only be achieved through a major joint effort by the EU and the US. Again this view has been included in the ESS: 'The two state solution – which Europe has long supported – is now widely accepted. Implementing it will require a united and cooperative effort by the European Union, the United States, the United Nations and Russia [...]'. Regardless of the position of the US though, as the Commission has stated, 'The EU should take a more active role to facilitate settlement of the disputes over Palestine [and] the Western Sahara [...] Greater EU involvement in crisis management in response to specific regional threats would be a tangible demonstration of the EU's willingness to assume a greater share of the burden of conflict resolution in the neighbouring countries'.<sup>35</sup>

Because of the predominance of the Middle East conflict, without significant steps towards its resolution other schemes for the region have very limited chances of success. The American 'Greater Middle East Initiative' (GMEI) is a case in point.<sup>36</sup> This originally very ambitious scheme to promote democracy in the 'Greater Middle East', which in the American definition includes the Arab States, Israel, Turkey, Afghanistan, Pakistan and Iran, has already been watered down in the running-up to the different summits taking place in June 2004 (EU-US, Arab League, European Council, NATO), because of the extremely reluctant reactions of the Middle Eastern States concerned.<sup>37</sup> It is difficult to see how such an initiative on the part of the US could have met with any other reaction in the current context of the widely contested American-led occupation of Iraq and of American passivity with regard to, or even outright support for, unilateral actions by the Sharon government that run contrary to the agreed road to peace, with regard to the Middle East conflict.<sup>38</sup> It could be said that the Bush administration just lacks the moral authority in the region to propose democratic changes.<sup>39</sup> The GMEI also seems to span just too large an area, which comprises States that are too different for a single unified approach to be workable, and which does not constitute a single 'security complex'.<sup>40</sup> The area of application seems to have been defined by the needs of the US' 'war on

<sup>35</sup> COM (2003) 104 final, p. 12.

<sup>36</sup> Robin Wright & Glenn Kessler, 'Bush Aims for "Greater Mideast" Plan. Democracy Initiative to be Aired at G8 Talks'. In: The Washington Post, 9 February 2004.

<sup>37</sup> At its May 2004 Summit, the Arab League adopted a 'Pledge of Accord and Solidarity', in which leaders called for 'broader participation in public affairs' and human rights and the strengthening of the role of women 'in line with our faith, values and traditions'. The document can be seen as a local response to the external GMEI, although its value on the ground is questionable. 'Arabs Set Rules for Use of Troops in Iraq'. In: International Herald Tribune, 24 May 2004.

<sup>38</sup> US Secretary of State Colin Powell paints a positive picture of US policy under the Bush administration, stressing its part in the creation of the Quartet and the promotion of reform of the Palestinian Authority, and emphasizing the negative role of Yasir Arafat: '[...] it is now clear to all where the real problem lies'. Colin L. Powell, 'A Strategy of Partnerships'. In: Foreign Affairs, Vol. 83, 2004, No. 1, pp. 22-34.

<sup>39</sup> Martin Ortega, 'Options for the Greater Middle East. Report of the Seminar held in Paris on 3 May 2004'. EU Institute for Security Studies, [www.iss-eu.org](http://www.iss-eu.org).

terrorism' rather than by any inherent characteristics. These differences imply that even if a stable, democratic Iraq emerges in the short term, a democratic domino-effect in the region is highly unlikely. Furthermore the GMEI has at least been perceived as putting too much emphasis on external intervention – or on 'imposing' democracy – ignoring the internal dynamics that are necessary to achieve any durable change. And popular criticism of current regimes does not necessarily translate into support for external intervention; in the wake of the invasion of Iraq, any American or British involvement in particular is highly sensitive.<sup>41</sup> These criticisms seem to have been taken into account when on 9 June 2004 the G8 summit finally adopted a much more moderate 'Partnership for Progress and a Common Future with the Region of the Broader Middle East and North Africa'. The G8 document mentions the need to coordinate different initiatives and includes a detailed list of measures envisaging to support internally driven economic and political reform, but lacks references to budgets and concrete implementation.

All this is not to say of course that promoting reform is not necessary in the States of the region, which is precisely one of the long-standing objectives of the EMP – the EU has not 'discovered' the need for democratization after '9/11'.<sup>42</sup> In the current context therefore, US efforts would seem better spent supporting the established EMP rather than by launching a separate initiative, with a joint EU-US shift to a higher gear being possible after steps have been taken with regard to the Middle East conflict. The watered-down US proposals are in fact very close to what the EU is already doing – or attempting – in the framework of the EMP.

As to the countries outside the EMP, the ESS states that 'a broader engagement with the Arab world should also be considered'. This can be seen as a reference to the report on the EU's relations with the Arab world that Romano Prodi, Javier Solana and Chris Patten submitted to the December 2003 European Council, in which they recommend, for the States outside the Barcelona Process, 'to explore proposals for a possible regional strategy for the Wider Middle East, comprising relations with GCC<sup>43</sup> countries, Yemen, Iraq and Iran'.<sup>44</sup> This one sentence in the Strategy thus ambitiously extends the EU's definition of its neighbourhood, but rightly so, for relations with these States are less developed, while at the same time certain security issues affecting the members of the EMP, notably in the Middle East, obviously cannot be tackled without them. These States would not be included in the Neighbourhood Policy or the EMP, but an additional framework is envisaged which would be closely linked to both existing frameworks. A strategy document to that end was adopted by the June 2004 European Council, the 'EU Strategic Partnership with the Mediterranean and the Middle East or 'Wider Middle East'. Again, the US could support this initiative and envisage further joint steps in a later stage. Indeed, an effective partnership with the Mediterranean and the Greater/Wider Middle East is more crucial to the EU than to the US, because of geographic proximity, the EU's greater energy dependence and the large Arab population living within the EU. But within the EU itself as well, an exercise in coordination seems absolutely necessary, as it is far from clear yet how exactly the different policy framework – EMP, Neighbourhood Policy, Wider Middle East – will relate to each other.

EU-US cooperation is the key, with regard to the Middle East conflict, as each is only accepted as an impartial mediator by one party to the conflict, and with regard to comprehensive partnerships in the Mediterranean and the Gulf regions, as only their combined financial and other efforts will have a sufficient impact. The rapid succession of international initiatives with regard to the region certainly calls for thorough coordination. Unfortunately, Brussels and Washington continue to differ, the former considering the Middle East conflict as the absolute priority to be dealt with before there is the slightest chance of success of dealing with any other matter, while the latter still seem to hope that somehow, the problem will disappear almost by itself if only Iraq can be stabilized and then the process of democratization of the 'Greater Middle East' can be launched. As Ottaway and Carothers frankly put it: 'The attempt to launch a new initiative without discussing the peace process is a triumph of abstract logic over political reality'.<sup>45</sup> In fact, it can be argued that the US has already missed an enormous opportunity to re-launch the peace process by opting for support for harsh and un-reconciling Israeli policies, under the guise of anti-terrorism, instead of brokering an agreement when, immediately following '9/11', a lull in the violence occurred as all Palestinians were stunned by the

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<sup>40</sup> E.g. India is much more central to Pakistan's security than the Middle East.

<sup>41</sup> Tim Niblock, 'Reform and Reconstruction in the Middle East: Room for EU-US Cooperation?'. In: *The International Spectator*, Vol. 38, 2003, No. 4, pp. 47-58.

<sup>42</sup> Volker Perthes, 'America's Greater Middle East and Europe. Key Issues for the Transatlantic Dialogue'. Berlin, Stiftung Wissenschaft und Politik, 2004, SWP Comments No. 3.

<sup>43</sup> The Gulf Cooperation Council: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

<sup>44</sup> 'Strengthening EU's Relations with the Arab World'. <http://ue.eu.int/pressdata/EN/reports/78372.pdf>.

<sup>45</sup> Marina Ottaway & Thomas Carothers, 'The Greater Middle East Initiative: Off to a False Start'. Washington DC, Carnegie Endowment for International Peace, 2004, Policy Brief No. 29.

horrendous events and their potential impact on the region. The conclusion is that an EU-US forum for permanent consultation and coordination of policies on the Mediterranean and the Greater/Wider Middle East is more than necessary.

#### *Coordinating with NATO's Mediterranean Dialogue*

For the large part, the Southern States' objections with regard to the security dimension of the EMP also apply to NATO's Mediterranean Dialogue (MD), except for the fact that NATO, which is generally associated with the US, does not suffer the same lack of credibility as ESDP. In the current context, this perception of American domination of the Alliance has a rather negative impact on NATO's image however.

Without any doubt, the participation of Dialogue countries in NATO operations (IFOR/SFOR and KFOR) is a great success; it is probably the most important achievement of the NATO MD. The Dialogue suffers from an inherent limitation however. Because of the nature of the Alliance, the NATO MD obviously concerns only the politico-military dimension, which renders the implementation of the comprehensive approach, linking security cooperation to commitments in other fields, difficult. E.g. Algeria, which originally was not invited to join the MD because of its internal crisis, was admitted in 2000, in spite of ongoing violence in which both the government and extremist Islamists were involved; the political opportunity of this move was highly questionable. Clearly, the EMP, which is more comprehensive in terms of both membership and substance, is the framework offering the better prospects for partnership with and reform in the South, which is not to say that the NATO MD is not very valuable as a North-South confidence-building measure.<sup>46</sup> It could be argued however that the existence of several frameworks for security dialogue with the Mediterranean alongside each other – the EMP, the NATO MD, and the OSCE as well as its 'Mediterranean Partners for Cooperation'<sup>47</sup> – in itself is one of the causes of Mediterranean States' reluctance to engage in security partnership, as it is not clear to them what is the purpose of all these separate schemes.

NATO decided to enhance the MD at its June 2004 Istanbul summit, deepening the partnership with current Dialogue countries as well as offering a framework to the States of the GCC through the 'Istanbul Cooperation Initiative'. The Alliance is facing the same reluctance on the part of the Southern States as the EU however, so scepticism is in order with regard to the actual implementation of these intentions. Some have also been pleading for a NATO role in support of the GMEI. One has to fear overstretch of the Alliance however: given NATO's difficulties to find the capabilities to fulfil its commitments in Afghanistan, the Alliance appears to lack the capacity and, under the current circumstances, the legitimacy to play such a role.<sup>48</sup>

In view of their similar objectives, and in order to ensure that all actions, including those in the economic and social baskets of the Barcelona Process, are mutually reinforcing, increased coordination of the NATO MD and the EMP certainly is the way ahead. Currently, coordination is limited to informal exchanges of information between NATO and the EU. Perhaps in the longer term, in view of the more comprehensive nature of the EMP, NATO MD activities should be focussed on the EMP agenda, in order to achieve maximal complementarity. This would also meet at least part of Southern partners' concerns regarding coordination between the different dialogues. EU-NATO cooperation on promoting Mediterranean partners' participation in the EU successor operation to SFOR would be a very concrete and extremely useful example. Furthermore, such an arrangement would better reflect the emerging division of labour between NATO and the EU, in which the latter gradually assumes first-level responsibility for security issues in its neighbourhood, as witnessed e.g. by the planned take-over of SFOR. This evolution springs from the long-standing demand, on the part of the US, for more burden-sharing within the Alliance, and the increasing capacity of the EU to respond to that demand, because of the ongoing development of ESDP. Whether the US, apart from welcoming increased military involvement in the Balkans, is also looking forward to an enhanced EU profile in the Mediterranean, and particularly in the Middle East, is rather a different question though.

#### *Conclusion*

The current international situation is extremely unfavourable to any initiatives with regard to the Mediterranean

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<sup>46</sup> Sven Biscop, 'Network or Labyrinth? The Challenge of Co-ordinating Western Security Dialogues with the Mediterranean'. In: *Mediterranean Politics*, Vol. 7, 2002, No. 1, pp.92-112. Helle Malmvig, 'From Diplomatic Talking Shop to Powerful Partnership? NATO's Mediterranean Dialogue and the Democratisation of the Middle East'. Copenhagen, Danish Institute for International Studies, 2004, DIIS Brief.

<sup>47</sup> Algeria, Egypt, Israel, Jordan, Morocco and Tunisia.

<sup>48</sup> Nick Fiorenza, 'A Greater NATO Role in the Greater Middle East?'. In: *ISIS-Europe NATO Notes*, Vol. 6, 2004, No., pp.1-2.

and the 'Greater/Wider/Broader Middle East'. The invasion and subsequent occupation of Iraq, transgressing the bounds of international law, in combination with an attitude of at best passivity towards the Middle East conflict, but often even of quasi unconditional support for the Israeli government, has cost the US dearly in terms of leverage in the region. The invasion of Iraq has certainly increased the appeal of extremism; if anything, a settlement in the Middle East and democratization of the wider region now seem further off than before. The EU as such has maintained a degree of credit with its Mediterranean partners and in the wider region, but rather for not joining in with the US than because of any concrete action it might have taken. In the present circumstances, joining the US in the administration of Iraq, even in a UN framework, would certainly lose the EU its remaining credit, thus removing the alternative channel for action in the region which the EU, in a limited way, still presents, while the added value would be very limited. Militarily, the limited capabilities that the EU Member States that are not already present could deploy, would make little or no difference on the ground. But politically as well, the EU – and the UN and NATO too – would most probably simply be drawn into the bath with the US and forfeit their remaining legitimacy, without the occupation gaining any. For these reasons, a trade-off like some propose, EU involvement in Iraq for a US initiative on the Middle East conflict, would in practice be unworkable. Only a request by a legitimate Iraqi government that truly enjoys the support of the majority of the population would provide sufficient basis for EU involvement.

The time is not ripe for grand schemes, unless it be with regard to the Middle East conflict. While continuing to put pressure on its partners in the Quartet for a settlement of the Middle East conflict, as the precondition for any major progress, the EU should in the meantime concentrate on the implementation of its Neighbourhood Policy, in the hope that the offer of concrete benefits will succeed in revitalizing the EMP; can take small, but equally concrete steps with regard to the security dimension of the EMP, paving the way for more substantial steps later; and can gradually enhance its relations with States in the 'Wider Middle East', also in preparation of a more substantial partnership in the longer term. The EU still enjoys credit – making use of that, it can prepare the ground for a major initiative in the future, hopefully in close partnership with the US, for in spite of huge differences on how to achieve them, Brussels and Washington ultimately do share the same objectives.

# THE EU AND DEMOCRACY PROMOTION: A STRATEGY OF DEMOCRATIZATION IN THE FRAMEWORK OF NEIGHBOURHOOD POLICY?

Elena BARACANI

## *Introduction*

In this paper we start to address two main questions: whether it is possible to talk of a strategy of democracy promotion in the framework of the European Neighbourhood Policy (ENP), and what are similarities and differences – in particular as concerns method and content – with the main EU democracy promotion strategy.

We have decided to analyse the topic of democracy promotion in the framework of the ENP for three interrelated reasons. First, democratization is one of the most important trend in the international system; second, the EU is one of the most active external actor in the promotion of democracy towards third-States; and third, the ENP is going to be developed in the next years, and is going to become an important part of the EU external relations.

The argument is developed into three main parts. The first part deals with definitions of democracy and democratization, and we are going to explain why democratization may be considered one of the main important trend in the international system. In the second part we describe the main juridical basis for EU democracy promotion and what are the main policies in the framework of which the Union promotes democracy: enlargement towards candidate countries and stabilization and association towards potential candidates in the Western Balkans, focussing on the first one. In this part, we are also explaining why the EU is one of the most active international actor in the promotion of democracy towards third-States and how the Union makes use of its experience in democracy promotion today. In the last part we analyze which could be – on the basis of the Commission formal documents – the strategy of democracy promotion in the framework of the ENP, focussing, in particular on method and content of this strategy.

As concerns recent scholarship on the role of international institutions in democratization reforms, much scholarship has focused on the role of the EU, within this literature most attention goes to analyzing the democratic transformation of the formerly communist Central and Eastern European countries (CEEs). Several studies have touched on EU democracy promotion efforts in certain regions – for instance, in the Euro-Mediterranean Partnership framework and in EU relations with the ACP countries. After March 2003, the attention of European policy-makers and commentators is beginning to shift towards the new neighbours: in northern Africa, southern and eastern Mediterranean and in the Southern Caucasus. As the ENP is a new policy, we are starting to explain which could be, in the following years, a strategy of democracy promotion in the framework of this policy, and to compare it – in a systematic way - with the main European democracy promotion strategies.

## *1. Democracy and democratization*

In this part we start with definitions of democracy, to arrive to give a meaning to democratization, which is one of the most important trends in the international system. The literature on democracy and democratization is very broad, we refer to the works and definitions of Morlino.

### *1.1. Definitions of democracy*

For long time the meaning of democracy has been discussed. In the last decades, when we talk of democracy, we refer to the liberal mass democracy developed in the western experience. According to Morlino<sup>1</sup>, to understand the democratic *genus*, it is important to distinguish six different definitions of a democratic political regime<sup>2</sup>: general, procedural, genetic, minimum and normative (see figure 1).

A general empirical definition has been given by Dahl [1979]: all political regimes, which guarantee the real participation of the wider male and female adult population and the possibility to dissent and opposing, may be considered democracies.

A procedural definition of democracy stresses the formal norms and institutions of a democratic regime, in particular the followings: formal norms or procedures which regulate the vote at universal suffrage; free, fair, competitive and periodic elections; a parliament with decision-making and control powers elected with the above mentioned

<sup>1</sup> L. Morlino, *Democrazie e Democratizzazioni* (Bologna: il Mulino, 2003), pp. 18-31.

<sup>2</sup> With 'regime' we mean institutions and norms of specific political asset. In a narrow sense, do not make part of a regime all bureaucratic apparatus, like administration, magistracy, police, army and all other structures existing in modern democratic countries. These bureaucratic apparatus make part of the 'state', which may coexist with different regimes.

norms; a first minister and a government responsible in front of the parliament or the result of direct election; and intermediate structures as political parties and interest organizations.

A genetic definition of democracy focuses on how such a regime has formed: on norms and procedures which result from an agreement-compromise for the peaceful resolution of conflict among politically relevant social actors and other institutional actors present in the political arena.

After the procedural and genetic definition, and if we want to conduct an empirical analysis of democratic transitions and instauration, it is very important to give a minimum definition of democracy. In this perspective, all political regimes with a) universal suffrage, male and female; b) free, fair, competitive and periodic elections; c) more than a political party; d) different and alternative sources of information; should be considered democratic.

According to Morlino, an ideal democracy may be defined as the regime which should create the best institutional opportunities to realize liberty and equality. Dahl [1998] and Beethan [1999] suggest some principles to assure liberty and equality: political inclusion for all adults, equality of the vote, effective participation of all citizens, clear and correct information for all, and accountability and responsiveness of those who govern. In their attempt to realize these principles, contemporary democracies may not leave environment protection, health right, assistance for old and disabled people, right to work, support to unemployed persons and promotion of dignified standards of living, and the promotion of equity in the private controversies or between public and private interests. Providing and protecting the above mentioned values and rights needs some institutional instruments. Dahl [1970 e 1982, 10-11] suggests the necessity of eight institutional guarantees: liberty of association and organization, liberty of thinking and expression, right to vote, right of the political leaders to compete for the electoral support, alternative sources of information, possibility to be elected, free and fair elections, institutions that make the government policies depend on the vote. The rule of law must be added to all these instruments. It comprises not only the respect for the existing laws, but also the realization of an efficient administration, the existing of an independent magistracy and of a working system to solve private and public conflicts, the absence of corruption and criminality, the presence of a pluralist system of information.

Figure 1: Definitions of democracy (Morlino)

•	general
•	procedural
•	genetic
•	minimum
•	normative

### 1.2. Democratization: a trend in the international system

According to Morlino, democratization means both the transition from non democratic political regime, in particular authoritarian ones, to different democratic regimes, and eventually following processes of instauration, consolidation, crisis or growing of democratic quality<sup>3</sup> (see figure 2). It is important to define each of these processes<sup>4</sup> and to keep in mind that democratization is an open process and the result of the interaction of internal and external factors.

With transition we mean the intermediate period, in which the regime has lost some fundamental aspects of the authoritarian regime, without having acquired all new characters of the regime that will be set up. In particular, the transition starts when basic civil and political rights start to be recognized, and it may be considered concluded when it is clear that a democracy will be established. That is clear with the first free, competitive and fair elections.

The process of democratic instauration involves a complete enlargement and a real acknowledgement of civil and political rights; the complete civilization of the society; the emergence of more political parties and of a party system, and other collective organization of interests; the adoption of the main democratic institutions and procedures like the electoral law or the establishment of the relationship between executive and legislative.

It is important to underline that the democratic consolidation is one of the possible results of a democratic instauration. The consolidation starts when the new relevant institutions and norms have been created and start to work. For example the instauration may end with the approval of the Constitution and the emergence of the party system after the elections; and the consolidation may start immediately after. The democratic consolidation may be defined as the process of definition, fixation and adaptation of the different structures and norms of the democratic regime.

There is a democratic crisis when limits to the expression of political and civil rights appear.

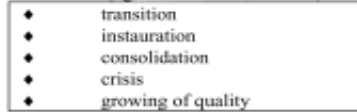
The democratic quality grows when a democracy is over the minimum standards and move towards liberty and equality,

<sup>3</sup> See L. Morlino, *cit.*, p. 11.

<sup>4</sup> For these definitions see L. Morlino, *cit.*, p.122, 125, 147, 84, and p. 228.

which are the main goals of an ideal democracy. A quality democracy or a good democracy is a stable institutional asset, which realizes liberty and equality among citizens, through correctly working mechanisms and institutions.

Figure 2: Meaning of democratization (Morlino)



If we go back to the last century we can observe that democratization has become one of the most important trends in the international system. The findings in table 1 show a dramatic expansion of democratic governance over the course of the century, associated to a growth in the number of sovereign states and of the world population. In 1900, there were no states which could be judged as electoral democracies by the standard of universal suffrage for competitive multiparty elections<sup>5</sup>. The states with restricted democratic practices (countries which denied universal franchise to women, racial minorities, and the poor and landless) were 25 in number and accounted for just 12.4 percent of the world population. By 1950, the defeat of Nazi totalitarianism, the post-war momentum toward de-colonization, and the post-war reconstruction of Europe and Japan resulted in an increase in the number of democratic states. At mid-century, there were 22 democracies accounting for 31 percent of the world population. By the close of last century democracies clearly predominate, and have expanded significantly in the Third Wave, which has brought democracy to much of the post-Communist world and to Latin America and parts of Asia and Africa. In 2000 democracies are 120 in number and represent 62.5 percent of the global population.

Table 1: Democratization in the international system (Freedom House)

	SOVEREIGN STATES and (colonial units)	DEMOCRACIES		WORLD POPULATION (millions)
		Electoral <sup>6</sup>	Liberal Free <sup>7</sup> (or)	
1900	55 and (75)	0		1,668
1950	80 and (74)	22 (31%)		2,396.3
2000	192	120 (62.5%)	85 (38%)	5,909.6
2003	192	117 (61%)	88	6,313.9

In table 2 it is possible to see the evolution of the political regimes that governed actual EU members, candidates, potential candidates, and neighbours, at three equidistant points in the 20th century. In the last column it is also possible to compare the ratings of freedom, according to the last annual survey of Freedom House. On this basis, and as concerns third countries, we should expect that EU will promote democratic quality towards free countries, democratic consolidation towards partly free country and democratic transition toward not free countries. Only an accurate analysis of European democracy promotion towards each third country could confirm this hypothesis.

Table 2: EU members, candidates, potential candidates and neighbours: the evolution of the political regime (Freedom House surveys)

	COUNTRY	1900 <sup>8</sup>	1950 <sup>9</sup>	2000 <sup>10</sup>	2003 <sup>11</sup>	
					Status Designation	PR-CL rating
ORIGI NAL MEM BERS 1951	France	RDP	DEM	DEM	Free	1-1
	Germany	CM	P/TOT	DEM	Free	1-1

<sup>5</sup> The U.S., Britain, and a handful of other countries possessed the most democratic systems, but their denial of voting rights to women, and in the case of the U.S. to black Americans meant that they were countries with restricted democratic practices.

<sup>6</sup> According to Freedom House, to qualify as an electoral democracy, a state must have: a) a competitive multi-party political system; b) universal adult suffrage for all citizens; c) regularly contested elections conducted in conditions of ballot secrecy, reasonable ballot security, and in the absence of massive voter fraud that yields results that are unrepresentative of the public will; d) significant public access of major political parties to the electorate through the media and through generally open political campaigning.

<sup>7</sup> Countries Freedom House regard as free and respectful of basic human rights and the rule of law.

<sup>8</sup> Freedom House.

<sup>9</sup> Freedom House.

<sup>10</sup> Freedom House.

<sup>11</sup> The freedom ratings reflect an overall judgement based on Freedom House survey results. For more details see the essay on Freedom in the World 2003 Survey Methodology.

	Italy	CM	DEM	DEM	Free	1-1
	Belgium	CM	DEM	DEM	Free	1-1
	Netherlands	CM	DEM	DEM	Free	1-1
	Luxembourg	CM	CM	DEM	Free	1-1
1st Enlargement 1973	United Kingdom	CM	DEM	DEM	Free	1-1 <sup>12</sup>
	Ireland	CM	DEM	DEM	Free	1-1
2nd Enlargement 1981	Denmark	CM	DEM	DEM	Free	1-1
	Greece	CM	CM	DEM	Free	1-2
3rd Enlargement 1986	Spain	CM	AR	DEM	Free	1-1
	Portugal	CM	AR	DEM	Free	1-1
4th Enlargement 1995	Austria	CM	P	DEM	Free	1-1
	Sweden	CM	DEM	DEM	Free	1-1
	Finland	E	DEM	DEM	Free	1-1
5th Enlargement 2004	Hungary	CM	TOT	DEM	Free	1-2
	Poland	E	TOT	DEM	Free	1-2
	Czech Republic	E	TOT	DEM	Free	1-2
	Slovakia	E	TOT	DEM	Free	1-2
	Slovenia	E	TOT	DEM	Free	1-1
	Estonia	E	TOT	DEM	Free	1-2
	Lithuania	E	TOT	DEM	Free	1-2
	Latria	E	TOT	DEM	Free	1-2
	Cyprus	P	C	DEM	Free	1-1
	Malta	C	C	DEM	Free	1-1
Candidates	Romania	TM	TOT	DEM	Free	2-2
	Bulgaria	E	TOT	DEM	Free	1-2
	Turkey	AM	DEM	DEM	Partly Free	3-4 <sup>13</sup>
	Croatia	E	TOT	DEM	Free	2-2
Potential Candidates	Albania	E	TOT	DEM	Partly Free	3-3
	Bosnia-Herzegovina	E	TOT	P	Partly Free	4-4
	Macedonia	E	TOT	DEM	Partly Free	3-3
	Serbia and Montenegro (Yugoslavia)	CM	TOT	AR	Free	3-2 <sup>14</sup>
Neighbours	Russia	AM	TOT	DEM	Partly Free	5-5 <sup>15</sup>
	Ukraine	E	TOT	DEM	Partly Free	4-4
	Moldova	TM	TOT	DEM	Partly Free	3-4 <sup>16</sup>
	Belarus	E	TOT	AR	Not Free	6-6
	Palestinian Authority					<sup>17</sup>
	Israel	E	DEM	DEM	Free	1-3
	Algeria	C	C	AR	Not Free	6-5
	Egypt	C	CM	RDP	Not Free	6-6
	Tunisia	P	P	AR	Not Free	6-5
	Morocco	TM	P	TM	Partly Free	5-5 <sup>18</sup>
	Libya	E	P	AR	Not Free	7-7
	Jordan	E	CM	RDP	Partly Free	6-5
	Lebanon	E	RDP	AR	Not Free	6-5
	Syria	E	RDP	AR	Not Free	7-7
	Armenia	E	TOT	DEM	Partly Free	4-4 <sup>19</sup>
	Azerbaijan	E	TOT	AR	Not Free	6-5
Georgia	E	TOT	DEM	Partly Free	4-4 <sup>20</sup>	

DEM = Democracy: "political system whose leaders are elected in competitive multi-party and multi-candidate processes in which opposition parties have a legitimate chance of attaining power or participating in power". RDP = Restricted Democratic Practice CM = Constitutional Monarchy

TM = Traditional Monarchy AM = Absolute Monarchy AR = Authoritarian Regime

TOT = Totalitarian Regime C = Colonial Dependency P = Protectorate E = Empire

PR-CL (Political Rights and Civil Liberties)

1 represents the most free and 7 the least free category.

<sup>12</sup> Northern Ireland (disputed territory): Free, 2-2.

<sup>13</sup> Cyprus (T, disputed territory): Free, 2-2.

<sup>14</sup> Kosovo (disputed territory): Partly Free, 5-5.

<sup>15</sup> Chechnya (disputed territory): Not Free, 7-7.

<sup>16</sup> Transnistria (disputed territory): Not Free, 6-6.

<sup>17</sup> Israeli-Administered territories (disputed territory): Not Free, 6-6; and Palestinian Authority-administered territories (disputed territory): Not Free, 5-6.

<sup>18</sup> Western Sahara (disputed territory): Not Free, 7-6.

<sup>19</sup> Nagorno-Karabakh (disputed territory between Armenia and Azerbaijan): Partly Free, 5-5.

<sup>20</sup> Abkhazia (disputed territory): Not Free, 6-5.

## 2. The European Union and democracy promotion

In this part we analyze the juridical basis for the activity of democracy promotion by the European Union; then we focus on internal and external factors that may help us to understand why the Union is one of the most important international actor as regards democracy promotion; and last, we describe how, the EU utilizes, today, its experience in democracy promotion, in particular in the framework of the enlargement policy.

### 2.1. The principle of democracy in the EU

From a juridical perspective the European Union recognizes the principle of democracy as a fundamental principle for the Union and as a common principle to the Member States<sup>21</sup>. It is a recent juridical acknowledgement, which dates back to May 1999, with the entry into force of the Amsterdam Treaty<sup>22</sup>, and which was not emended with the entry into force of the Treaty of Nice<sup>23</sup>.

A reference to the principle of democracy can also be found in the Charter of fundamental rights of the European Union, proclaimed by the Nice European Council of December 2002 (it makes part of the second part of the Draft Treaty Establishing a Constitution for Europe), which reiterates that the Union is based, among others, on the principle of democracy<sup>24</sup>.

The Draft Treaty Establishing a Constitution for Europe<sup>25</sup> has many important references to democracy. From our perspective, most important are in article 2 and in article 193. The first one indicates democracy among the Union's values<sup>26</sup> and the second one, which deals with the Union's external action, states that the principle of democracy should inspire the Union's action on the international scene and should be advanced in the wider world, through common policies and actions in order to consolidate and support democracy<sup>27</sup>.

The Treaty on European Union (TEU), signed in Maastricht on 7 February 1992<sup>28</sup>, had already two references to democracy, which haven't been emended by the following Amsterdam and Nice Treaties. The first one is in the framework of the provisions on a common foreign and security policy: according to article 11(1), in fact, the development and consolidation of democracy is among the objectives of the Union's common foreign and security policy<sup>29</sup>. The second one is in the framework of the provisions on development cooperation: according to article 177 (2) of the Treaty Establishing a European Community (TEC), Community policy in the sphere of development cooperation should contribute to the general objective of developing and consolidating democracy<sup>30</sup>. The Treaty of Nice contains a new reference to democracy, in the framework of provisions on economic, financial and technical cooperation with third countries. According to article 181a(1) TEC, in fact, Community policy in this area should

<sup>21</sup> *'The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States'* (Article 6(1) Treaty on the European Union (TEU)).

<sup>22</sup> The Amsterdam Treaty was signed on 2 October 1997.

<sup>23</sup> The Treaty of Nice entered into force on 1 February 2003.

<sup>24</sup> *'Conscious of its spiritual and moral heritage the Union is founded on the indivisible, universal values of human dignity, freedom, equality and solidarity; it is based on the principles of democracy and the rule of law'*.

<sup>25</sup> Adopted by consensus by the European Convention on 13 June and 10 July 2003.

<sup>26</sup> *'The Union is founded on the values of respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights. These values are common to the Member States in a society of pluralism, tolerance, justice, solidarity and non-discrimination'* (Draft Treaty Establishing a Constitution for Europe, Part I, Title I: Definition and objectives of the Union, Article 2: The Union's values).

<sup>27</sup> *'1. The Union's action on the international scene shall be guided by, and designed to advance in the wider world, the principles which have inspired its own creation, development and enlargement: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, equality and solidarity, and for international law in accordance with the principles of the United Nations Charter. The Union shall seek to develop relations and build partnerships with third countries, and international, regional or global organisations, which share these values ... 2. The Union shall define and pursue common policies and actions, and shall work for a high degree of cooperation in all fields of international relations, in order to: (a) safeguard the common values, fundamental interests, security, independence and integrity of the Union; (b) consolidate and support democracy, the rule of law, human rights and international law ...'* (Draft Treaty Establishing a Constitution for Europe, Part III: The Policies and Functioning of the Union, Title V: The Union's External Action, Chapter I: Provisions having general application, Article III-193).

<sup>28</sup> Entered into force the 1 November 1993.

<sup>29</sup> *'The Union shall define and implement a common foreign and security policy covering all areas of foreign and security policy, the objectives of which shall be: ... to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms'* (Article 11(1) TEU).

<sup>30</sup> *'Community policy in this area [development cooperation] shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms'* (Article 177(2) TEC).

contribute to the general objective of developing and consolidating democracy<sup>31</sup>.

On the basis of this brief reconstruction we can make two sort of considerations. First, today, the principle of democracy, as a common value of the Union, should be respected not only within its borders, but also in the context of the Union's external relations, in particular in the common foreign and security policy, in the development and cooperation policy and in the economic, financial and technical cooperation with third countries. Second, the EU democracy promotion activity has a strong juridical basis.

## *2.2. Why focus on the EU?*

Among regional and international institutions the EU has been unique in developing the most diverse and advanced set of legal and institutional strategies to promote democracy in third countries. Morlino identifies five internal factors and five external ones which have prompted EU to develop a range of strategies for promoting democratization in countries and regions nearby as well as farther away.

The internal factors are the following:

- From its inception in 1957 the EEC was meant as a grand exercise in peace building through integration. Hence, the EU's own *raison d'être* serves its Member States as a compass for promotion of Western-democratic values.
- Although the Community began its life with an emphasis on economic cooperation as a means of securing peace, it has evolved to become more and more a 'Community of values'; transforming itself into something resembling a constitutional order.
- The EU's military weakness has spurred it to become a 'civilian superpower' which tries to promote stability in neighbouring countries and regions through economic and trade development, democracy, good governance and the rule of law.
- As a regional institution the EU is able to offer incentives - such as membership - that one-country cannot.
- Over the last half-century the Community has evolved a sophisticated supranational bureaucracy, with organizational capacity, substantial material resources to affect policy and with a growing confidence about the future role of the EU on the global stage.

The main external experiences that have prompted the EU to develop novel democracy promotion strategies and instruments are as follows:

- In the middle 1970s and early 1980, the Community had to cope with the need to facilitate democratic consolidation in formerly authoritarian Greece, Spain and Portugal, as a key aspect of these countries' accession into the Community.
- The collapse of the Soviet bloc in the late 1980s and early 1990s, confronted the EU with dangers of potential instability and hyper-nationalism in countries emerging from under the yolk of Communism, the response culminated in the formal decision, made in December 2002, to enlarge the Union to ten new Member States. During this process the EU has developed the bulk of its concepts, strategies and instruments in the area of democratization. The special EU dynamic created in the process of preparation for accession produced some of the most extensive, detailed and intrusive democracy promotion policies ever conceived.
- The EU's geographical location and relative prosperity mean that it had to cope with the necessity of promoting political stability and economic development not only among candidate and potential candidate states but also in North Africa, Eastern Mediterranean, the Middle East, WNIS,<sup>32</sup> NIS,<sup>33</sup> Russia and the Gulf. In all these areas the EU views the promotion of democracy as being inseparable from the attainment of peace and sufficient levels of material development. In other words, the promotion of democracy is also a security issue for the EU.
- The colonial history of several key EU Member States (Belgium, France, Netherlands, Portugal, Spain, UK) has meant that since the 1960s, the Community has been engaged in more traditional forms of democracy promotion through its aid and development policies, particularly vis-à-vis the African, Caribbean and Pacific (ACP) countries.
- The EU is increasingly asserting its evolving identity as a 'community of values' on the world stage.

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<sup>31</sup> Community policy in this area [economic, financial and technical cooperation with third countries] shall contribute to the general objective of 'developing and consolidating democracy and the rule of law, and to the objective of respecting human rights and fundamental freedoms' (Article 181a(1) TEC) .

<sup>32</sup> Western Newly Independent States (Ukraine, Moldova and Belarus).

<sup>33</sup> Refers to Armenia, Azerbaijan, Belarus, Georgia, Turkmenistan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Ukraine and Uzbekistan.

### 2.3. *The EU and democracy promotion today*

Democracy promotion through enlargement has been the most important and successful EU strategy of democratization. Indeed, looking at the whole EU experience in democracy promotion, it is difficult not to be struck by the democratic transformations occurred in those Central and Eastern European countries (CEEs) that have joined, on May the 1<sup>st</sup>, the EU as full members<sup>34</sup>. According to Morlino, emerging from under the yolk of communist rule in 1989-1990, the CEEs have made a remarkable transition from authoritarianism to consolidated democracy in just over a decade – a transition that is unparalleled in scope and depth.

As underlined by many authors, the use of conditionality has been the key element of the last enlargement process to structure relations with candidate countries. Indeed, the last and the current pre-accession process, with Opinions, Accession Partnerships, National Programmes for the Adoption of the *Acquis*, and Regular Reports is entirely structured around the progressive meeting of the Copenhagen criteria<sup>35</sup>, and progress towards membership is measured in terms of compliance.

The Copenhagen criteria state that membership requires that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union; and the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union<sup>36</sup>.

Following article 49 TUE<sup>37</sup>, the Commission addresses to the Council its Opinion on the country application for membership of the EU. In this document, the Commission, after having described and analysed the current situation of the country as regards the criteria for membership, may recommend or not the opening of accession negotiations.

The first Accession Partnerships were decided in March 1998<sup>38</sup> to set out in a single framework the priority areas for further work towards membership of the European Union, the financial means available to help the country implement these priorities, and the conditions which will apply to that assistance. The main priority areas identified for each candidate state relate to their ability to take on the obligations of meeting the Copenhagen criteria and they are divided in short term and medium term priorities. The Accession Partnerships are decided by the Commission, after consulting the candidate country and on the basis of principles, priorities, intermediate objectives and conditions decided by the Council. Every candidate country has to adopt a National Programme for the Adoption of the *Acquis*, to explain how it will implement the Accession Partnership. Both the Accession Partnership and the National Programme for the Adoption of the *Acquis* are updated regularly to take into account new developments in the candidate countries.

At the end of 1998 the Commission has started to report every year, to the European Council, on progress made by each of the candidate countries in preparations for membership, focussing on political and economic criteria for membership and on the ability to assume the obligations of membership<sup>39</sup>. Prior to these reports, implementation of the Accession Partnerships is examined with each applicant State in the Europe Agreement bodies. The Commission's Regular Reports serve as a basis for taking, in the European Council context, the necessary decisions on the conduct of the accession negotiations.

It is clear that the main instrument to promote democracy through enlargement has been political conditionality. As we have already said, the political criteria for accession to be met by the candidate countries and laid down by the

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<sup>34</sup> Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

<sup>35</sup> Laid down by the Copenhagen European Council, in June 1993.

<sup>36</sup> At its meeting in Madrid, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure the harmonious operation of Community policies after accession and at Luxembourg, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied. The Feira and Gothenburg European Councils, in 2000 and 2001 respectively, confirmed the vital importance of the applicant countries' capacity to implement and enforce the *acquis*, and added that this required important efforts by the applicants in strengthening and reforming their administrative and judicial structures.

<sup>37</sup> Any European State which respects the principles set out in Article 6(1) may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members. The conditions of admission and the adjustments to the Treaties on which the Union is founded, which such admission entails, shall be the subject of an agreement between the Member States and the applicant State. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.

<sup>38</sup> It was the European Council to decide, at its meeting in Luxembourg in December 1997, that the Accession Partnership would be the key feature of the enhanced pre-accession strategy, mobilising all forms of assistance to the candidate countries within a single framework.

<sup>39</sup> See Agenda 2000 and European Council of Luxembourg (December 1997).

Copenhagen European Council in June 1993, stipulate that these countries must have achieved ‘stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities’. In particular, the European Union has asked CEEs to implement the following main political priorities: reform of the judiciary (in particular independence of the judiciary), fight against corruption, reform of the administration and decentralization, real guarantee of political, civil, and economic and social rights and protection of minorities (in particular Roma and Russian speaking)<sup>40</sup>.

Today democracy promotion through enlargement of the Union continues to be pursued with Bulgaria, Romania, Croatia and Turkey. But EU democracy promotion does not end with these candidate countries and the related enlargement policy (see table 3). First, there do exist structured efforts of democracy promotion vis-à-vis potential candidate countries – notably in the Western Balkans (Albania, Bosnia-Herzegovina, Fyrom, Serbia and Montenegro) in the framework of the stabilization and association policy. Second, the Union has declared the intention to promote democratic reforms in the framework of the neighbourhood policy, towards Eastern Europe (Russia, Ukraine and Moldova), Southern Mediterranean (Morocco, Algeria, Tunisia, Libya, Egypt, Israel, Jordan, Palestinian Authority, Lebanon and Syria) and Southern Caucasus (Armenia, Azerbaijan and Georgia).

Table 3: The EU and democracy promotion

STATUS	GEOGRAPHIC AREA	THIRD-STATE	WHAT SORT OF DEMOCRATIC PROMOTION (transition, consolidation or quality)	EU POLICY (in the framework of which democracy is promoted)	
Candidates	Eastern and Western Balkans Med.	Bulgaria <sup>41</sup>	Democratic quality	enlargement	
		Romania <sup>42</sup>	Democratic quality		
		Croatia <sup>43</sup>	Democratic quality		
		Turkey <sup>44</sup>	Democratic consolidation		
Potential candidates	Western Balkans	Albania <sup>45</sup>	Democratic consolidation	stabilization and association	
		Bosnia-Herzegovina <sup>46</sup>	Democratic consolidation		
		FYROM/Macedonia <sup>47</sup>	Democratic consolidation		
		Serbia and Montenegro <sup>48</sup>	Democratic quality		
Neighbours	Eastern Europe	Russia	Democratic consolidation	neighbourhood	
		WNIS <sup>49</sup>	Ukraine		Democratic consolidation
			Moldova		Democratic consolidation
			Belarus		Democratic transition
	Southern Med.	Middle East	Palestinian Authority		Democratic transition
			Israel		Democratic quality
		South: Maghreb	Algeria		Democratic transition
			Egypt		Democratic transition
			Tunisia		Democratic transition
			Morocco		Democratic consolidation
		East: Mashreq	Libya		Democratic transition
			Jordan		Democratic consolidation
	Lebanon		Democratic transition		
	Southern Caucasus	Syria	Democratic transition		
		Armenia	Democratic consolidation		
Azerbaijan		Democratic transition			
Georgia	Democratic consolidation				

<sup>40</sup> For further details on political priorities see L. Mattina, *La sfida dell'allargamento* (Bologna: il Mulino, 2004).

<sup>41</sup> Negotiations are well advanced with aim to join the EU in 2007.

<sup>42</sup> Negotiations are well advanced with aim to join the EU in 2007.

<sup>43</sup> On 29th October 2001 Croatia signed the Stabilization and Association Agreement, which is not still entered into force. On 20th February 2003 Croatia applied for the EU membership. In April 2003 the Council requested the Commission to submit its Opinion on the application. In July 2003 a series of questions was transmitted to the Croatian authorities. In October 2000 the Croatian government responded to the questions. After an exchange of questions and information between the Commission and the Croatian government, on 20th April 2004 it was published the Commission's Opinion on Croatian application. The last European Council of Bruxelles (18th June 2004) has decided to open negotiations with Croatia since 2005, giving Croatia the status of candidate country.

### 3. Which could be democracy promotion in the framework of the neighbourhood policy?

In the second part we have seen that the Union is founded on the values of respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights; and that in its relations with the wider world, it aims at upholding and promoting these values. In this part, we are going to analyze how the European Neighbourhood policy seeks to promote commitment to shared values. First, we are going to sum up the main legal and institutional developments concerning this policy, secondly we are going to describe the main procedural and substantive features of which could be the EU democracy promotion strategy in the framework of the neighbourhood policy.

#### 3.1. Main juridical and institutional developments

Commission Progress Reports on the candidate States from 1999 onwards have contained references to the enlarged EU's relations with its neighbours. In Strategy Papers attached to the pre-accession country Reports in 2001<sup>50</sup> and 2002<sup>51</sup> the outlines of a more substantive so-called proximity policy begin to emerge.

Since April 2002 the New Neighbours initiative has regularly appeared on the agenda of the Council. An initial joint position paper by Solana and Patten was discussed in September 2002.

The Copenhagen European Council – of December 2002 – states that enlargement ‘presents an important opportunity to take forward relation with neighbouring countries based on shared political [democracy, respect for human rights and the rule of law] and economic values’ and that the Union is ‘determined to avoid new dividing lines in Europe and to promote stability and prosperity within and beyond the new borders of the Union’<sup>52</sup>.

In particular, according to the Presidency Conclusions, enlargement ‘will strengthen relations with Russia’ and the EU also ‘wishes to enhance its relations with Ukraine, Moldova, Belarus and the southern Mediterranean countries based on a long-term approach promoting democratic and economic reforms ... and is developing new initiatives for this purpose’<sup>53</sup>.

In March 2003, the Commission initiates the new European Neighbourhood Policy (ENP)<sup>54</sup> intended to provide a framework for new relationships with the countries of Eastern Europe (Russia, Ukraine, Moldova and Belarus) and Southern Mediterranean (Morocco, Algeria, Tunisia, Libya, Egypt, Israel, Jordan, Palestinian Authority, Lebanon and Syria)<sup>55</sup>, that do not have the perspective of membership of the EU.

According to the Commission ‘[i]n return for concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms, including in aligning legislation with the *acquis*, the EU’ s neighbourhood should benefit from the prospect of closer economic integration with the EU ... the prospect of a stake in the EU’ s Internal Market and further integration and liberalisation to promote the free movement of – persons, goods, services and capital’<sup>56</sup>.

The Commission makes clear some essential prerequisites for political stability: democracy, pluralism, respect for human rights, civil liberties, the rule of law and core labour standards<sup>57</sup>, and describes the political situation in the two regions of the neighbourhood policy: ‘[n]early all countries of the Mediterranean, the WNIS and Russia have a history of autocratic and non-

<sup>44</sup> The Commission will present before the end of 2004 a report on Turkey’s fulfilment of the Copenhagen political criteria, along with a recommendation on the possible opening of accession negotiations.

<sup>45</sup> At the moment Albania is negotiating to arrive at a Stabilization and Association Agreement.

<sup>46</sup> On 18th November 2003 a Feasibility Study for BiH was published, sixteen conditions for progress were set out down the Stabilization and Association Process, but there was not significant progress in fulfilling these conditions, so the Commission could not recommend to the Council the start of Stabilization and Association Agreement negotiations.

<sup>47</sup> On 9th April 2001 the Stabilization and Association Agreement was signed. It has been ratified by all Member States and will enter into force shortly. On 22nd March 2004 fYrom applied to the EU for membership.

<sup>48</sup> The Commission is working with Serbia and Montenegro authorities to solve some outstanding problems with a view to a rapid launching of a Feasibility Study.

<sup>49</sup> Western Newly Independent States.

<sup>50</sup> *Commission Strategy Paper*, 13 November 2001, “Making a Success of Enlargement”.

<sup>51</sup> *Commission Strategy Paper*, 9 October 2002, “Towards the Enlarged Union”.

<sup>52</sup> *Presidency Conclusions* – Copenhagen, 12 and 13 December 2002, p. 6.

<sup>53</sup> *Cit.*, p. 7. Furthermore: ‘The European Council welcomes the intention of the Commission and the Secretary General/ High Representative to bring forward proposals to that end’ [joint letter to the Council by the High Representative Mr Javier Solana and Commissioner Patten in August 2002] and ‘The European Council encourages and supports the further development of cross-border and regional cooperation inter alia through enhancing transport infrastructure, including appropriate instruments, with and among neighbouring countries in order to develop the regions’ potential to the full’.

<sup>54</sup> Communication on ‘Wider Europe Neighbourhood: A new framework for relations with our Eastern and Southern Neighbours’(COM(2003) 104 final, 11.03.2003.

<sup>55</sup> Southern Caucasus countries might be added in the scope of this policy.

<sup>56</sup> COM(2003) 104 final, 11.03.2003, p. 4.

<sup>57</sup> COM(2003) 104 final, 11.03.2003, p. 7.

democratic governance and poor records in protecting human rights and freedom of the individual. Generally, the countries of the WNIS and Russia have taken steps towards establishing democracy and market institutions over the past 12 years. Yet political reform in the majority of the countries of the Mediterranean has not progressed as quickly as desired'<sup>58</sup>.

In June 2003 the Council affirms that 'the EU wishes to define an ambitious new range of policies towards its neighbours based on shared values such as liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law'<sup>59</sup>. It underlines also that these new policies should not override the existing framework for EU relations with Russia, the Eastern European countries, and the Southern Mediterranean partners, as developed in the context of the relevant agreements, common strategies, the Northern Dimension Initiative and of the Barcelona Process and that implementation of existing agreements remains a priority. Furthermore, according to the Council, new policies should have two goals: first, working with the partners to reduce poverty and create an area of shared prosperity and values; and second, anchoring the EU's offer of concrete benefits and preferential relations to progress made by the partner countries in political and economic reform as well as in the field of Justice and Home Affairs. The Council indicates some incentives, on which the EU's approach could be based; the basic principle for the new EU policies towards its neighbours, which is differentiation; and the key policy instrument through which policies will be implemented: Action Plans. According to the Council, these Action Plans should be political documents, building on existing agreements and setting out the over-arching strategic policy targets, common objectives, political and economic benchmarks used to evaluate progress in key areas, and a timetable for their achievement which enable progress to be judged regularly. After the Thessaloniki European Council, of June 2003, which endorses the Council conclusions and looks forward to the work of the Council and the Commission, in July 2003, the Commission tables a Communication 'Paving the Way for a New Neighbourhood Instrument'<sup>60</sup> and establishes a Wider Europe Inter-Service Group.

In October 2003, the Council invites the Commission, with the contribution of the High Representative, where appropriate, to present detailed proposals for the relevant Action Plans early in 2004, in order to take this matter forward by June 2004; and the Brussels European Council urges the Commission and the Council to take it forward.

In October 2003 and February 2004 the Commission makes two oral progress reports to the Council and contributes to detailed discussions in the Permanent Representatives Committee and the relevant Council working groups, concerning the elements to be included in ENP Action Plans.

Since then, the Commission has held exploratory talks with partners in Eastern Europe (Moldova and Ukraine) and the Southern Mediterranean (Israel, Jordan, Morocco, Palestinian Authority and Tunisia), which have Partnership and Cooperation Agreement or Association Agreement in force<sup>61</sup>, to confirm their interest in European Neighbourhood Policy (ENP) and to ascertain their views on the priorities to be addressed in the Action Plans<sup>62</sup>.

On 12<sup>th</sup> May 2004 the Commission has presented a Strategy Paper<sup>63</sup> and seven Country Reports (for Moldova, Ukraine Israel, Jordan, Morocco, Palestinian Authority and Tunisia)<sup>64</sup>. The Strategy Paper sets out principles and scope, the participation of other neighbouring countries, Action Plans, regional cooperation, and supporting the ENP. Country reports, covering progress in implementation of bilateral agreements and related reforms, reflect the political, economic, social and institutional situation in the countries and focus on priority areas of the European Neighbourhood Policy.

The Commission has transmitted the Communication to the Council and European Parliament. On the basis of the conclusions that will be drawn by the Council, the Commission will implement the policy as set out in the Strategy Paper. In the coming months, the Commission will complete talks with the countries concerned and present draft Action Plans. The Action Plans put forward by the Commission, with the contribution of the High Representative on issues related to political cooperation and CFSP, should be approved by the respective Cooperation or Association Councils.

### *3.2. Main procedural and substantive aspects*

As concerns the geographic coverage of the ENP, it is addressed to three main areas. In Eastern Europe, it covers Russia,

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<sup>58</sup> COM(2003) 104 final, 11.03.2003, p. 7.

<sup>59</sup> GAER Conclusions on Wider Europe – New Neighbourhood, p. 1.

<sup>60</sup> COM(2003) 393 final.

<sup>61</sup> In Eastern Europe, the Partnership and Cooperation Agreements provide the basis for contractual relations. In the Mediterranean, the Euro-Mediterranean Partnership provide a regional framework for co-operation which is complemented by a network of Association Agreements.

<sup>62</sup> According to the Commission, the development of Action Plans with other neighbours should begin, once those currently under preparation have been presented. The Commission suggests that it begin to explore in the second half of the 2004 the possibility of drawing up Action Plans with countries in the Mediterranean which have themselves ratified Association Agreements, that is Egypt and Lebanon.

<sup>63</sup> COM(2004) 373 final.

<sup>64</sup> SEC(2004) 564, 565, 566, 567, 568, 569, 570.

Ukraine, Belarus and Moldova; in the Southern Mediterranean, it applies to all the non-EU participants in the Euro-Mediterranean Partnership (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia and Palestinian Authority), with the exception of Turkey; and, according to the Brussels European Council of 17-18 June 2004, the ENP has been extended to the Southern Caucasus countries (Armenia, Azerbaijan and Georgia). Two observations should be made as concerns respectively Belarus and Libya. First, according to the Commission Strategy Paper, it is not yet possible to offer the full benefits of ENP to Belarus, because an authoritarian political regime is in place, since 1996 elections have failed to meet international democratic standards and democratic structures are lacking; so the EU will support democratic parliamentary elections, in the autumn, working in coordination with the OSCE and the Council of Europe and will strengthen assistance to Belarus, with a clear focus on civil society<sup>65</sup>. Second, as concerns Libya, full integration into the Barcelona Process is the first step towards a negotiation of an Association Agreement, which will allow participating in the ENP<sup>66</sup>.

The European Neighbourhood Policy has two main objectives: strengthening stability, security and well-being for EU member states and neighbouring countries, and preventing the emergence of new dividing lines between the enlarged EU and its neighbours<sup>67</sup>.

These two objectives won't be reached through membership to the Union. In the short term, neighbour countries will be offered reinforced relations<sup>68</sup> through the chance to participate in various EU activities through greater political, security, economic and cultural co-operation; while in the long term, the Union will offer partner countries an increasingly close relationship, going beyond cooperation to involve a significant measure of economic and political integration<sup>69</sup>. Two observations are needed. As concerns the short term, eleven incentives have been indicated (for a complete list see table number 4). Second, it is important to underline, that in enriching relations with partner countries the Commission will draw on the experience gained in supporting the process of political and economic transition in the new member states and in candidate countries.

In change of the above mentioned offer, the Union asks neighbours their commitment to common values, principally within the fields of the rule of law, good governance, the respect for human rights, including minority rights, the promotion of good neighbourly relations, and the principles of market economy and sustainable development. Commitments will also be sought to certain essential aspects of the EU's external action, in particular, the fight against terrorism and the proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution.

In the short term the main instrument to realize the policy will be Action Plans, while in the long term the main instrument should be European Neighbourhood Agreements.

In the May Strategy Paper, the Commission has given many details as concern the realization of Action Plans. Main principles which will guide the drafting and realization of Action Plans are joint ownership and differentiation. The first one means that priorities will be defined together with partner countries, and will thus vary from country to country; while differentiation means that priorities will reflect the existing state of relations with each country and its needs and capacities. Action Plans will cover two broad areas: first, commitments to specific actions, which confirm or reinforce adherence to shared values and to certain objectives in the area of foreign and security policy; secondly, commitments to actions which will bring partner countries closer to the EU in a number of priority fields. In particular these documents will incorporate a set of priorities in the following key areas for specific action: political dialogue and reform; trade and measures preparing partners

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<sup>65</sup> EU-Belarus relations stalled in 1996-7 as a consequence of serious setbacks in the development of democracy and human rights in Belarus, in particular the replacement of the democratically elected parliament with a national assembly nominated by the President in violation of the 1994 constitution. The GAC reacted in 1997 by freezing conclusion of the PCA, signed in 1995, and restricting ministerial level contacts and the scope of EU assistance to Belarus. Since 1997 Belarus has applied a constant policy of deviation from its commitments to the Council of Europe and OSCE. Confrontation with the OSCE over its representation in Minsk led to a decision of 14 member states to impose a visa ban on government representatives in November 2002. In the Communication of March 2003, the Commission notes that the EU should engage Belarus in a process focused on creating the conditions for free and fair elections, and once achieved, the integration of Belarus into the neighbourhood policy. In the Strategy Paper, the Commission notes that Belarus is already eligible to participate in three of the Neighbourhood Programmes (Baltic Sea Programme, Latvia-Lithuania-Belarus, Poland-Ukraine-Belarus) and will also be eligible under the New Neighbourhood Instrument.

<sup>66</sup> The EU currently has no contractual relationships with Libya. In April 1999, following the suspension of UN sanctions, Libya acquired observer status in the Barcelona Process and was invited to become a full member as soon as the UN Security Council sanctions have been definitely lifted and once Libya has accepted the Barcelona *acquis*.

<sup>67</sup> Commission Strategy Paper, p. 3.

<sup>68</sup> Relations between the EU and most countries participating in the ENP are already developed. In Eastern Europe, the Partnership and Cooperation Agreements provide the basis for contractual relations. In the Mediterranean, the Euro-Mediterranean Partnership (the "Barcelona Process") provides a regional framework for co-operation which is complemented by a network of Association Agreements.

<sup>69</sup> Pp. 3 and 5.

for gradually obtaining a stake in the EU's Internal Market; justice and home affairs; energy, transport, information society, environment and research and innovation; and social policy and people-to-people contacts. These priorities for action will constitute benchmarks which can be monitored and assessed. Progress in meeting the priorities will be monitored in the bodies established by the Partnership and Cooperation Agreements or Association Agreements and the Commission will report periodically on progress accomplished. On the basis of this evaluation, the EU will review the content of the Action Plans and decide on their adaptation and renewal.

For analyzing the strategy of democratization it will be very important to focus on the content of the first part of the Action Plans, the one which deals with commitments to shared values. According to the Strategy Paper, priorities intended to strengthen commitment to these values will include:

- strengthening democracy and the rule of law, the reform of the judiciary and the fight against corruption and organised crime;
- respect of human rights and fundamental freedoms (including freedom of media and expression), rights of minorities and children, gender equality, trade union rights and other core labour standards, and fight against the practice of torture and prevention of ill-treatment;
- support for the development of civil society;
- and cooperation with the International Criminal Court.

Commitments will also be sought to certain essential aspects of the EU's external action, in particular, the fight against terrorism and proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution.

As concerns human rights and freedom all EU's neighbours are signatories of UN human rights conventions, some are members of the Council of Europe<sup>70</sup> and OSCE and have ratified the European Conventions for the Protection of Human Rights and Fundamental Freedoms and committed themselves to adhere to relevant conventions setting high democratic and human rights standards as well as to accept mechanisms to ensure that they comply with human rights obligations. Signatories to the Barcelona Declaration have accepted *inter alia* a declaration of principles to act in accordance with the United Nations Charter and the Universal Declaration of Human Rights, and to develop the rule of law and democracy in their political systems, respect human rights and fundamental freedoms and guarantee the effective legitimate exercise of such rights and freedoms. Partner countries are also committed to respecting core labour standards and to promoting fundamental social rights, as parties to relevant ILO conventions.

The Action Plans will also cover other key areas: political dialogue<sup>71</sup>; economic and social development policy<sup>72</sup>; trade and internal market<sup>73</sup>; justice and home affairs<sup>74</sup>; connecting the neighbourhood (energy<sup>75</sup>, transport<sup>76</sup>, environment<sup>77</sup>, information society<sup>78</sup>, research and innovation<sup>79</sup>); and people-to-people<sup>80</sup>, programmes and agencies<sup>81</sup>.

Table 4: The European Neighbourhood Policy

GEOGRAPHIC COVERAGE	Eastern Europe	Russia, Ukraine, Moldova, Belarus
	Southern Mediterranean	Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority, Syria, Tunisia
	Southern Caucasus	Armenia, Azerbaijan, Georgia
OBJECTIVES	1. strengthening stability, security and well-being for EU member states and neighbouring countries.	
	2. preventing the emergence of new dividing lines between the enlarged EU and its neighbours.	

<sup>70</sup> Moldova, Russia and Ukraine.

<sup>71</sup> Political dialogue should encompass foreign and security policy issues.

<sup>72</sup> Participation in the ENP project should be accompanied by active policies to address poverty and inequality.

<sup>73</sup> The ENP envisages enhanced preferential trade relations and increased financial and technical assistance. It also offers neighbouring countries the prospect of a stake in the EU Internal Market based on legislative and regulatory approximation.

<sup>74</sup> Important challenges are migration pressure from third countries, trafficking in human being and terrorism.

<sup>75</sup> Enhancing the strategic energy partnership with neighbouring countries is a major element of the ENP. This includes security of energy supply and energy safety and security.

<sup>76</sup> Efficient, multimodal and sustainable transport systems is necessary to generate more trade and tourism between the Union and its neighbours.

<sup>77</sup> Environmental pollution does not respect borders.

<sup>78</sup> Information and communications technology is fundamental for the development of modern economies and societies.

<sup>79</sup> The opening of the European Research Area to partner countries is a challenge of the 6<sup>th</sup> Framework Programme for RTD.

<sup>80</sup> The ENP will promote cultural, educational and more general societal links between the Union and its neighbourhood.

<sup>81</sup> The European Neighbourhood Policy envisages the gradual opening of certain Community programmes, based on mutual interests and available resources. As participation in programmes designed for Member States can pose practical difficulties to third countries, the creation of dedicated programmes geared specifically to meeting partner countries' needs should also be explored.

WHAT IS OFFERED	Short term: reinforced political, security, economic and cultural cooperation	11 incentives:	<ol style="list-style-type: none"> <li>1. enhanced and more focused policy approach of the EU towards its neighbourhood, bringing together the principal instruments at the disposal of the Union and its Member States;</li> <li>2. the implementation of the ENP itself brings with it the perspective of moving beyond cooperation to a significant degree of integration, including through a stake for partner countries in the EU's Internal Market;</li> <li>3. upgrade the scope and intensity of political cooperation with partner countries and make it more effective;</li> <li>4. encourage reforms that will bring benefits in terms of economic and social development;</li> <li>5. incentives for resolving outstanding issues which have arisen in bilateral relations;</li> <li>6. Action Plans will define priorities and provide focus for the implementation of existing agreements;</li> <li>7. introduction in 2007 of a new financial instrument, the European Neighbourhood Instrument (proposal), which will address in particular cross-border co-operation, in addition to the areas addressed by existing instruments or their successors (for the period 2004-2006, Neighbourhood Programmes will add value to cross-border, transnational and regional co-operation);</li> <li>8. increasing of existing funds or their successors under the new financial perspectives (proposal), in keeping with the priority given by the EU to the ENP;</li> <li>9. gradual opening of certain Community programmes, promoting cultural, educational, environmental, technical and scientific links (under examination);</li> <li>10. support including technical assistance and twinning for partners that wish to meet EU norms and standards;</li> <li>11. new contractual links, in the form of European Neighbourhood Agreements;</li> </ol>
	Long term: some economic and political integration		
WHAT IS ASKED	commitment to common values in the following fields:	Rule of law,	
		<ul style="list-style-type: none"> <li>good governance,</li> <li>respect for human rights (including minority rights)</li> <li>promotion of good neighbourly relations</li> <li>principles of market economy and sustainable development</li> </ul>	
INSTRUMENTS	Short term:	Action Plans	
	Long term:	European Neighbourhood Agreements	
ACTION PLANS	Guiding principles:	Joint ownership;	
		Differentiation.	
	Two broad areas:	Commitments to shared values and to certain objectives of foreign and security policy;	<ul style="list-style-type: none"> <li>strengthening democracy and the rule of law, the reform of the judiciary and the fight against corruption and organised crime;</li> <li>respect of human rights and fundamental freedoms (including freedom of media and expression), rights of minorities and children, gender equality, trade union rights and other core labour standards, and fight against the practice of torture and prevention of ill-treatment;</li> <li>support for the development of civil society;</li> <li>and cooperation with the International Criminal Court;</li> <li>the fight against terrorism and proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution.</li> </ul>
		Commitments which will bring partner countries closer to the EU.	<ul style="list-style-type: none"> <li>political dialogue;</li> <li>economic and social development policy;</li> <li>trade and internal market;</li> <li>justice and home affairs;</li> <li>connecting the neighbourhood (energy, transport, environment, information society, research and development);</li> <li>people-to-people, programmes and agencies.</li> </ul>
	Progress monitoring	In the bodies established by the Partnership and Cooperation Agreements or Association Agreements.	
REGIONAL COOPERATION	Eastern borders	The Commission will report periodically on progress accomplished.	
	Mediterranean	Encouraging the participation of the Russian Federation Some priority cooperation sectors (...) Euro-Mediterranean Partnership: bilateral and regional agenda (priority areas for cooperation).	
SUPPORTING THE ENP	Existing financial support to ENP Countries	Grant assistance to Russia and the WNIS is mostly provided through the <i>Tacis</i> programme and in the Mediterranean countries through the MEDA programme. Assistance channelled through these instruments over the period 2000-2003 amounted to € 3716.1 million. The EIDHR, which promotes the principles of liberty, democracy, respect for human rights and the rule of law in third countries and provides funding for these activities primarily in partnership with NGOs and international organizations, has allocated, between 2000 and 2003 € 19,3 million to Russia and the WNIS and € 41,4 to projects in the Mediterranean countries. The European Investment Bank has been providing loans to the Mediterranean countries (€3445 million for the period 2000-2003). Since 2002 lending operations have been extended to include a private-sector oriented Facility for Euro-Mediterranean Partnership. Lending to Russia has been open since 2001 within a specific mandate in the context of the Northern Dimension to cover environment projects in North-West Russia. Macro financial assistance has been provided to third countries facing exceptional balance of payments financing needs: operations were approved in 2002 for Ukraine (€ 110 million) and Moldova (€15 million), but not yet disbursed. In the period 2000-2003, the European Union has also provided € 277 million of humanitarian assistance to ENP countries confronted with emergencies and € 103,5 million in food aid.	

ENI	A European Neighbourhood Instrument was first envisaged in the Commission's March 2003 Communication and further developed in the July 2003 Communication which set out a two-phase approach: for the period 2004-2006 the introduction of Neighbourhood Programmes based on enhanced co-ordination among existing instruments, after 2006 the establishment of a new neighbourhood instrument. This instrument will support cross border cooperation as well as regional co-operation projects involving both EU member states and partner countries. Meanwhile Neighbourhood Programmes are being developed through existing support mechanisms. For the period 2004-2006, the funding foreseen for ENP under external assistance programmes amounts to € 255 million. Approximately € 700 million will be provided for the corresponding EU internal borders under the Interreg programme.
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On the basis of the Commission Staff Working Paper on ENP - Country Reports, of 12 May 2004, it is possible to make a list of political priorities, which should be contained in the July 2004 Action Plans. Country reports do not only reflect the political situation of the countries, they also reflect the economic and social situation; and first of all they cover progress in the implementation of bilateral agreements and related reforms.

All these Country Reports, respectively for Ukraine<sup>82</sup>, Moldova<sup>83</sup>, Tunisia<sup>84</sup>, Palestinian Authority<sup>85</sup>, Morocco<sup>86</sup>, Jordan<sup>87</sup>, and Israel<sup>88</sup>, will provide guidance for the preparation of the Action plans, and might also serve as a basis for assessing future political progress by the Union.

The Commission Staff Working Papers divide, in almost all Country Reports, the description of the political situation into four parts called:

- democracy and the rule of law;
- human rights and fundamental freedoms;
- regional and global stability;
- co-operation in justice and home affairs.

Through a content analysis of these parts we can indicate for each country political priorities which should be contained in July 2004 Action Plans. Table 5 contains the results of this analysis.

Table 5: Priorities to be contained in July 2004 Action Plans for Ukraine, Moldova, Tunisia, Palestinian Authority, Morocco, Jordan and Israel

<b>Commission Staff WP – ENP Country Report Jordan (SEC(2004) 564, 12.5.2004)</b>
1. 'democracy and rule of law' priorities:
Not found.
2. 'human rights and fundamental freedoms' priorities:
<ul style="list-style-type: none"> <li>- ratify UN Optional Protocols to the International Covenant on Civil and Political Rights and the Optional Protocol to the Convention Against Torture;</li> <li>- ratify ILO Convention No. 87 on the freedom of association and protection of the right to organize;</li> <li>- modify current legislation which puts some restrictions on the freedom of expression and association;</li> <li>- modify legislation which foresees a number of restrictions to the freedom of the media;</li> <li>- prevent ill-treatment of political detainees (including arbitrary arrests and 'incommunicado' detention);</li> <li>- ensure impartial supervision of prisons;</li> <li>- ratify the UN protocol of 1989 on the abolition of the death penalty (Jordan continues in practice to apply the death penalty);</li> <li>- transpose into national law the UN Convention of Elimination of All Forms of Discrimination against Women, which Jordan has signed.</li> </ul>
3. 'regional and global stability' priorities
Not found.
4. 'co-operation in justice and home affairs' priorities
Not found.
<b>Commission Staff WP – ENP Country Report Palestinian Authority of West Bank and Gaza Strip (SEC(2004) 565, 12.5.2004)</b>
1. 'democracy and rule of law' priorities:
<ul style="list-style-type: none"> <li>- strengthen the legitimacy of the Palestinian Legislative Council through new elections (the legal term expired in 1999 and no new elections have been held since then);</li> <li>- solve difficulties in organising elections to the Palestinian Authority (updating the voter register);</li> <li>- adopt legislation regulating political parties;</li> <li>- conduct local elections (since 1976 the Ministry of Local Government has appointed mayors and council members);</li> <li>- make the Palestinian public administration become effective and efficient (through a clear division of responsibilities, the development of a coherent human resource development programme and training for civil servants);</li> <li>- increase progress in implementing the public administration and civil service reform programme (fully implement the Civil Service Law from 1998);</li> <li>- implement legislation on the judicial system (Basic Law and the Judicial Authority Law), to make the judicial system fully operate (clear the division of responsibilities between the Ministry of Justice and the Higher Judicial Council, increase the court infrastructure, increase resources for proper training within the judiciary, improve communication between courts, procedures and</li> </ul>

<sup>82</sup> SEC(2004) 566.

<sup>83</sup> SEC(2004) 567.

<sup>84</sup> SEC(2004) 570.

<sup>85</sup> SEC(2004) 565.

<sup>86</sup> SEC(2004) 569.

<sup>87</sup> SEC(2004) 564.

<sup>88</sup> SEC(2004) 568.

management of records);
- guarantee the independence of the judiciary (eliminating interference from the executive);
- make effective the State Security Courts abolition of 2003;
- unify the various security services;
- allow access to prisons to outside bodies or international human rights organisations;
- make Police and Preventive Security commanders more effective in carrying out arrests of criminals and armed militants;
- fight corruption.
<b>2. 'human rights and fundamental freedoms' priorities:</b>
- fight cases of torture and ill-treatment in PA detention centres, namely those operated by the security services;
- increase control over the interrogation methods of the security services and create clear procedures for investigating complaints effectively and impartially;
- guarantee in practice freedom of expression;
- guarantee in practice the freedom of the press and media;
- stop frequent government censorship on the Palestinian mass media;
- improve equality of rights for women;
- do not obstruct the activities of civil society organisations, that promote greater reform and protection of human rights;
- allow the development of a real democratic workers movement in Palestinian Territory (the board and chairman of the Palestinian General Federation for Trade Unions (PGFTU) are appointed by the President of the Palestinian Authority).
<b>3. 'regional and global stability' priorities</b>
Paragraph not present in the document
<b>4. 'co-operation in justice and home affairs' priorities</b>
Paragraph not present in the document
<b>Commission Staff WP – ENP Country Report Ukraine (SEC(2004) 566, 12.5.2004)</b>
<b>1. 'democracy and rule of law' priorities:</b>
- strengthening the overall system of democratic and institutional checks and balances (president, prime minister, and parliament);
- increase the level of procedural transparency and public support;
- meet international commitments and standards for democratic elections (in particular as concerns election campaign and media coverage);
- decentralize executive powers and administrative structures;
- increase powers of regional and local self-governing bodies;
- increase efficiency of the judiciary;
- fight judiciary vulnerability to political and administrative interference from the executive branch, and to corruption;
- reform the broad competences of the General Prosecutor's Office (this is one of the main points of concern expressed by the Council of Europe);
- further progress towards the development of a civil service system, in particular in the areas of impartiality and integrity, and professional stability;
- join the Council of Europe Group of States against corruption (GRECO).
<b>2. 'human rights and fundamental freedoms' priorities:</b>
- fulfil all its obligations and commitments as a Member State of the Council of Europe;
- ratify the Convention relating to the Status of Refugees and its Protocol;
- guarantee in practice media freedom <sup>89</sup> ;
- implement and enforce the 2001 law on child protection, designed to bring the country into conformity with international standards regarding children's safety and quality of life <sup>90</sup> ;
- fight racism, direct and indirect discrimination, intolerance or disadvantage for members of groups such as formerly deported persons (in particular Crimean Tartars), the Roma community, immigrants with or without legal status, asylum-seekers and refugees;
- eliminate difficulties in registration and in buying and leasing property for a number of minority and non-traditional religions;
- prevent torture and ill-treatment as regards the condition of detention <sup>91</sup> ;

<sup>89</sup> 'Media freedom remains one of the crucial issues for political reform in Ukraine. While press freedom is guaranteed by law and the Constitution, the press has come under increasing pressure since 2003. In terms of ownership, the media landscape is characterised by a significant degree of control by national and local authorities, in particular over the electronic media. A number of NGOs have published very critical reports on Ukrainian press freedom in 2003. Privatised or newly established media are concentrated in a few hands, and often interlinked with government structures. Independent media are often weak in financial terms and reportedly face numerous difficulties in carrying out their work, with persistent interference by state organs and an environment in which laws are often open to interpretations. The condition of the media in Ukraine has attracted the attention of the Parliamentary Assembly of the Council of Europe (PACE), which in its Recommendation 1589 (2003) on Freedom of expression in the media in Europe noted that "violence continues to be a way of intimidating investigative journalists". The PACE branded as "unacceptable" the lack of progress in the investigation of crimes, such as the murder of journalist Heorhiy Gongadze' (SEC(2004) 566, p. 8).

<sup>90</sup> 'The UN Committee on Children's Rights in its Recommendations of September 2002 ... stressed the priority that should be given to the best interests of the child and called for the integration of marginalized children' (SEC(2004) 566, p. 8).

<sup>91</sup> 'Torture and ill-treatment were among several concerns highlighted in the annual report (2002) of the National Human Rights Ombudsperson on the situation of human rights in Ukraine. According to the report, around 12,000 individuals alleged that

- ratify the Rome statute for the establishment of an International Criminal Court;
- eliminate for Ukrainian women obstacles to their full and equal participation in the labour force <sup>92</sup> ;
- improve the capacity and sustainability of non-governmental organisations;
- clear standards and criteria for obtaining the official registration, unions and their organisations require, to pursue their objectives; and complete the transition from state-controlled unions to independent and efficient unions.
<b>3. 'regional and global stability' priorities</b>
- end use of conventional arms sales;
- ratify the 1997 Convention on the Prohibition of the Use, Stockpiling and Transfer of Anti-Personnel Mines and on their destruction (Ottawa Conventions).
<b>4. 'co-operation in justice and home affairs' priorities</b>
- deposit the instrument of ratification of the UN Convention against Transnational Crime and its additional Protocols on smuggling and trafficking of 4 February 2004.
<b>Commission Staff WP – ENP Country Report Moldova (SEC(2004) 567, 12.5.2004)</b>
<b>1. 'democracy and rule of law' priorities:</b>
- guarantee the practical implementation of democratic elections (the OSCE observers, monitoring the 2003 local elections, raised concerns in particular about the secrecy of the vote, reported intimidation of opposition candidates, the incomplete separation of party and government - including reports of misuse of public resources for campaign purposes - and about the clear bias in favour of the incumbent authorities on the State Television Channel);
- eliminate problems, underlined by the Council of Europe, as concerns the law regulating the status of parliamentarians and their immunities;
- reform the judiciary, most importantly strengthen the judicial power, in particular the independence of judges and prosecutors, the enforcement of court decisions, training of personnel, ensuring access to justice and streamlining cooperation among the different branches;
- increase the institutional capacity of the public sector (government institutions are not able to perform efficiently due to inconsistencies in their functional and institutional frameworks), improve methods of selection and promotion;
- combat corruption and organised crime both domestically and at international level;
- ratify the Council of Europe's Criminal and Civil Law Conventions against corruption;
- increase the financial resources to fight corruption.
<b>2. 'human rights and fundamental freedoms' priorities:</b>
- implement the judgements of the European Court of Human Rights (according to the Council of Europe);
- ratify the two Optional protocols to the UN International Covenant on Civil and Political Rights and the Optional Protocol to the Convention against Torture;
- do not restrict the freedom of expression, assembly and association;
- guarantee journalists with independence;
- secure implementation and adequate financing of the legislative framework concerning the protection of the children;
- give effective implementation to the legislation concerning national minorities;
- fight discrimination towards the Roma and the Gagauz communities, mostly in rural areas;
- improve detention conditions to comply with international standards (in particular physical ill-treatment of prisoners, torture, short of food and water, limited access to health care, absence of specialised juvenile justice and detention);
- ratify the Rome statute for the establishment of an International Criminal Court;
- adopt a specific domestic law addressing non-discrimination between women and men.
<b>3. 'Transnistria' priorities</b>
- solve the conflict;
- ensure Moldova's control over its entire customs territory;
- improve the human rights situation in the region in particular minorities' language rights and freedom of speech and diversity of opinion;
- fight illicit trafficking such as smuggling in arms, human beings, drugs;
- withdraw Russian ammunition, equipment and troops.
<b>4. 'regional and global stability' priorities</b>
- sign the third Protocol of the Convention on the illicit manufacturing and trafficking of firearms.
<b>5. 'co-operation in justice and home affairs' priorities</b>
- fight trafficking in women and children;
- ratify the UN Convention against Transnational Organised Crime (Palermo Convention) and its protocols on smuggling of

they had been subjected to torture and ill-treatment in the previous years, most commonly in the context of interrogation for the purpose of eliciting a forced "confession". In its review of Ukraine's fourth periodic report in November 2001, the United Nations Committee against Torture noted many ongoing deficiencies in the penal system, including the lack of clarity regarding the time when a detained person may exercise the rights to counsel, medical examination, and contact with a family member. The 2003 monitoring report for the Council of Europe Parliamentary Assembly shared concerns expressed earlier by the European Committee for the Prevention of Torture (CPT) as regards the conditions of detention in Ukraine, and the lack of progress in numerous areas (especially concerning the ill-treatment of persons deprived of their liberty by law enforcement agencies, and overcrowding both in militia and penitentiary establishments)' (SEC(2004) 566, p. 9).

<sup>92</sup> 'Gender discrimination in political, economic, social, and cultural spheres is prohibited under the Ukrainian constitution and domestic laws, and Ukraine is also a signatory to relevant international conventions. However, in practice, Ukrainian women reportedly face obstacles to their full and equal participation in the labour force. In June 2002 the United Nations Committee on Elimination of Discrimination against Women credited Ukraine with adopting a new law on the prevention of domestic violence, but expressed concern about the prevalence of violence against women and the need for improved measures for prosecution and victims' services'(SEC(2004) 566, p. 9) .

<p>migrants and Trafficking in persons;                      - abolish Moldova's right not to extradite its own citizens;                      - fight against drug consumption and drug trafficking.</p>
<p><b>Commission Staff WP – ENP Country Report Israel (SEC(2004) 568, 12.5.2004)</b></p>
<p>1. 'democracy and rule of law' priorities:                      Not found.</p>
<p>2. 'human rights and fundamental freedoms' priorities:                      - ratify the two Optional Protocols to the International Covenant on Civil and Political Rights, the Optional Protocol to the Convention on the Elimination of all Forms of Discrimination Against Women and the Optional Protocol to the Convention Against Torture;                      - ratify ILO Convention No. 182 on the elimination of the worst forms of child labour;                      - review and approve annually the State of Emergency (the renewal is automatic);                      - in exercising its right to protect its citizens from terrorist attacks, exert maximum effort to avoid civilian casualties and take no action that aggravates the humanitarian and economic plight of the Palestinian people;                      - abstain from any punitive measures which are not in accordance with international law, including extrajudicial killings and destruction of houses;                      - apply the Fourth Geneva Convention to its actions in the West Bank and Gaza Strip;                      - apply the International Covenant on Civil and Political Rights (ICCPR) to the West Bank and Gaza Strip;                      - do not use physical force and torture during interrogations;                      - grant Palestinians from the West Bank and Gaza Strip who work in Israel the right to join Israeli trade unions or organize their own unions in Israel;                      - modify laws and regulations that favour the Jewish majority (in contrast with the Declaration of Independence which proclaims equality for citizens);                      - guarantee access to justice for migrant workers and for activities in the occupied territories.</p>
<p>3. 'regional and global stability' priorities                      - make part of the Non-Proliferation Treaty (the government neither recognises nor denies the existence of nuclear weapons in Israel);                      - sign the Ottawa Agreement on Land Mines;                      - take measures, in response to suicide bombings, proportionate and compatible with its obligations under international law;                      - do not affect – through the separation barrier and various closures and restrictions existing in the West Bank and Gaza, the distribution of humanitarian assistance to the Palestinian population;                      - take action to alleviate the suffering of Palestinians in the Occupied Territories, by lifting prohibitions on movement, reversing its settlement policy and dismantling settlements built after March 2001, and reversing the construction of the so-called security fence on Palestinian land.</p>
<p>4. 'co-operation in justice and home affairs' priorities                      - grant asylum seekers of an appropriate interim status (until a decision on their application is taken), social benefits (including medical services) and allow them to work;                      - enforce fully the amendment to the Penal Law, which foresees more stringent sentences for trafficking of human beings;                      - implement the shelter for trafficking victims (approved in 2003 by the Government);                      - ratify the "United Nation Convention against illicit traffic in narcotic drugs and psychotropic substances" (1988).</p>
<p><b>Commission Staff WP – ENP Country Report Morocco (SEC(2004) 569, 12.5.2004)</b></p>
<p>1. 'democracy and rule of law' priorities:                      - guarantee in practice the separation of powers - enshrined in the constitution – as the sovereign retains a significant number of executive prerogatives and exerts a certain amount of legislative power;                      - increase Parliament powers;                      - ensure the impartiality of judges;                      - improve access to justice;                      - reform the civil service;                      - fight corruption.</p>
<p>2. 'human rights and fundamental freedoms' priorities:                      - implement legislation on human rights;                      - ratify the UN two Optional Protocols to the International Covenant on Civil and Political Rights and the Optional Protocol to the Convention against Torture;                      - ratify ILO Convention No. 87 on the freedom of association and protection of the right to organise;                      - implement fully the new legislation on associations;                      - guarantee fully the freedom of assembly;                      - eliminate law restrictions on press freedom;                      - liberalise the audiovisual media;                      - insert in Moroccan criminal law a definition of torture in conformity with that required by the UN Convention to which Morocco is party and classify as crimes all acts that might be viewed as torture;                      - stop cases of torture, especially in cases of arbitrary detention linked to investigations into terrorism, including Islamist terrorism (according to the relevant UN committee and NGOs);                      - ratify the Rome Statute for the establishment of the International Criminal Court;                      - put into practice the reforms made to the Code of Personal Status on the status of women and the family;                      - eliminate reserves for articles dealing with the status of women, divorce and nationality of the Convention on the elimination of all forms of discrimination against women;</p>

<ul style="list-style-type: none"> <li>- sign the option protocol to the Convention on the elimination of all forms of discrimination against women;</li> <li>- prohibit (in legislation) domestic violence against women;</li> <li>- increase female participation in politics;</li> <li>- comply with child labour laws;</li> <li>- increase the impact of NGOs on major political decisions;</li> <li>- increase NGOs funding and capacity;</li> <li>- increase trade union rights of certain categories of workers, such as agricultural labourers and magistrates;</li> <li>- incorporate provisions which make racial discrimination illegal into the penal code;</li> <li>- recognize the Berber speaking community's cultural and linguistic rights.</li> </ul>
<p>3. 'regional and global stability' priorities</p>
<ul style="list-style-type: none"> <li>- find a political solution of the Western Sahara conflict and all related humanitarian problems;</li> <li>- ratify the 2000 UN Convention on Transnational Crime and its two Protocols on trafficking in human beings and smuggling of migrants.</li> </ul>
<p>4. 'co-operation in justice and home affairs' priorities</p>
<ul style="list-style-type: none"> <li>- elaborate a specific bill addressing the issue of money laundering.</li> </ul>
<p><b>Commission Staff WP – ENP Country Report Tunisia (SEC(2004) 570, 12.5.2004)</b></p>
<p>1. 'democracy and rule of law' priorities:</p>
<ul style="list-style-type: none"> <li>- real guarantee of the principle of the separation of powers, in particular as regards the powers of the President of the Republic;</li> <li>- increase Parliament's capacity to oppose government policy (the President of the Republic has the power to dissolve Parliament);</li> <li>- real guarantee of freedom of association;</li> <li>- develop political pluralism;</li> <li>- increase progress in implementing the policy of administrative decentralisation;</li> <li>- real guarantee of independence for the judiciary;</li> <li>- reform of the judiciary;</li> <li>- decentralise civil service and break strong links with the party in power.</li> </ul>
<p>2. 'human rights and fundamental freedoms' priorities:</p>
<ul style="list-style-type: none"> <li>- real guarantee of article 8 of the Tunisian Constitution which guarantees the freedoms of opinion, expression, assembly and association;</li> <li>- ratify UN two optional protocols to the International Covenant on Civil and Political Rights, the optional protocol to the Convention on the Elimination of All Forms of Discrimination against Women, and the optional protocol to the Convention against Torture;</li> <li>- facilitate, through legislation, the development of an independent civil society;</li> <li>- change restrictive legislation dealing with the freedoms of press and publication;</li> <li>- stop censorship of the media, newspapers and foreign publications;</li> <li>- assure free access to Internet;</li> <li>- limit authorities' control of private means of communication;</li> <li>- guarantee effective legal action against crimes of torture;</li> <li>- make custody do not extend beyond the maximum allowed by Tunisian law;</li> <li>- implement measures to improve detention conditions in Tunisian prisons;</li> <li>- sign the agreement establishing the International Criminal Court;</li> <li>- abolish discrimination between men and women still existing in law;</li> <li>- protect the Tunisian General Workers Union (UGTT) from certain de facto restrictions on its freedom of action.</li> </ul>
<p>3. 'regional and global stability' priorities</p>
<p>Not found.</p>
<p>4. 'co-operation in justice and home affairs' priorities</p>
<ul style="list-style-type: none"> <li>- make more comfortable the accommodation conditions of applicants for entry to Tunisian territory or persons in the process of deportation;</li> <li>- define a legal framework as regards the refugees' status.</li> </ul>

First of all we have to notice that each country has a different starting political situation. In brief, we may distinguish three main groups of neighbour countries: those towards which the EU should promote the transition towards democracy (Palestinian Authority and Tunisia), those towards which the Union should encourage democratic consolidation (Ukraine, Moldova, Morocco and Jordan) and those towards which the EU should support the growing of democratic quality (only Israel).

Main common political priorities, which could be suggested by the EU for the first group of countries and that distinguish them from the other groups deals with the recognition of basic civil and political rights, with the conduct of free, competitive and fair elections, with the development of political pluralism and with the creation of free media.

As concerns the second group, Jordan has in common with other countries only the ratification of international conventions and the elimination of some restrictions to the real guarantee of human rights, while the others should concentrate also on strengthening the democratic regime, reform of the administration, decentralization, reform of the

judiciary and fight against corruption. All countries of the first group should focus also on these political priorities.

Main political priorities for Israel deals with the full protection of human rights and fundamental freedoms, in particular of Palestinians, and with the signing, ratification and observance of international conventions.

A next step of this study could be to compare the political situation described by the Commission in these Country Reports with other sources as Council of Europe, OSCE, NGOs, academics and literature<sup>93</sup>. It will be very interesting also to evaluate whether political priorities contained in next Action Plans will be in line with the analysis of the political situation of the Country Reports and how much of the financial resources of the existing support to ENP and of the ENI will be devoted to democracy, rule of law and human rights; and compare it with the resources devoted to democracy, rule of law and human rights in the framework of the financial programmes for candidates.

### *Conclusion*

In this paper we wanted to address two main questions: if it is possible to talk of a strategy of democracy promotion in the framework of the European Neighbourhood Policy (ENP), and what are similarities and differences – in particular as concerns method and content – with the main EU democracy promotion strategy in the framework of enlargement policy.

As concerns the first question, we should consider two main aspects. On one hand, if we look to the official documents of the High Representative, the Commission, the Council and the European Council, it is possible to affirm that the EU wishes to realize a strategy of democratization in the framework of the ENP and that it is the instrument to achieve the European Neighbourhood policy goals (security, stability and well-being for EU member states and neighbouring countries). On the other hand, if we look to the concrete actions to realize this strategy, we still do not have materials to answer positively to this question. As we have seen in the case of enlargement, a strategy of democratization is a long term process, and to affirm that this strategy has started we need at least to look at political priorities contained in Action Plans with neighbour countries. Taking into account these considerations, we may affirm that the European Union wishes to develop a strategy of democracy promotion in the framework of the ENP, and that this process will start as soon as the Union will publish ENP Action Plans with neighbour countries. When Action Plan will be drafted, it will be interesting to compare the political priorities contain therein, with what we have expected from the description of the political situation contained in the documents we analyzed (see table 5).

As regards similarities and differences between the strategy of democracy promotion through enlargement and which could be a strategy of democratization in the framework of the ENP, we can say that the firsts can be found in content, conditionality and processes, while the main difference has to do with incentives.

The main similarity in content, with the strategy of democratization in the framework of enlargement, can be found in what the EU asks neighbour countries to do, that is their commitment to common values. As we have seen in table 5, the Union should ask neighbours the same commitments the EU asks candidate countries: strengthening democracy and the rule of law, the reform of the judiciary and the fight against corruption and organised crime, respect of human rights and fundamental freedoms (including freedom of media and expression), rights of minorities and children, gender equality, trade union rights and other core labour standards, fight against the practice of torture and prevention of ill-treatment; support for the development of civil society; cooperation with the International Criminal Court; the fight against terrorism and proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution.

As regards conditionality, the Commission has made explicit the conditionality attached to shared values, and the resulting priorities to be identified in the Action Plans<sup>94</sup>: increased political, security, economic and cultural cooperation is offered in return for political and economic reform.

As concerns structures, it seems that the neighbourhood policy will adopt the same instruments and techniques based on the evolved pre-accession process for the central and eastern European states, which are judged to have worked in promoting political reform in candidate countries. In the framework of the ENP, in a first phase, political priorities will be contained in Action Plans, while for candidate countries they are contained in Accession Partnerships, both Action Plans and Accession Partnerships respecting the principles of joint ownership and differentiation. In a second phase the Commission will report on progress accomplished by the neighbour, as far as every year the Commission reports on progress accomplished by candidates; and then, on the basis of this evaluation, the EU will review the content of the Action Plan and decide on its adaptation and renewal; for candidates countries the Union updates the priorities contained in the Accession Partnerships almost every year. All these similarities confirm the

<sup>93</sup> Even if, in the Country Reports, the Commission refers sometimes to some of these sources.

<sup>94</sup> *Commission Strategy Paper*, 12 May 2004, p.13.

statement of the Commission, that in enriching relations with partner countries, it will draw on the experience gained in supporting the process of political transition in the new member states and in candidate countries.

The main difference between the strategy of democracy promotion in the framework of enlargement and the strategy of democratization in the framework of the ENP has to do with incentives, as only the first foresees the prospect of full EU membership, which is widely recognized to have had a powerful positive effect on the processes and outcomes of democratic transformation and consolidation among the CEEs. Indeed, the other foresees, as we have seen, eleven incentives, in the short term, which aim at reinforcing political, security, economic and cultural cooperation and some political and economic integration in the long term, which is very different from membership. The emerging question is whether ENP incentives will make neighbours accept the political conditionality.

But external incentives are not enough for a strategy of democratization to be successful. It is very important to stress, that to be successful, an external strategy of democracy promotion needs some internal aspects, first of all, the will of the people concerned to political reforms. Indeed, we believe that democratization is the result of the interaction between internal and external factors. In giving a judgement of the last enlargement, the Commission seems to acknowledge this, even if it may seem a bit rhetorical: 'the credit for this success (the emerging of stable democracies in Central and Eastern Europe) belongs mainly to the people of those countries themselves'<sup>95</sup>.

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# EUROPEAN UNION'S REGIONAL APPROACH TOWARDS ITS NEIGHBOURS: THE EUROPEAN NEIGHBOURHOOD POLICY VIS-A-VIS EURO-MEDITERRANEAN PARTNERSHIP

Manuela MOSCHELLA

*Europe and its approach towards neighbouring countries.*

European security, and its connection with its neighbourhood, is an issue of primary importance in the EU political agenda. Awareness of the matter can be found in several documents: in the Draft Treaty for establishing a European Constitution, for example, in which is stated that: “*The Union shall develop a special relationship with neighbouring States, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation*” (art. I-56). The European Security Strategy presented by Solana, at the Thessaloniki European Union Council, sets as a strategic objective that of promoting “*a ring of well governed countries to the East of the EU and on the borders of the Mediterranean, with whom we can enjoy close and cooperative relations*”<sup>1</sup>.

The Union, then, reserves a special attention to the relation with its neighbourhood, and in this framework we can include the elaboration of a *Neighbourhood Policy*, drawn up by the Commission<sup>2</sup>, able to coordinate and to take in various experiences already established by the Union.

European integration history, in fact, makes clear how the Community/Union has always reserved a special attention for its relation with neighbouring countries. During its evolution some of them have become effective members. Others, instead, have been associated in a close and inclusive relation with the Union through the signature and implementation of several agreements whose content aims at inducing institutional, economic and social reforms as necessary pre-requisites of the entire region's peace, prosperity and security.

Interesting cooperative attempts are represented by the Partnership and Cooperation Agreements (signed with Russia, Ukraine and Moldova, between 1994-1995), the Stabilisation and Association Process, (started in 2000 with the aim to bring peace, prosperity and democracy in the Western Balkans), and the Euro-Mediterranean Partnership. The last was launched in 1995 to affirm the strategic importance of the Mediterranean even if European attention appeared to be more focussed on the East of the Continent

Practically, the Union, utilising a wide range of instruments (such as trade and custom unions' agreements, financial aid and technical assistance, cooperation in different fields), typical of a *civilian power*<sup>3</sup> (Duchene, 1973: 19), has elaborated a security agenda, which directly regards its neighbours, in which Europe appears to be interested in realizing those reforms (economic, institutional and social), which are necessary to assure Neighbours' Stabilisation/Union Security.

Resuming, through Missiroli's proposed distinction<sup>4</sup>, over the past decades the European Union has pursued two distinct approaches towards its immediate neighbours: an approach aimed at integration proper, i.e. at bringing neighbouring countries directly into the EU, and a second approach aimed, first and foremost, at stabilisation.

The first policy approach makes use of conditionality as the instrument with which to obtain integration, that is the affirmation of an explicit link between behavioural conformity to the Union fixed criteria and accession process. The integration goal is based on the membership incentive: extending the Union's norms, rules, opportunities and constraints to successive applicants has made instability and conflict on the Continent decreasingly likely.

The second approach – stabilisation as a goal – is based on fostering regional cooperation and broad partnerships (regionalism). It is the approach EU employs in the Mediterranean, which takes the form of the Euro-Mediterranean Partnership, or in the Balkans, through the Stabilisation and Association Process, and it is the same approach used with Russia, Ukraine, Moldova and Belarus in the framework of the Partnership and Cooperation Agreements.

After having stressed this distinction, and clarified Union's approach towards its neighbours in this paper I would like to

<sup>1</sup> European Security Strategy, (June 2003), *A Secure Europe in a Better World*, presented by Javier Solana at the Thessaloniki European Council

<sup>2</sup> *Wider Europe-Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours*, COM (2003), 104 final, Brussels, March 2003

<sup>3</sup> The European Community's interest as a civilian group of countries long on economic power and relatively short on armed force is as far as possible to domesticate relations between States, including those of its own members and those with States outside its frontiers. This means trying to bring international problems the sense of common responsibility and structures of contractual politics, which have been in the past associated exclusively with 'home' and not foreign, that is alien, affairs. Duchene F., (1973), *The European Community and the Uncertainties of Interdependence*, in Kolistam M. e Hager W., *Nation Writ Large: Foreign Policy Problems Before The European Communities*, London, Macmillan

<sup>4</sup> Missiroli A., (2003) *The EU and its changing neighbourhoods: stabilisation, integration and partnership*, in *Partners and Neighbours: a CFSP for a Wider Europe*, Chaillot Paper n.64, Paris, Institute for Security Studies.

discuss about the stabilisation approach, in particular I am interested in applying it to the forthcoming Wider Europe region (i.e. the region that will result from the implementation of the new European Neighbourhood Policy). Specifically I am going to consider the Wider Europe-Neighbourhood Policy (ENP) as an instance of region-building. In order to better explain the Wider Europe region's characteristics, it will be compared to the Euro-Mediterranean region (i.e. the region that results from the implementation of the Barcelona Declaration). The comparison between the two initiatives will be helpful for the proposals of some theoretical interpretations of the ENP region-building project.

#### *Euro-Mediterranean Partnership and Neighbourhood Policy*

The Euro-Mediterranean Partnership can well be considered a special neighbourhood policy. It means a complex of mechanisms, agreements and institutions drawn to address the strategic objective of building security throughout European neighbourhood. Scope of the initiative, in fact, is to turn the Mediterranean into an *area of dialogue, exchange and cooperation guaranteeing peace, stability and prosperity*<sup>5</sup>. Mediterranean policy is challenged at present by European initiatives aiming at defining a new and comprehensive Neighbourhood Policy (ENP), as envisaged in the Commission Communication of March 2003. Implementation of the new Neighbourhood Policy, in fact, is going to impact on Mediterranean countries too, since the latter are identified as recipient countries together with Russia and the Western Newly Independent States (WNIS), i.e. Ukraine, Moldova and Belarus.

It is worth remembering, however, that Neighbourhood is not going to *override the existing framework for EU relations with Russia and the countries of the Western NIS, and the Southern Mediterranean. Instead, it would supplement and build on existing policies and arrangements*<sup>6</sup>. It means that the EMP and the Neighbourhood Policy are not mutually excluding projects. At the same time, ENP cannot be considered a simple mechanism of coordination of existing initiatives involving neighbours. It should be intended, in fact, as a policy with its own specificity, i.e. ENP is something else with respect to the running regional projects, able to bring them an added value.

As said before, I am going to utilize EMP's experience to analyse the forthcoming features of the new region EU is going to create with its neighbours.

The act of comparing the EMP to the Neighbourhood Policy, however, can be criticised with respect to different arguments.

A first objection could be based on the assumption that European Mediterranean policy can be judged by the results achieved since the signature of the Barcelona Declaration (1995). The second policy, instead, is a policy *in fieri* that can be judged on the basis of the intentions that can be revealed from the preparatory documents.

Second, it is worth noting that the first refers to a specific group of countries, Mediterranean countries, that, despite internal differences, presents a higher degree of homogeneity, if compared to the degree of homogeneity of the Wider Europe countries' group. It is particularly difficult, in fact, to assimilate those States that lying at the eastern border of the Union with those facing the Mediterranean Sea.

Despite the above-mentioned theoretical objections, I sustain the utility of comparing the EMP and the Neighbourhood Policy to more easily trace the main characteristics of the latter.

I suggest to start listing the specific features of the EU's experience in the Mediterranean that can be resumed in the following aspects:

- A regional integration process based on the premise to develop a sense of co-ownership to the initiative among the regional constituent parts. Practically the EU tried to make partners feel as *equals*, it tried to avoid Mediterranean partners' perception of a unilateral European initiative. These aims have been pursued fostering sub-regional cooperation and balancing a bilateral and a regional approach;
- A comprehensive security concept that implies taking in due consideration different security dimensions. It means attributing the same importance to different fields of activity: political and security, economic and financial, social and cultural cooperation;
- The relation with the Israeli-Palestinian conflict. In reality, Barcelona Declaration supports the separateness of the Partnership from the conflict. However, it is not possible to deny its negative effects over the Barcelona Process.

The above-mentioned points represent the key features of the Euro-Mediterranean Partnership. Now I am going to analyse these aspects separately, underlining differences and analogies with respect to the new Neighbourhood Policy. At the same time, I will try to stress in which respects the EMP appears to be more far-reaching than the Neighbourhood project, and in which respects, instead, the latter appears to be more ambitious than the Mediterranean initiative.

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<sup>5</sup> Barcelona Declaration, adopted at the Euro-Mediterranean Conference of 27-29 November 1995

<sup>6</sup> *Wider Europe-Neighbourhood*, 2003:15

### *Regions and regional integration process*

As concerns the first feature, that is region-building process, International Relations literature is characterised by a strong variety of interpretation of the phenomenon, and by definitional ambiguities. In order to proceed I find useful to list some interpretations and to assume some working definitions.

We could start by adopting international region's definition given by Nye. According to him, a region can be defined as: "a limited number of States linked together by a geographical relationship and by a degree of mutual interdependence"<sup>7</sup>. So it derives that regionalism is "the formation of interstate groupings on the basis of regions".

In order to define international regions, some authors refer to criteria such as geographical proximity, common bonds (ethnic, linguistic, cultural, historical and social) and a sense of identity, which is emphasized by external States' behaviour (Cantori and Spiegel, 1970:6-7). Many authors tried to identify criteria which need to be fulfilled in order to talk of an international region: Russett's criteria (1967:11) – social and cultural homogeneity, political attitudes or external behaviour, common political institutions, economic interdependence, geographical proximity –, or Thompson's (1973) necessary conditions: geographical proximity, regular and intense relations among regional units, common perceptions of the regional sub-system. Nye (1971) distinguishes micro-economic organization involving formal economic integration from macro-regional organization, concerned with controlling conflicts. Deutsch (1981:54) defines a region as a set of countries distinctly interdependent over a broad range of different dimensions. This is often but not always indicated by a flow of socio-economic transaction and communication. In the 1990s Adler and Barnett's work on security community, substituted Deutsch behavioural approach to regional integration with a constructivist standpoint.

In order to explain *region-building* process International Relations literature makes reference to power distribution in the international system (realist and neo-realist theories, for example, explain regionalism as a return to a multipolar balance of power system - Waltz, 1993), economic interdependence (Keohane and Nye, 1977), cultural affinity (Huntington, 1996), intensity of transactions and flows of communication (Deutsch's security communities), intensity of security, political and military interactions (Buzan's security complexes, 1991), membership of regional institutions.

Regional integration processes, then, have been interpreted through the lens of various theoretical perspectives, with results that have contributed to strengthen the subject's definitional ambiguities. According to Fawcett and Hurrell's studies (1995) we can state that in the actual international system region-building presents some specific characteristics: first, the economic dimension's prevalence. At the same time, there is a great mixture of economic, political, social and security issues. Practically region-building is a multi-dimensional process, and economic regionalization can be considered as a first step in order to achieve wider political and security objectives. A further characteristic is represented by the fusion of developed and developing countries in a single regional integration scheme. We can cite Mexico and its inclusion in the NAFTA (North Atlantic Free Trade Area), but in a list of examples we can easily put regional integration process between the European Union and the Mediterranean countries, in the framework of the EMP.

In the European Union language, fostering regional cooperation and partnership has been widely used as a practice to cope with the Union security concerns: security issues linked to migration – drug trafficking or organised crime - energy security matters, not to speak of possible spill-over effects from regional conflicts.

At this point, we should wonder about the characteristics of regional cooperation the Union supports in the Mediterranean area, and in the Wider Europe region too.

The EMP can be considered as an instance of *regional security partnership*<sup>8</sup> (Attinà, 2002), a format able to evolve towards the form of a *security community*<sup>9</sup>, during time. This evolution is marked by the results achieved in the three Partnership's pillars, and it will be possible thanks to the intervention of common institutions, political elites, civil society, and owing to the complementary tracks: the bilateral and the regional agenda.

If we pass from a theoretical point of view to an empirical assessment of Mediterranean region-building process, an overall judgement cannot be really positive: Barcelona experience teaches us how difficult is to eliminate reciprocal diffidence and cultural incomprehension among the constituent parts of a region. It witnesses how much efforts are required to make partners

<sup>7</sup> Nye J.(1968), *International Regionalism*, Boston, Little, Brown & Co.

<sup>8</sup> *Regional security partnership* is the name given to the security arrangement of an international region that originates from the consensus of the states to cooperate on the reduction of violence and enhancement of stability and peace in the region by making use of different types of agreements and mechanisms like formal security treaties, security international organizations, joint action agreements, multilateral dialogue processes, peace and stability pacts including confidence-building and preventive diplomacy measures, and also measure for influencing the domestic structures and process of the countries at risk of internal violence. A regional security partnership does not exclude any relevant power of the international politics of the region. It includes almost all the countries of a region and also extra-regional powers. In Attinà F., (2002), *Security cooperation at the regional level: from opposed military alliances to security partnerships. Is the Mediterranean region on the right track?* Jean Monnet Working Paper n.45

feeling as equals, especially with respect to the European Union's cohesiveness. Barcelona's main achievement is the awareness of the importance of fostering sub-regional cooperation among partners and developing a common identity between the two shores of the Mediterranean. Diffidence, however, still persists, especially in those partners which interpret European involvement in the Mediterranean as an action aiming first and foremost at the satisfaction of its own security needs more than at the solution of economic and social issues which matter them most.

As concerns regionalism envisaged in the Wider Europe Communication, it seems to be much less regardless of partners' perceptions about European project than the EMP. This assumption is supported by the prevalence of bilateral over regional dialogue, and, consequently, by the preference for a differentiated rather than a holistic approach. Regional relationships will be based on the agreements signed by the Union on one side and each country on the other, with all the unbalances deriving from that, which are going to be accentuated by the lack of sub-regional cooperation. It will result in a fragmented regional scheme in which is difficult to support the idea of belonging to the same community/region.

To say the truth, developing sub-regional cooperation and a sense of joint ownership are issues introduced, with particular emphasis, in the recent European Neighbourhood Policy *Strategy Paper*<sup>10</sup>. The *Paper*, however, refers to existing fora (such as the EMP) in order to strengthen the initiative's regional dimension. It does not suggest, however, any specific – in the sense of “new” and “proper of” – ENP's instrument – whether it be an institution or a decision-making procedure. Doing so, ENP's “specificity” and “added value” disappear and the new policy is reduced to a mere coordination instrument of the running regional projects in place with neighbouring countries.

Moving from these assumptions it is difficult to envisage the realization of a security community<sup>11</sup> in the Wider Europe. This statement is supported, beyond the just-mentioned arguments, by at least one significant explanatory reason. Security communities are not spontaneous creations: they result from the activities of agents (political elites, individuals, regional and transnational institutions) who need material and ideological resources for developing political reasons and willingness able to build collective identities (“cognitive regions”<sup>12</sup>).

In the Wider Europe Communication there is no an adequate attention towards agents – political actors, institutions and civil society. Regionalism of the March Communication, for instance, is characterised by a minimum, if not completely absent, level of institutionalisation. There are no provisions for institutions responsible of Neighbourhood Policy's implementation. Regional integration process in the Mediterranean, on the contrary, provides specific organisms, assuring the initiative's regional dimension and guaranteeing the effective participation of the southern Mediterranean partners.

Let's think to the Euro-Mediterranean Conferences of Ministers of Foreign Affairs, in which all partners take part, and to the Euro-Med Committee constituted by the European troika<sup>13</sup> and a representative from each partner country. The institutional scheme of the EMP comprises, furthermore, a series of ministerial meetings with the Ministers in charge of specific cooperation matters, and periodical meetings of the Senior Officials on Political and Security Questions (in relation to the issues of the first basket). To these organisms we have to add the new Euro-Mediterranean Parliamentary Assembly, launched at the Ministerial Conference held in Naples, 2-3 December 2003.

It is clear then that the regional integration process in the Mediterranean has an institutional dimension that the Wider Europe regional integration project doesn't pursue.

Speaking about the Euro-Mediterranean Partnership Adler (1998:189) sustains that: “*behind the EMP and related efforts lies the [...] idea that the most promising –perhaps only- way to achieve long-term security, economic welfare, political stability, and peace in the Mediterranean area is neither an elaborate system of alliances or collective security system, nor a functional scheme of economic integration, but the socio-cultural process of constructing a region*”<sup>14</sup> whose success depends on “*political and social engineering of a Mediterranean 'we-feeling' or collective social identity*”<sup>15</sup>.

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<sup>9</sup> Deutsch and his associates defined a security community as a *group of countries that has become integrated*. It means the attainment, within a territory, of a sense of community and of institutions and practices strong enough and widespread enough to assure for a long time, dependable expectations of peaceful change (Deutsch, 1957: 5). Adler and Barnett (1998: 30) redefined security communities as *transnational regions comprised of sovereign States whose people maintain dependable expectations of peaceful change*. These expectations are driven by the development of trust and the formation of a collective identity. *Trust and identity are reciprocal and reinforcing: the development of trust can strengthen mutual identification, and there is a general tendency to trust on the basis of mutual identification* (Adler E. and Barnett M., (1998), *A Framework for the Study of Security Communities*, in Adler E. and Barnett M., *Security Communities*, Cambridge, Cambridge University Press: 45)

<sup>10</sup> *European Neighbourhood Policy Strategy Paper*, Communication from the Commission, COM (2004), 373 final, Brussels, May 2004

<sup>11</sup> According to the meaning explained in the previous footnote

<sup>12</sup> Adler E., (1997), *Imagined (Security) Communities: Cognitive Regions in International Relations*, Millennium, 26, 249-277

<sup>13</sup> The current and incoming presidencies, the High Representative for the CFSP, the Commission

<sup>14</sup> Adler E.,(1998), *Condition(s) of peace*, in “Review of International Studies”, 24, 5

<sup>15</sup> *Ibidem*

Paraphrasing Adler we can state that: *behind Wider Europe initiative lies the idea that the most promising way to achieve long-term security, economic welfare, political stability and peace in the neighbourhood area is a functional scheme of economic and legislative integration in accordance to a differentiated and benchmarked approach, in which the need for the development of a sense of we-ness, is neither excluded nor explicitly affirmed, but simply absent. The success of the initiative depends on the degree in which different identities/communities tackle common threats and problems related to regional instability and insecurity, on the basis of the adoption of the *acquis communautaire*.*

In the long-term period the lack of a sense of common identity, of belonging to the same region, of co-ownership, of common institutions, could induce neighbours to negatively perceive their asymmetrical relation with the Union. Thus is probably going to mine the foundations of the Neighbourhood Initiative over time.

#### *Comprehensive security*

The second identified characteristic of the EMP is the *comprehensive* security concept adopted in the Barcelona Declaration. The EU is used to concepts like that of comprehensive and cooperative security – in order to get regional stability – because of the successful experience of the Conference for Security and Cooperation in Europe (CSCE), the so-called Helsinki Process. 1995 Barcelona Declaration, for instance, is based on the model of the 1975 Helsinki Final Act that incorporates distinct yet interrelated pillars or baskets – dealing with political and military issues, economic and financial matters, human and cultural cooperation. It means that the Barcelona Process' overall goal will result from the complementary of actions carried out in different baskets.

In the Wider Europe regional integration project the Union doesn't renounce to a comprehensive approach, like that of the EMP. Political issues, in fact, are strictly linked with social, economic and environmental concerns. In the Commission's perspective, in fact, is of primary importance to assure "*political stability, economic development and the reduction of poverty and social divisions*" (Commission Communication, 2003:3).

A comprehensive and cooperative security concept, then, is strictly linked to the development of trust and confidence among the units that constitute a region. Thus implies further attention towards dialogue between cultures.

In the Barcelona Declaration a specific chapter – the third one - is dedicated to the issue. In Naples (December 2003) Euro-Mediterranean Ministers launched the project of a Euro-Mediterranean Foundation "*aiming at increasing dialogue and common understanding between cultures and civilisations*".

In the Wider Europe Communication you can read: "*The importance of dialogue between civilisations and free exchange of ideas between cultures, religions, traditions and human links cannot be overemphasised*"<sup>16</sup> and just *en passant* it refers to the necessity of developing a cultural dialogue that aims at eliminating mutual incomprehension and at developing a sense of belonging if not to the same community at least to the same project.

Fortunately, in the latest Communication (*ENP Strategy Paper*: 19) the Commission stresses the importance "*to stress mutual understanding of each others' cultures, history, attitudes and values, and to eliminate distorted perceptions*" as the appropriate way to strengthen societal links.

#### *The Israeli-Palestinian conflict*

We start now analysing the third characteristic of the EMP: i.e. its relationship with the Israeli-Palestinian conflict.

This conflict, in fact, constitutes an interesting case study for judging the Union's effective capacity of intervention in regional conflicts, which involve its neighbours.

With respect to the Israeli-Palestinian conflict the Community/Union can be proud of its coherent position held over time: starting from the famous Venice Declaration (1980) the Union has always supported specific principles (two States for two peoples, respect for Security Council Resolutions, condemnation of the use of violence, whatever the side it comes from) so as to reach a satisfying agreement among the parties.

The Union's *declaratory* policy, which is often criticized by both its detractors and by those who claim a more active Union in world affairs, must be assessed in the general framework that comprises various instruments Europe employs for the conflict solution.

The EC is, first, together with its Member States, the main financial donor for Palestinians<sup>17</sup>. Beyond it, it has always enlarged the range of instruments at its disposal in order to actively participate in the process of conflict solution. Let's think to the appointment of the Special Envoy, Miguel Moratinos in 1996, followed by that of Marc Otten July 2003, and to the

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<sup>16</sup> *Wider Europe – Neighbourhood*, Commission Communication 2003: 12

<sup>17</sup> Data released by the European Commission ([www.europa.eu.int/comm/external\\_relations/mepp/indexi](http://www.europa.eu.int/comm/external_relations/mepp/indexi)) indicate that in the period 1994-98 the Community has provided for the 50% of the international financial aid for the Gaza Strip and the West Bank.

institution of a High Representative for the CFSP so as to raise the level of the Union's political participation at the negotiating tables. The Union, then, has always tried to reinforce its international role in the Middle East area supporting a plurality of multilateral initiatives such as the Madrid Conference (1991), and the Euro-Mediterranean Partnership (1995). To say the truth, Barcelona Declaration separates the Partnership from the Israeli-Palestinian conflict, affirming the principle of "separateness" between the two. Anyway, we cannot deny the existence of a mutual connection.

First, the EMP has had the great merit of attributing to the Palestinian Authority the same status recognised to the other partners, and, at the same time, it has made of Israel a partner accepted by Arab countries. The EMP, then, has provided all partners with a permanent forum for dialogue.

These merits, however, cannot hide the EMP's limits: it has not been able to stop violence nor to develop confidence among the parties involved in the conflict. Even the EMP task of providing a permanent forum for dialogue is fading away: Marseilles (2000) and Valencia (2002) Ministerial Conferences have been boycotted by the Syrian and Lebanese delegations as a protest against the Israeli use of violence in the occupied territories.

European efforts, then, are politically important but the limited results achieved till now have weakened Union's action efficacy and credibility. The Union appears incapable of adopting those decisions that could mean making relations harder with both Israelis and Palestinians. The Union, for instance, doesn't support measures such as embargo on arms selling to Israel, or revision of Israeli preferential agreement – in order to exclude goods coming from settlements in the occupied territories, or adoption of economic sanctions against the National Palestinian Authority, blamed for supporting terrorist activities.

The Union must further take in due consideration American policy in the area. The USA, in fact, are recognised as the mediator par excellence and as the only guarantor of any eventual agreement among the parties. This has undoubtedly weakened the Union negotiating role.

From September 2000 on, for instance, I mean from the beginning of the second Intifada, the only agreements reached have been concluded under the US auspices: Sharm-el-Sheikh and Taba negotiations (October 2000, and January 2001), the Mitchell Plan (May 2001), the Tenet cease-fire (August 2001). With the publication of the road map (April 2003) and its participation to the Quartet, the Union aimed at raising its political profile in the solution of the conflict, but the continuing violence and the latest Sharon's initiatives, do not allow us to think positively about this new peace plan.

Resuming, then, European performance in the Middle East provides the image of a Union that is still far from being a regional pacifier.

What's, then, about the Union's role in regional conflicts' prevention and management, so as envisaged in the new Neighbourhood Policy? The answer to this question appears to be more and more relevant considering that in the Wider Europe region, beyond the Israeli-Palestinian conflict, there are other areas of tensions: Western Sahara and Moldova-Transdnistria.

Let's see what is the content of the new Neighbourhood Policy as concerns regional conflicts: *"A shared neighbourhood implies burden-sharing and joint responsibility for addressing the threats to stability created by conflict and insecurity. The EU should take a more active role to facilitate settlement of the disputes over Palestine, the Western Sahara and Transdnistria [...] Greater EU involvement in crisis management in response to specific regional threats would be a tangible demonstration of the EU's willingness to assume a greater share of the burden of conflict resolution in the neighbouring countries. Once settlement has been reached, EU civil and crisis management capabilities could also be engaged in post-conflict internal security arrangements. Additional sources of funding for post-conflict reconstruction and development would be required"*<sup>18</sup>. The Commission, then, claims a Union's more active role in regional conflicts prevention and management, when regional stability is at risk.

The High Representative for the CFSP, Javier Solana, expresses the same request: *"As a Union of 25 members, spending a total of 160 billion Euros on defence, we should, if required, be able to sustain several operations simultaneously. We need to develop a strategic culture that fosters early, rapid, and when necessary, robust intervention. We should think particularly of operations involving both military and civilian capabilities"*<sup>19</sup>.

Practically, from the aforementioned documents' analysis, it is possible to reveal a new consciousness: a civilian power, like the Union is, wants to provide itself with the instruments that allow it to be recognised as an effective regional power.

Probably, with reference to the "active role" Union claims for itself in the Wider Europe, the new Neighbourhood Policy appears more innovative and ambitious than the EMP. In the EMP Europe excludes itself from the Arab-Israeli conflict, supporting the realization of a lasting peace in the Middle East based on the relevant United Nations Security Council Resolutions and on other multilateral initiatives already in place. In the Wider Europe, on the contrary, Europe assumes a concrete responsibility as concerns conflict solution in its neighbouring countries.

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<sup>18</sup> *Wider Europe-Neighbourhood*, Commission Communication 2003: 12

<sup>19</sup> Solana J., *European Security Strategy*, 2003:13

The new strategic role, envisaged both in the March Communication and in the Solana's Security Strategy, is a really innovative aspect in the framework of relations set up, till now, with neighbouring countries. This element, especially if compared to the Euro-Mediterranean Partnership, reveals a more conscious approach towards neighbours' concerns that constitute their political priorities.

Theoretical interpretations of the Wider Europe-Neighbourhood Policy

Resuming, we can list some characteristics of the new Neighbourhood Policy, taking in mind that it is considered as an instance of region-building. It is, in fact, an initiative aiming at establishing a form of regionalism characterised by the following elements:

- A high degree of heterogeneity among the regional units. It means that the dynamic of interactions among countries involved will be ruled by bilateral agreements signed by the Union, on one side, and each neighbour, on the other, in a hub and spoke scheme;
- Progressivism in enhancing regional cooperation, in the sense that it will evolve according to the results achieved. They will be measured on the basis of specific benchmarks, i.e. precise and verifiable parameters, that can be assessed both quantitatively and qualitatively;
- Lack of an institutional dimension. Region-building is not supported by regional forums or institutions, which can guarantee the partners' effective participation in the new policy's elaboration and implementation;
- Burden-sharing and joint responsibility in addressing regional conflicts among all partners. The Union, then, as major partner, should play a more active role to address these matters;
- An asymmetrical political and economic interdependence among regional constituent parts, which is aggravated by a limited sub-regional cooperation among neighbours and by the lack of regional institutions in charge of safeguarding mutual interests.

Starting from these points, I am going to suggest some theoretical approaches useful for explaining the Union's attitude towards its neighbours.

An interesting analysis results from the application of Waever's imperial metaphor<sup>20</sup>.

According to the author, the European Union, as traditional Empires did, appears to be engaged in a pacification and stabilisation process of its frontiers, through which the Union exports its norms and rules in a radial manner.

As starting point, Waever assumes the so-called English school, specifically Wight (1966,1977) and Watson's (1992) studies. The last one, in particular, identified a spectrum of options useful for explaining the international system's organization: it ranges from the extreme of the absolute independence among the systemic units to the extreme of the direct rule (Empire), passing through the intermediate positions of hegemony and dominance.

Different forms of the international system's organization can be arranged on a temporal continuum, or on a spatial dimension which is articulated in concentric circles, in which the inner represents the imperial dominance and the outer rings the intermediate forms. Waever utilises these concentric circles for explaining European regional organization, specifically the levels on which Europe bases its security (a concept of security "that emphasizes environment, ecology and identity" together with a "renewed interest in the rather classical military concerns"<sup>21</sup>- Waever: 68).

The first level of European security, represented by the inner circle, regards the maintenance of stability in the core of the system. The second level, takes place in the relation between Europe and its near abroad that Waever identifies with the group of candidate countries. Considering the completion of the enlargement process (May 2004), we can focus on the relation between the Union and neighbouring countries. At this level the Union's security objectives are realised through the tool of asymmetrical interdependence. It is clear, in fact, that the EU shares with its neighbours the costs of economic, political and social interdependence which globalization process imposes to the different parts of the international system. The problem is that very often these costs are more expensive for neighbours than for Europe, it means that neighbours are more vulnerable than Europe in their relation of mutual interdependence. It is sufficient to think about Mediterranean countries heavily dependent on European market in order to place their exports of textile or agricultural products, and on technical financial assistance, and on foreign direct investments. At this level, then, the EU exercises a strong power of attraction on its neighbourhood, taking advantage from its economic and commercial power. Neighbours will result linked to the Union but in a position of asymmetrical interdependence, and since this asymmetry is an elevate source of power (Keohane and Nye, 1977: 11), this will be translated in a European policy of stabilisation of its frontiers which makes use of an approach based on an unbalanced relation in favour of the Union.

Waever's interpretation, subsequently, could be an adequate scheme for explaining the new Neighbourhood Policy. This policy, in fact, lacks in the impulse to the development of sub-regional cooperation, which can be considered as the only way in

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<sup>20</sup> Waever O. *Imperial Metaphors: Emergine European Analogies to Pre-Nation-State Imperial Systems*, in Tunander O., Baev P., Einagel V., *GeoPolitics in Post Wall Europe: Security, Territory and Identity*, London, Sage 59-93

<sup>21</sup> *Ibidem*

which asymmetry can be balanced. Lack of an institutional dimension, furthermore, that is the absence of fora in which the parity among partners is assured and their participation at a decisional level is guaranteed, is another factor that aggravates the unbalance between the Union and its neighbours.

Waever's interpretation inevitably leads to the following question: why neighbours should accept a European project in which they occupy a position of asymmetrical dependence against the Union?

Answering with Joffé, neighbours: "perceive a utility in closer links with Europe, given their economic dependence upon it and their geographic contiguity with it, and realize that they have very little choice in the matter. The overwhelming size of the EU in almost every aspect, if compared with any other potential partner, obliges them to accept the European vision of a shared future, even if they may fear the consequences"<sup>22</sup>. Starting from the premise that main European concerns are fundamentally security issues, (security matters linked to migration, energy security problems, negative effects of regional conflicts), he speaks about a "peripheral regionalism", in which the most important power bloc forces solution along its periphery "in which mutual benefit is an incidental consequence of unilateral security concerns"<sup>23</sup> (Joffé: 220-221).

Other possible interpretations of the ENP's project is provided by the notion of open or soft regionalism, that is a form of regionalism in which a rule-based political space has not been still created, which is still far from "going beyond the mere functional model, and including confidence-building measures, common rules and procedures, mutual expectations and political dialogue or cooperation"<sup>24</sup> (Telò 2001:90). I sustain that the existence of an asymmetrical relation between the Union and the other regional units is undeniable. In a certain sense, then, we can talk about an implicit coercion exercised by the Union over neighbours, in order to accept Europe's project of a shared neighbourhood. We should not forget, anyway, that neighbouring countries, though in a subordinate position with respect to Europe, have a lot to gain from an enhanced cooperation with it (a chance in the Internal Market, technical and financial assistance, an enhanced international status).

ENP, then, is an instance of flexible and evolving region-building process: in the first period it aims at satisfying Europe's security objectives allowing it to control what happens in neighbouring countries. In this context mutual benefits are just a consequence of unilateral European concerns.

In the long run the same benefits will result from the enhanced interactions among the regional constituent units. Thus should balance the initial European exclusive attention towards its own security matters, highlighting those mutual interests neighbours share with the Union, making them supporters of the ENP regional integration project. Neighbours' support, however, will be dependent on the Union's capacity to foster trust and a sense of "we-ness" across its neighbourhood.

### *Conclusions*

European Neighbourhood Policy reveals the European Union's urgency to cope with the consequences of the enlargement process over its near-abroad. Excluding membership prospect, the Commission has elaborated a stabilisation approach towards its neighbours based on a region-building process. In this paper, in fact, I analysed ENP as an instance of regionalism trying to highlight characters and dynamics of the new region Union is going to create with its new neighbours.

Built on the assumption to assure its own security through the stabilisation (social, political and economic) of its frontiers, EU's new policy should not forget the basic lessons learned from other neighbourhood policies – such as the Euro-Mediterranean Partnership. Despite the limited results achieved, Barcelona's main attainment is the awareness of the importance to eliminate the asymmetrical perception between the two shores of the Mediterranean, making partners feel as equals, fostering sub-regional cooperation and developing common identity.

Wider Europe region, on the contrary, is an area in which the dynamics of interactions among its parts are based on a hub-and-spoke scheme, in which there is no an institutional dimension (i.e. institutions that guarantee partners' interests and partners' effective participation in policy making and implementation), in which there is no real interest in supporting sub-regional cooperation and no ambition to create a common identity.

The EU should bet not only on economic and legislative integration with its neighbours – as a way to stabilise them-, but also on mutual trust and collective identity to make ENP a solid and durable initiative over time.

European neighbourhood project (i.e. the creation of a region of shared values and prosperity) is strictly linked to the Union's capacity in involving neighbours in the construction of a common region. EU should induce its neighbours to accept not only the material benefits deriving from an enhanced relation with it, but also to embrace a far-reaching project of an inevitable shared future.

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<sup>22</sup> Joffé G., (2001), *European Union and the Mediterranean*, in Telò M.,(2001), *European Union and New Regionalism*, Burlington, Ashgate, 207-226

<sup>23</sup> *Ibidem*

<sup>24</sup> Telò M., *Between Trade Regionalization and Deep Integration*, in Telò M.,(2001), *European Union and New Regionalism*, Burlington, Ashgate

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# **ECONOMIC AND FINANCIAL ISSUES**

## ENHANCING NEIGHBOURHOOD POLICY THROUGH FDI (THE CASE OF NORTH AFRICAN COUNTRIES)

Ali HEMAL

### *Euro-Med Partnership: Opportunities and Challenges*

In view of the current geopolitical context and uncertainty that characterizes the region, the creation of a Mediterranean free trade area appears increasingly necessary for all countries of the region. The high unemployment rate, the stagnation of average per capita income (which is less than 10 times the European average) and increasing poverty, means that rapid growth is vital for economic and political stability of the whole region. For South-Mediterranean economies to achieve high rate of growth and positive changes in productivity, depend heavily on their capacities to integrate into the world economy and the Euro-Mediterranean free trade Area. For unlike in the 1970s and early 1980s labour migration and official aid and credit will not be the future engine of growth, instead, increased exports will be needed to finance development.

Although most econometric models indicate that the integration of a smaller economy into a larger one should result in substantial payoffs, most developing countries find, in reality, that opening up to international trade and FDI is not sufficient to achieve their development objectives. Without a dynamic enterprise sector, a country will not be able to take advantage of trade and investment opportunities. Indeed, the most important element in the integration process of the South Mediterranean economies is related to the enormous amount of technical and financial help that is required by domestic firms in the region. When the rules of the game changed after more than 25 years of functioning in a closed economy, local entrepreneurs found it difficult to operate in a more open and competitive environment. One of the main subjects of discussion these days in the region is how raise the level of productivity and competitiveness in existing firms. Among other things, this will require proactive policies and programmes aimed at increasing the transfer of technology and information as well as improving access to financial, infrastructural and export markets.

Beyond the specific costs associated with fiscal adjustment, the euro-med association agreements will result in high adjustment, costs affecting all the economies of the south-med in the short term. For example in terms of the extent of labour displacement, estimates range from around 3% in Morocco to 9% in Tunisia and to more than 12% in Algeria and, Egypt<sup>1</sup>. As for the gains in the long term, they are estimated to be on average in the region of 2% increase in the GDP growth. However these gains do not accrue automatically and independently of the policies and programmes in place, including technical and financial assistance to be provided by the European Union partner and FDI inflows to the region.

South-Mediterranean countries expected that the European Union will provide substantial financial and technical support to partially compensate for the necessary structural adjustments and incentives for European firms to invest in the region so as to upgrade their economies and eventually improve their competitiveness and living standards for their citizens. In other words south-med. countries expected to in the long-term to share prosperity and stability with the European Union.

“Respect for social cohesion is another decisive factor of economies development that must not be neglected; otherwise there is a risk of creating even more internal inequalities and this aggravating a situation of exclusion which is often at the basis of popular rejection of reform”<sup>2</sup>. Consequently we may ask how much aid and supportive action to increase technology transfer and FDI inflows to their South-Med partners?

In financial terms, the MEDA programme constitutes the principal instrument of financial aid with the objective of facilitating and smoothing the transition to competitive and globally integrated economies. In reality the EU financial commitments have been much less than their South-Med partners’ expectations and effective needs.

Compared to a total commitment of less than 4.2 billion euros for the whole period 1995-2000, estimates for Morocco alone exceed 4 billion euros to carry out structural adjustments and upgrade its economy. Furthermore the ratio of payments to commitments during the same period was extremely low: around 29.2%<sup>3</sup>. In absolute terms, average yearly per capita payments amounted to less than one euro!

Despite the introduction of the new MEDAII Regulation in November 2000, both commitments and payments remain much lower than the South-Med countries’ needs. However, it must be born in mind that the MEDA programme was conceived as a supportive mean and consequently South-Med countries should enhance their capacities to attract FDI inflows so as to overcome the main constraints they face in carrying out the transition.

<sup>1</sup> Mustafa Nabli: “ The fiscal Dimension of the Euro-Mediterranean Challenge”, <http://www.worldbank.org/mdf/mdf1/dimensio.htm>.

<sup>2</sup> Commission of the European communities, (2001), *Annual Report of the MEDA programme 2000* (Brussels).P.17

<sup>3</sup> - Ibid. P.12.

*The Impact of the Euro-Med Partnership on FDI Inflows to North-African Partners*

North African countries are centrally located in close proximity to the markets of Europe, Africa and the Middle East. This presents an opportunity to serve as a hub for transport and other services, as well as export platform. Preferential access to the European market gives their economies an edge over those of other developing countries. While the expectations that free trade with Europe will lead to rising FDI from Europe among decision makers, it should be pointed out that the reverse could well occur, since European enterprises dealing with individual North African countries may prefer to locate in Europe from where they might have better access to all the markets. Hence the so called hub-and-spoke problem may arise. Thus it is in the interest of the North African countries to remove the various constraints to regional chid so as to succeed in their linking process to Europe and the global economy.

Despite the fact that most North African countries have signed their association agreements worth the EU only very recently, experiences of Tunisia and Morocco suggest that these agreements have not so far resulted in substantial FDI inflows from Europe, especially when cross-border acquisitions and mergers are excluded. "FDI [to Tunisia] in 2000 more than double the figure for 1999, yet it is inadequate when one takes into account that a third of this sum is the result of privatization, and another third represents investments in oil and gas partnership concessions. As a result .... foreign promoters invested only...1% of GDP"<sup>4</sup>.

**Table 1: FDI flows to Morocco by Geog. Origin (1996-2002) (Million of Dirham).**

Region	1996	1997	1998	1999	2000	2001	2002
Worldof which	2851.3	11477.4	4420.5	16260.7	4997.7	32486.1	5875.8
E. Union	77.3%	57.8%	60%	89%	82%	95.3%	77%
N. America	3%	26%	7.3%	6.3%	0.2%	3%	6.6%
Developing Eco.	12.7%	7.6%	18%	2.6%	6%	1.4%	14%

Source: Calculated by the authors from statistical table published by UNCTAD (2003), UNCTAD WID Country Profile; Morocco, UNCTAD, Geneva, P.7.

**Table 2: FDI flows to Morocco by Sector (%).**

	1996	1997	1998	1999	2000	2001	2002
Total of which	100	100	100	100	100	100	100
Primary	8.4	55.6	9.5	2.6	20%	0.2%	4
Secondary	48.3	12	42.6	22	16	7	20
Tertiary	38.7	31.5	46.2	74.8	65.8	92.8	73

Source: Ibid, P.6.

This also applies to Morocco as figures in tables 1 & 2 show. Furthermore, FDI in both countries are heavily concentrated in the primary sector and low-value added industrial sectors, especially textiles (see tables 2& 3).

In contrast to Tunisia and Morocco, FDI inflows to Algeria have sharply increased since 2000. The main origins of these investments are the USA and Egypt (see table 4). However most of these inflows went to the hydrocarbon sector. As for the share of the European Union, especially France, in total FDI inflows to Algeria, it has substantially improved during recent years. Despite these recent improvements in the inflows of FDI to Algeria, its sectoral destination does not so far correspond to the real needs of the recipient economy, as they have neither stimulated local production capacity and supply nor resulted in employment creation and revenue generation outside the oil and gas sector. Furthermore, export of non-hydrocarbon goods and services have stagnated or declined while imports have sharply increased.

**Table 3: FDI flows to Tunisia by Sector (1992-2002).**

Sector	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total of which	583.5	656.1	535.9	322.6	279.6	365.3	668.1	367.9	778.8	486.4	821.3
Primary	521.7	621.3	488.2	259.5	171.2	246.0	178.7	166.6	238.7	233.6	308.2
	79.5%	94.7	91%	80.4%	61.2%	67.3%	26.7%	45.3%	30.6%	48%	37.5%
Secondary	17.5	14.8	13.8	25.6	50.8	77.7	460.1	166.5	501.8	174.4	179.7

<sup>4</sup> - Ibid.P.47.

	3%	2.4%	2.6%	8%	18.7%	21.3%	68.8%	45.3%	64.4%	35.8%	21.9%
Tertiary	17.5%	3%	6.4%	11.6%	20%	11.4%	4.5%	9%	5%	16%	38.7%

Source: Ibid, P.8.

**Table4: Main Investors in Algeria (Thousands of US \$ in current prices).**

Country \ Years	1998	1999	2000	2001	Total
USA	256891	89882	205664	354369	906806
Egypt	51	3	100	362992	363146
France	76656	137460	49472	80413	344001
Spain	16209	16373	35596	152867	221045
Italy	92820	11800	9282	34383	148265
Germany	20062	7836	66509	37791	132198
Holland	2812	623	1308	71944	76687
UK	36015	2001	14206	23254	75476
China	16648	2787	21092	8818	49345
Belgium	14602	571	4484	12384	32041

Source: UNCTAD; 2003; Investment Policy Review, Algeria.

“Therefore, openness has not resulted in poverty reduction. Thus, the conventional wisdom that persistent poverty is due to the low level of trade integration with the global economy must be reassessed”.<sup>5</sup>

Consequently, the essential policy issue is not simply integration into the global market but how to improve the composition of the exports building competitive and dynamic export capability through improved productive and supply capacities. The small size and isolation of local enterprises make it difficult for them to access essential factors of production both inside and outside their domestic economy. This building competitive advantage requires continuous investment, especially in skills and information.

Despite these weaknesses, foreign investors could increase chances for domestic enterprises to realize trade and investment opportunities through partnership, networking, training and exchange of information on best practices, and this helping in building competitive advantages, rather than relying on comparative advantages. Investment projects with foreign participation could lead to the development of human capital, technology transfer, increasing linkages with global networks innovation.

At the enterprise level, the vast majority of North African countries suffer from low productivity, poor products quality or design, and limited ability in problem solving in repairs and maintenance. Improvements in these areas are essential for increasing the possibility of local firms’ integration into international networks. Foreign participation either through equity or non-equity arrangements and joint ventures in local firms may speed up their level of competitiveness and integration into the world market.

FDI, also, complements trade by enabling countries to gain from international specialization by expanding the size and scope of markets, and by providing access to the trading and importation networks of global companies. Moreover FDI could contribute to upgrading exports, by shifting from low skill and low-value added exports to high value added ones.

Foreign firms may facilitate diffusion of production technology and managerial practices that lack local firms. Furthermore, foreign operators though their linkages to local sapphire could give rise to positive externalities, thus removing constraints that limit at present sub-contracting locally, as most local firms are SMEs which generally lack operating technology and organizational and managerial capability, and having difficulty in meeting the quality standards and delivery targets required by foreign firms.

The contribution of FDI to the development of the technology capability of local firms could be enhanced. However proactive policies, including support to domestic firms in the form of technological and manufactured services and incentives or seed funds to provide for technology upgrading should be undertaken. Finally the long term objective of deepening linkages with foreign firms should be integrated with the global science and technology networks.

Studies on the impact of FDI on exports and technology transfer in Egypt show conclusively that the impact was

<sup>5</sup> - UNCTAD (Secretariat), March 2003, *Enhancing the contribution of the indigenous private sector to African development - Opportunities for African-Asian cooperation*, UNCTAD, Geneva. P.27.

extremely weak: “In Egypt there does not appear to be a close association between FDI and exports”<sup>6</sup>and that. “The surveyed companies did not feel that their affiliation with foreign companies particularly benefited the formation of linkages with local suppliers”<sup>7</sup>. This may be so because the country lacks appropriate strategies and policies at both macro and micro levels that provide local firms with the possibility of access to finance, technology and business services and greater linkages between foreign firms and local suppliers.

### *Conclusion*

In the light of capital mobility and labour immobility, FDI inflows to the South Mediterranean countries could contribute to upgrading exports, creating jobs and wealth and improving skills. These in turn lead to the achievement of the main objectives of the Euro-Med partnership which are: Shared prosperity and social and political stability in the whole region. However to increase FDI flows from Europe to their southern partners proactive policies that encourage such flows are required. The Euro-Med. Partnership is likely to enhance FDI flows to South Med. Countries and performance in their economies in its own right only if the northern partner is willing to enforce investment encouraging “club rules”. This seems to be very likely as the northern partner has a major interest in the alleviation of pressures to migrate and in the stability of the whole region. Furthermore, the removal of constraints to intra-regional trade in the south is a key component of successful linking to Europe and the global market. Otherwise the so-called hub-and-spoke problem may arise as the hub (the E.U) sucks firms and investment out of the spokes (the south-med partners).

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<sup>6</sup> - UNCTAD , 1999: *Investment Policy Review-Egypt*, UNCTAD, Geneva, P.12

<sup>7</sup> - *Ibid*, P.16.

# FOREIGN DIRECT INVESTMENT IN THE EUROPEAN UNION'S MEDITERRANEAN NEIGHBOURS. PAST TRENDS AND FUTURE POTENTIAL IN THE MEDA REGION

Brian PORTELLI

## *Introduction*

Over the past two decades, the growth of foreign direct investment (FDI) and multinational enterprise (MNE) activity has increasingly been regarded as one of the defining characteristics of the world economy and an important engine of economic growth for host countries<sup>1</sup>. Developing country attitudes towards FDI have changed, with dramatic improvements in the FDI policy regimes<sup>2</sup>. Governments in developing countries have not only reduced barriers to FDI but have also been offering special incentives to attract foreign firms and foster relationships between MNEs and local firms<sup>3</sup>. FDI is deemed to be a catalyst for output growth, (through) capital accumulation, and technological progress. The less developed a country is, the greater the need for MNE externalities, as a means to alleviate resource and skill constraints normally associated with underdevelopment and overall, developing countries actively seek FDI to strengthen industrial competitiveness and enhance their growth prospects<sup>4</sup>. The debate on the merits and de-merits of FDI started in the 1960s (Reuber et al 1973, Lall and Streeten 1977) and is still far from over. FDI and its developmental effects is a topic which has started to attract considerable attention in the Mediterranean developing countries, notably those countries which form part of the so called MEDA region<sup>5</sup>. In order to attempt to achieve both growth and stability in the region, the European Union (EU) and the 12 non-EU Mediterranean countries signed the Barcelona Declaration in 1995, creating the Euro-Mediterranean Partnership, with the aim to promote stability and economic growth in the region. The envisaged free trade zone between the EU and the Mediterranean countries by 2010 is expected to bolster the prospects of increased FDI flows to the MEDA region<sup>6</sup>. In this context of future economic growth potential, the MEDA countries have recognized FDI as an important engine for respective economic development.

This article has two objectives. First, it evaluates the increasingly important role of FDI in the MEDA developing countries in the context of the analytical arguments relating FDI to economic development. Second, it empirically examines past trends in FDI performance in the MEDA region and analyse the potential for future performance in the context of the evolving regional location factors. After this introduction, Section 2 provides a brief overview of the analytical background highlighting the role of FDI in economic development. Section 3 focus on the empirical evidence of the trends in FDI flows and stocks in developing countries and main MEDA trends and performances. Section 4 presents an overview of this performance and potential in relation to the location factors driving FDI to the region. We finish this article with some concluding remarks.

## *Analytical framework*

From the point of view of host developing countries, the central questions concerning the role of FDI in development are to what extent FDI and MNE activity contribute to the generation of host country economic growth and

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<sup>1</sup> In this paper, FDI is defined as an investment involving long term relationship and reflecting a lasting interest and control of a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor. An MNE is an incorporated or unincorporated enterprise comprising parent enterprises and their foreign affiliates.

<sup>2</sup> This is particularly so in the case of those developing countries which until some time ago practised the outright barring of FDI activity (Caves, 1982).

<sup>3</sup> In 1998, 103 countries offered tax concessions to foreign companies that set up production or administrative facilities within their border (Hanson, 2001).

<sup>4</sup> The relevance of FDI vis-à-vis economic development stems from a number of potential benefits to be realized in the host economy. For example, FDI is less volatile than other private capital flows and provides a stable source of finance to meet capital requirements in developing contexts (Reisen and Soto, 2001).

<sup>5</sup> The 12 Mediterranean countries which participate in the Euro-Mediterranean Partnership are Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Gaza & West Bank, Syria, Tunisia and Turkey. The Palestinian Authority and Israel are not treated in this paper, which is devoted to the nine Mediterranean developing countries.

<sup>6</sup> The central idea behind this initiative has been the notion that further integration with the EU provides considerable potential to foster economic growth for the developing countries in the region and this partnership aims at establishing a Euro-Mediterranean free trade area by 2010. To help this process the Union has promised financial contribution to support the modernising efforts in the region. The Euro-Mediterranean free trade area is to be achieved mainly through "Euro-Mediterranean Association Agreements" between the EU and individual Mediterranean countries.

what are necessary preconditions for MNE externalities and FDI-led growth to emerge. Externalities are the mechanisms through which productivity gains by locally based firms occur, leading to the generation of economic growth in the host economy. Through these externalities, FDI inflows can potentially break the vicious circle of underdevelopment (as evident in low savings, low investment and low growth poverty traps) by easing capital, technology, knowledge constraints in the host economy. For example, MNEs are likely to bring in the host country, capital, technology and knowledge and potentially lead to increased exports boosting international competitiveness (Blomstrom, 1990). MNE externalities, spillovers and vertical are tackled first as the mechanisms through which the generation of economic growth in the host country occurs. In passing, certain determinant factors for technology spillovers and growth are highlighted. Here we stress the point that the impact of FDI on host country economic growth revolves around the nature and extent of these externalities, whether occurring in the same industry of the MNE or else in upstream industries (i.e. supplier firms)<sup>7</sup>. Irrespective of their nature and form, these externalities have an impact on FDI-led host country economic growth prospects.

MNEs are among the most important actors in the generation and control of new technology and they utilize the tangible and intangible resources in different host countries to the most productive use<sup>8</sup>. The fact that technologies used by foreign affiliates are not always available at arm's length for host economies, adds to the importance attached to FDI as the most tenable form of technology acquisition for industrial upgrading. FDI activity may involve the explicit transfer of technology and in addition, the transfer of complementary resources such as management expertise and processes to best utilize this technology. For example, Djankov and Hoekman (1999) show that firms receiving FDI or involved in joint ventures tend to acquire new technologies more frequently than those without FDI and provide training programmes. However, technology spillovers are hard to quantify. This is because the various learning and transfer processes that underlay are hard to measure. Secondly, in the case of FDI spillovers it is difficult to determine the means by which technology transfer through FDI affects the productivity growth of host country based firms. Most empirical studies have dealt with these problems by taking the view that the technology gap which may exist between local firms and MNE affiliates is reflected in the observed differences in the level of total factor productivity (TFP), i.e. how labour and capital are utilized in host country firms. The effect of MNE technology spillovers can then be captured by changes in the level of TFP observed at the firm level, after controlling the impact of other variables that may influence the firm's productivity performance. A considerable number of studies have focused on the MNE impact on intra-industry TFP, stressing the possibility that MNEs have a positive impact on the productivity levels of local firms. These studies examine the productivity externalities without trying to understand the mechanism through which these are realized. Such studies have therefore focused on the indirect evidence of externalities by exploring whether increases in the presence of MNEs in a country or sector are associated with increases in local firms' productivity in that country or sector or in upstream sectors. One robust finding is that MNEs tend to have higher productivity than domestic firms in the same sector (for example Haddad and Harrison 1993; Blomstrom and Wolff, 1994; Kokko, Zejan and Tainsini, 2001)<sup>9</sup>. Utilizing this methodology, a number of studies indicate efficiency gains as a result of technological spillovers from MNE affiliates to local firms in the same industry, as for example in Blomstrom and Persson (1983) for Mexico and Blomstrom and Sjöholm (1999) for Indonesia. Using the same methodology, other studies indicate negative effects of FDI on local firms as in Haddad and Harrison (1993) in the case of Morocco. This methodology has its pitfalls since MNEs might be attracted by sectors that are more productive in the first place and thus the validity of TFP growth as a measure of MNE spillover effects stands for some re-assessment (Aitken and Harrison 1999)<sup>10</sup>. As Aitken and Harrison note, cross-sectional studies are subject to a critical identification problem. At the micro level, foreign firms may be located in high productivity industries as opposed to causing productivity externalities. At the macro level, high growth countries may attract more FDI as opposed to FDI causing this high growth. If this is the case, the coefficients on cross-section estimates are likely to overstate the positive impact of foreign investment. As a result, one might find evidence of positive externalities from foreign investment where no externalities occur<sup>11</sup>.

Empirical studies of FDI spillovers through panel data are used to deal with this endogeneity problem. For developing countries, these studies find no indication of the existence of positive horizontal externalities. In fact, many studies find

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<sup>7</sup> In the case of vertical externalities, i.e. those externalities emerging from the links between an MNE in one sector with upstream sectors, can take monetary form (as emerging from pure market transactions) as well as non-monetary, in the form of knowledge and technology spillovers.

<sup>8</sup> New technology generation is highly concentrated in a number of advanced industrial countries, taking place in large MNEs. For a discussion on the role of MNEs in the globalisation of innovation, see for example, Narula (2003a).

<sup>9</sup> When they adjust for firm size, Haddad and Harrison do not find differences in productivity between foreign and local firms.

<sup>10</sup> This point is stressed by Hanson (2001) in his critique of the method

<sup>11</sup> For amore detailed analysis of this method see for example, Rodriguez Clare (2003)

evidence of negative horizontal externalities. In a recent review of the micro evidence on externalities from foreign owned to domestically owned firms which pays particular attention to panel studies, Gorg and Greenaway (2002) conclude that the effects are mostly negative. An explanation for this result might be that MNEs minimize technology leakages to competitors while simultaneously tend to improve the productivity of suppliers by transferring knowledge to them (see for example, Portelli and Narula 2004, Scott-Kennel 2000). More recent studies have examined the notion of positive externalities from FDI towards local firms in upstream industries, Balock and Gertler (2003) find evidence of positive vertical externalities<sup>12</sup>. This argument points to the notion that if FDI were to generate spillovers, they are more likely to be vertical rather than horizontal in nature. Most empirical studies of FDI spillovers have regressed local firm productivity on FDI activity within the same sector. Although such studies find no horizontal spillovers, the empirical work at the intra-industry level might not be suitable to capture wider spillover effects on the host economy such as those created between MNEs and their suppliers. Indeed, from the empirical literature is that it is difficult to find robust evidence of positive externalities from multinationals to local firms in the same sector (horizontal externalities). In fact, many studies for developing countries that have paid particular attention to causality problems have actually found evidence of negative horizontal externalities arising from multinational activity while confirming the existence of positive externalities from multinationals to local firms in upstream industries (vertical externalities). For a more detailed analysis refer to Portelli and Narula 2004)

The realization of MNE externalities potentially leads to the generation of economic growth at the macroeconomic level. At the macroeconomic level, cross-section empirical work by Borensztein, De Gregorio, and Lee (1998), Carkovic and Levine (2000) and Alfaro, Chandra, Kalemli-Ozcan and Sayek (2003) finds little support that FDI has an exogenous positive effect on economic growth. However, their evidence suggests that local conditions, such as the level of education and the development of local financial markets play an important role in allowing the positive effects of FDI to materialize. In the widely cited paper in the literature, Borensztein et al. (1998), using a dataset of FDI flows from industrialized countries to sixty-nine developing countries find that FDI is an important vehicle for transferring technology and higher growth only when the host country has a minimum threshold of human capital<sup>13</sup> De Mello (1999) finds a positive and significant impact of FDI on output growth in OECD and Asian non-OECD countries. However, FDI tends to increase output growth through higher productivity in technological leader countries and through capital accumulation in technological laggards. Elsewhere, Reisen and Soto (2001) find a positive correlation between FDI and portfolio equity flows on the one hand and GDP growth on the other. Other evidence in the literature confirms the positive impact of FDI on growth but highlight that developing countries need to have reached a certain threshold level of development in their location factors, *inter alia* in the level of human capital and the physical infrastructure prior to be able to internalize the associated benefits of FDI (Saggi, 2000). De Mello (1997) points to differences in the growth impact of FDI across countries based on such capabilities. Since host country technological capabilities are likely to determine the scope for spillovers from foreign to domestic firms, the growth impact of FDI tends to be limited in technologically less advanced countries. The same authors go further to argue that FDI raises growth only in those countries where the labour force has reached a minimum threshold of educational attainment. Xu (2000) finds strong evidence of the positive effect of FDI on total factor productivity growth in host countries<sup>14</sup>, but reiterates that the absorption of MNE's technology may require a certain level of human capital accumulation on the recipient side. In the same vein, Zhang (2001) finds that the impact of FDI growth is country specific and tends to be positive where policies favouring free trade and education are adopted to encourage export oriented FDI.

Therefore, the empirical evidence seems to suggest that a number of determinant factors need to be in place at the host country level for MNE externalities to occur and FDI-led growth to be realized. There is consensus in the literature highlighting these determinant factors, grouped under the concept of *absorptive capacity*. The realization of MNE technology spillovers as well as FDI-led growth are determined by the absorptive capacity of host country economic agents, be they firms, individuals or institutions. The concept of technological congruence or absorptive capacity<sup>15</sup> is a function of the capability of the country to benefit from technological spillovers from the more industrialized countries and the ability to accumulate and best utilize technology and knowledge. Absorptive capacity includes the ability to search and select the most appropriate technology to be assimilated from existing ones available, as well as the activities associated with creating new knowledge. Absorptive

<sup>12</sup> This new evidence, however, needs to be taken with caution. Methodological issues remain regarding estimation techniques and measurement of variables, in particular productivity measures.

<sup>13</sup> Likewise, Xu (2000) using data on U.S. MNEs finds that a country needs to reach a minimum human capital threshold in order to benefit from the technology transfer from MNEs, and that most developing countries do not meet this threshold.

<sup>14</sup> This result pertains to US survey data on manufacturing MNEs and the technology transfer effect is significant only for developed countries.

<sup>15</sup> Abramovitz (1990, 1995) distinguishes between two elements of social capability and technological congruence or absorptive capacity. Dahlman and Nelson (1995) define national absorptive capacity as the "ability to learn and implement the technologies and associated practices of already developed countries".

capacity also reflects the ability of economic agents to integrate the existing and exploitable resources – technological opportunities – into the production chain, and the foresight to anticipate potential and relevant technological trajectories (Crisuolo and Narula 2001). Laggard “economic units” (countries or firms) must possess inter alia the ability to absorb, internalize and utilize the knowledge potentially made available to them. Absorptive capacity in economic units corresponds to the appropriate supply of human capital and technological capability to be able to generate new technologies and consequently use productive resources efficiently. The development and upgrading of capabilities is expected to translate into productivity growth for firms as well as countries<sup>16</sup>. Absorptive capacity is significant for development because it allows domestic economic actors to internalize knowledge that exists elsewhere (either within the domestic economy or externally) that is made available directly or indirectly to them. There are several ways in which technology flows occur, either through arms-length means, such as through licensing, or through trade in intermediate goods, plant and equipment or even products or services (Narula 2003c). As in the focus of this article, technology flows may also be made available through the modality of FDI. Although not the only means available, spillovers from FDI are regarded as one of the most practical and efficient means by which industrial development and upgrading can be promoted (Narula and Dunning 2000). While the *potential* for MNE-related spillovers are clear, as are the opportunities for industrial upgrading therefrom, it is increasingly acknowledged that the nature, level and extent of the benefits vary considerably.

It should also be stressed that while human capital represents a core aspect of absorptive capacity (in that a host country should possess a minimum threshold stock of knowledge that will allow it to absorb MNE externalities), its presence is not a sufficient condition for knowledge accumulation (Crisuolo and Narula 2001). Knowledge accumulation requires the simultaneous presence of institutions and economic actors that determine the stock of knowledge in a given location and the efficient use of markets and hierarchies – be they intra-firm, intra-industry or intra-country (Narula 2003c). This knowledge is not costless and must be accumulated over time. Hence, while physical and human capital are necessary conditions for catching-up, the lack of appropriate incentives for production and investment can compromise the success of the technological upgrading (Lall 1992)<sup>17</sup>.

The contrasting empirical evidence on the impact of FDI at the host country level reinforces the claim that MNE externalities and knowledge spillover effects are not automatic as one would tend to believe but are affected by several host-industry and host country factors. An important characteristic for the emergence of technology spillovers is the technology gap between MNE affiliates and local firms in the host country. Kokko (1994) and Kokko et al (1996) provide evidence for the hypothesis that spillovers are easier to identify empirically when the technological attributes of local firms match those of the MNE affiliates. Specifically, Kokko et al (1996) argue that a high technology gap combined with low competition prevents spillovers to the host economy. The absorptive capability of host country firms to absorb foreign technology appears to be an important determinant of the size of the FDI spillovers. Kokko et al. (2001) highlight the importance of past experience in industrialisation as a precondition for international transfer of technology and the absence of this experience is concomitant to lack of absorptive capacity by the local sector (Radosevic, 1999). For example, in the Sub Saharan African region, host to the majority of LDCs, the conditions that stimulate technological assimilation (such as developed human capital, adequate physical infrastructure and a dynamic business climate) are absent, leading to failure to master imported technology as well as to compete in international markets (Mytelka, 1985, Lall and Pietrobelli, 2002). The development of capacities and capabilities is key to both potentially attracting more FDI inflows as well as an increased the potential for MNE technological spillovers tenable to industrial upgrading of the host economy. The improvement in location factors is an imperative path for host countries to undertake since the competition for FDI among developing countries is heavily intensifying (see for example, Mytelka (1996) and Mudambi (1998)). Indeed, a significant factor in influencing MNE location decisions is the presence of sophisticated, created assets (in the form of developed human capital and domestic firms’ technological capabilities) in host countries (Narula and Dunning, 2000., Noorbakhsh et al. 2001). Therefore, it is crucial, especially in the context of intense competition for FDI, that developing countries formulate policies that improve local skills and build human resource capabilities, in order to be able to benefit most from FDI and MNE activity. For instance, Borensztein et al. (1998) show that at country level, a minimum threshold of absorptive capacity is necessary for FDI to contribute to higher productivity growth, while Narula and Marin (2003) show that only firms with high absorptive capacity are likely to benefit from FDI spillovers.

#### *Background and trends of FDI in the MEDA region*

After dwelling on the main theoretical and analytical arguments about the role of FDI in host country economic

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<sup>16</sup> Although one has to highlight that there are other intervening factors in play see e.g., Abramovitz 1986, 1995, Dahlman and Nelson 1995).

<sup>17</sup> For example, the availability of a large stock of suitably qualified workers does not in itself result in efficient absorption of knowledge, although the definition of human capital shares some commonality with the concept of absorptive capacity.

development, we turn our attention on the background and trends of FDI activity in the MEDA region. We start this section by illustrating the context of global FDI flows and stock performance. At the outset, we put forward some definitions. Flows of FDI comprise capital provided (either directly or through other related enterprises) by a foreign direct investor to an FDI enterprise, or capital received from an FDI enterprise by a foreign direct investor. FDI comprises three components – equity capital, reinvested earnings and intra-company loans. FDI stock is the value of the share of their capital and reserves (including retained profits) attributable to the parent enterprise, plus the net indebtedness of affiliates to the parent enterprise.

Over the past two decades, world inward FDI flows into host countries have increased from around US\$ 55 billion in the late 1980s to reach US\$651 billion in 2002. As illustrated in Table 1, in 2002 more than 70 per cent of total world FDI have been directed to developed countries, with the remainder being shared by an increasing number of developing regions<sup>18</sup>. FDI stock in developing countries has increased from US\$ 307.5 billion in 1980, reaching US\$ 2,340 billion in 2002. This corresponds to around 33 per cent of total world FDI stock. The magnitude of inward FDI stock going to developed

**Table 1. Inward FDI flows and stocks, by country**

Host region/economy	FDI flows, by country				FDI stock, by country			
	1980 billions of US dollars	2002 billions of US dollars	1980 percentage share in world total	2002 percentage share in world total	1980 billions of US dollars	2002 billions of US dollars	1980 percentage share in world total	2002 percentage share in world total
World	54,957	651,188			699,415	7,122,506		
Developed economies	46,530	460,334	84.7	70.7	391,946	4,594,850	56.0	64.5
Developing economies	8,392	162,145	15.3	24.9	307,469	2,339,788	44.0	32.9
Developing economies excl. China	8,335	109,445	15.2	16.8	301,219	1,891,896	43.1	26.6
European Union	21,317	374,380	38.8	57.5	217,476	2,623,903	31.1	36.8
Sub Saharan Africa	239	7,452	0.4	1.1	27,840	122,723	4.0	1.7
Latin America and the Caribbean	7,485	56,019	13.6	8.6	50,404	762,229	7.2	10.7
South, East and South- East Asia	3,558	88,613	6.5	13.6	216,139	1,304,973	30.9	18.3
Central and Eastern Europe	35	28,709	0.1	4.4	..	187,868	..	2.6
MEDA	1,285	4,537	2.34	0.70	16,130	75,226	2.31	1.06
Algeria	349	1,065	0.63	0.16	1,320	5,702	0.19	0.08
Egypt	548	647	1.00	0.10	2,260	20,746	0.32	0.29
Morocco	89	428	0.16	0.07	189	9,904	0.03	0.14
Tunisia	246	821	0.45	0.13	3,341	14,061	0.48	0.20
Jordan	34	56	0.06	0.01	155	2,414	0.02	0.03
Lebanon	...	257	..	0.04	20	1,622	0.00	0.02
Syrian Arab Republic	...	225	..	0.05	0	2,129	0.00	0.03
Turkey	18	1,037	0.03	0.16	8,845	18,558	1.26	0.26

Source: UNCTAD  
FDI/TNC database

As data in FDI seems to suggest, during the last two decades the globalization of the world economy has led to a dramatic increase in international production, as the continuous growth of foreign direct investment (FDI) reaches all corners of the globe. However, this phenomenon seemed to have bypassed the countries of the Southern shore of the Mediterranean basin, since their respective share of global flows and stock of FDI seems to have deteriorated over the past two decades. The most recent data shows that the Mediterranean countries share in total world FDI flows and stocks is at exceptionally low levels

<sup>18</sup> It is noteworthy that an increasingly large proportion of aggregate FDI flows takes the form of cross-border mergers and acquisitions (M&As) which includes the acquisitions of public enterprises through various national privatisation programmes. M&As accounted for around 80 per cent of total FDI inflows, corresponding to substantial high shares across developing regions (UNCTAD 2000). The take-over of former parastatal companies represented an increasingly important FDI driver in developing economies as these countries continue to liberalise their economies (Liberatori and Pigato, 2000).

compared to levels registered by Sub Saharan Africa. As illustrated in Table 1, whereas in 1980 the eight MEDA countries registered a 2.3 per cent share of total FDI flows and FDI stocks, in 2002, their respective share plummeted to less than and around 1.0 per cent, respectively. The competitiveness of the MEDA region seems to have deteriorated vis-à-vis other emerging developing regions in the world. For example, it is noteworthy that in 1980, the Central Eastern European (CEE) countries registered lower FDI flows when compared to the MEDA countries. This relative position has been dramatically altered two decades after with CEE countries recording a 4.4 per cent share of total world FDI flows in 2002. Over the same period, the MEDA average share of total world FDI flows for the eight countries under focus decreased from 2.3 in 1980 to reach 0.7 in 2002. Over the past two decades, the MEDA region has also registered declines in the extent of FDI stock. Within the region, Algeria and Morocco rank as two of the most successful economies attracting FDI activity in the region, accounting for around 27 and 24 per cent of MEDA FDI stock in 2002. It is noteworthy that MEDA countries seem to have consolidated their improved their relative FDI stock position over the past two decades. However, in terms of their shares in global FDI flows there have not been any dramatic changes over the period.

Nonetheless, the present levels of FDI activity in MEDA countries still represents an important potential contributor to host country economic development. Indeed, the important role of FDI in host economies is highlighted in specific indicators, such as the share of inward FDI flows as a percentage of gross fixed capital formation (GFCF), as well as the share of inward FDI stock as a percentage of gross domestic product (GDP). The former measures the relative weight of FDI flows in relation to the total investment occurring in the host economy (as measured by GFCF), whereas the latter provides a tentative measure of the importance inward FDI stock in relation to total economic activity taking place in the host country (as measured by GDP). Table 2 illustrates the increased importance of FDI flows and stock as evidenced from increasing shares in both indicators between 1980 and 2002. These indicators also highlight the increased important role FDI plays in the MEDA region, particularly regarding FDI stock as a share of GDP. As far as the origin of the FDI is concerned, the EU is the most important investor also in the MED region, even though the Mediterranean countries do not seem to be on top of the European firms' preferences as a location for production plants. Indeed, in recent years, the MEDA region represented only around 2 per cent of total EU FDI outflows. This share showed a decline since the late 1990s, when the region collected about 11 per cent of total European FDI outflows. Within the EU, only five countries seem to be steadily involved as investors in the MED region, even though with different paces and patterns. These countries are France, Germany, Italy, Netherlands and United Kingdom.

	FDI flows as a % of GFCF		FDI stock as a % of GDP	
	1980	2002	1980	2002
World	2.3	12.2	6.7	22.3
Developed economies	2.7	12.3	4.9	18.7
Developing economies	1.2	10.5	12.6	36.0
All developing countries, excluding China	1.3	..	13.5	35.8
European Union	2.8	22.5	6.1	31.4
Sub Saharan Africa	0.3	10.7	10.9	37.5
Latin America and the Caribbean	3.2	14.6	6.5	44.9
South, East and South-East Asia	1.6	7.3	27.9	38.0
Central and Eastern Europe	0.1	17.2	..	20.9
MEDA				
Algeria	2.4	8.1	3.1	10.5
Egypt	9.4	4.6	9.9	24.1
Morocco	2.1	4.8	1.0	26.9
Tunisia	10.2	15.0	38.2	66.4
Jordan	2.2	..	3.9	26.0
Lebanon	..	..	0.5	9.4
Syrian Arab Republic	0.0	..	0.0	9.6
Turkey	0.2	..	12.9	8.3

*Source: UNCTAD FDI/TNC database*

After looking at the trends in FDI performance, we turn our attention to the economic context in which FDI is being attracted and sought. Specifically, we attempt to provide a brief analysis of the economic characteristics and economic performance of the respective Mediterranean countries. Some selected economic indicators are illustrated in Table 3. At the outset, most MEDA economies are defined as middle- to low-income countries (World Bank 2004), with GDP per capita ranging from around US\$ 3,600 to US\$ 6,000 per annum. For comparative purposes, this compares to US\$ 20,800 for the EU Member states. Aggregate growth in the Mediterranean region continues to be characterised by erratic swings. Having contracted by 0.4% in 1999, the regional economy grew by 4.7% in 2000, only to experience a decline in GDP of 1.8% in 2001. The fluctuations in growth can principally be attributed to the varying performance of specific large economies within the region, notably Turkey and also the dependence of a number of the economies, particularly Algeria and Syria on a fluctuating oil industry. Approximately, the region's GDP reaches just around 7.0 per cent of EU average. Economic growth should be analysed against the backdrop of a rapidly growing population in the region. Indeed, while the Mediterranean countries have a population that is equivalent to around 60 percent of the EU population, their aggregate economic size is considerably smaller and as a result, their rate of economic growth has been insufficient to make a substantial improvement in the living standards of a large proportion of the population. In other words, economic growth being registered is not keeping pace with the increasing size of the labour force. Consequently, unemployment continues to grow, with recorded (official) unemployment in excess of 20 per cent in a number of countries. While the poverty rates do not seem very high compared to regions such as sub-Saharan Africa and South Asia (regions which include developing countries having poverty rates in excess of 70 per cent) when one considers the proximity and links between the countries of the Mediterranean and the countries of Southern Europe, the regional contrast with the industrialized and prosperous North is remarkable. Gross domestic investment (as measured by GFCF) in the region has not been exceptional and has been declining in the majority of MEDA countries. Data related to the share of private fixed investment in total investment in part reflecting the conditions of domestic investment activity in a number of economies in the region (with the notably exception of Egypt, Morocco and Turkey). In addition, the inefficiency of investment appears to be associated with the prominence of the role of the state in the respective economies. A further significant deterrent to investment has been political instability, particularly in preventing the flow of goods, services and movement of labour and constraints giving rise to a lack of cooperation in matters such as the harmonization of customs procedures.

Table 3. Selected economic indicators for MEDA countries

	GDP per capita (PP terms)		GDP per capita annual growth		Adult literacy rate	Population million	GFCF as a % of GDP		HDI
	2001	1975- 90	1990- 2001	2001	2003	1990	2000	2003	
Algeria	6,090	-0.2	0.1	67.8	31.8	27	22	0.70	
Egypt	3,520	2.8	2.5	58.1	71.9	27	22	0.65	
Jordan	3,870	0.3	0.9	90.3	5.5	26	20	0.74	
Lebanon	4,170	4.6	3.6	86.5	3.7	28	18	0.75	
Morocco	3,600	1.3	0.7	49.8	30.6	24	24	0.61	
Syria	3,280	0.9	1.9	75.3	17.8	17	21	0.69	
Tunisia	6,390	2	3.1	72.1	9.8	31	26	0.74	
Turkey	5,890	2	1.7	85.5	71.3	23	22	0.73	
MEDA	4,601				242.4				

Source: UNDP, World Bank World Development Indicators 2002

Countries in the region still rank relatively low in the global rankings of human development indices (HDI), reflecting to a large extent the nature and extent of human capital capacity in the respective economies. As illustrated in Table 4, the lack of dynamic industrial activities, *inter alia* in the lack of investment in skills and technology may also explain why agriculture still is important in regional economic activity. This importance is highlighted in the high shares of agricultural sector in economic value added in the MEDA countries. Although these shares have been declining when compared to a decade ago, they are still at relatively high levels compared to the international averages. The importance of agriculture sector in these economies highlights the lack of industrial sector depth and dynamism. As far as economic structure goes, most MEDA economies are characterized by striving manufacturing industrial activity (as highlighted in terms of share of manufacturing exports in total merchandise exports), albeit concentrated in low and medium technological industrial activities. Indeed, the share of high technology exports in manufactured exports is at relatively low levels in the region.

Table 4. Selected Indicators on economic structure

	Agriculture, value added		Manufacturing exports		High-technology exports	
	% of GDP		% of merch. exports		% of mfg. exports	
	1990	2000	1990	2000	1990	2000
Algeria	11.4	8.6	2.6	2.3	..	..
Egypt	19.4	16.6	42.5	..	..	..
Jordan	8.1	2.2	50.7	69.0	0.8	8.0
Lebanon	..	11.9	..	..	..	..
Morocco	17.7	13.5	52.3	64.1	..	..
Syria	28.3	24.1	35.7	7.8	0.0	1.0
Tunisia	15.7	12.3	69.1	77.0	2.0	..
Turkey	18.3	16.2	67.9	81.2	1.0	5.0

Source: World Bank, *World Development Indicators* 2002

#### Drivers of FDI in the MEDA region

After examining the past trends and economic context in which FDI is being attracted it is important to highlight the drivers of FDI flows in the region. We summarise these location factors driving FDI activity in the region in the context of market potential as well as in terms of improved investment climate in the region.

#### Market potential

The market of the MEDA countries is an important, dynamic location factors enticing FDI activity. The total population of the Mediterranean shore countries was approximately 430 million inhabitants in the year 2002, with a projection of 523.7 millions inhabitants in 2025. The region is not at all homogeneous in terms of population and living standards, however, all countries share an important and privileged trade link with the with the European. For example, Turkey, Israel and Algeria rank at the top of the list as trading partners of the EU in 2002. The European Union remains the main outlet for exports from the MEDA countries. This highlights the great potential and prospects for increased FDI activity to secure and serve these market prospects in the region. The market prospects for FDI activity are evident in a number of economic sectors; notably consumer goods (food and non-durables, white and brown goods), modernization in the agro-food sector, distributive trades, the health sector particularly pharmaceuticals, construction activity and information and communication technologies (ANIMA 2003).

As hinted earlier, the Euro Mediterranean Barcelona process envisages the establishment of an economic space with the potential to represent one of the most dynamic markets in the global economy. It is envisaged that this economic space will play host to deeper economic integration between the EU Member States and their Mediterra-

nean partners, as well as providing the context for more integration between the Mediterranean countries themselves. With the extension of the EU to 25 Member States, this market could in time group together no fewer than 40 countries and consists of a single market with nearly 800 million consumers. Nonetheless, the creation of such a free trade area should not be an end in itself, but rather a means of improving relations between the shores of the Mediterranean, of reducing social and economic disparities, of implementing sustainable development, of encouraging regional co-operation and enabling a better integration of the partner countries within the world economy. Market prospects are therefore expected to be a prime driver to FDI flows in the region in the medium and longer term. The potential for FDI in the region emanates from the wider and successful implementation of the Barcelona process. While it is likely that MNEs evaluate the local demand, measured at the country-level, in their investment decisions, however they are also likely to consider the demand of neighbouring locations. As long as there is some trade, part of the total demand addressed to MNEs will come from consumers located just outside the boundaries of the host country chosen as their foreign production base (Head and Mayer, 2001).

#### *Improving investment and business climate*

More recently, the majority of MEDA countries have adopted stabilization policies and taken steps towards establishing more open, market-oriented economies. By the mid 1990s, progress toward stabilization had been achieved in a number of countries. However this process has been gradual and a number of MEDA countries may have recorded the cost of a protracted slowdown in economic growth as a result of delay in the adoption of fundamental economic reforms. In addition, the slowdown has tended to further exacerbate the economic fundamentals, fuelling unemployment and creating transitional challenges for the respective economies. Typical economic reforms required in countries of the region include amongst other measures; trade liberalization in the context of the Association Agreements undertaken with the EU; the gradual programme of rationalisation of state budgets to prioritize investment in viable physical and social infrastructure with the emphasis on developing the right infrastructure and promoting human capital; extensive privatization programmes to increase efficiency via competition, administrative and legal reforms to reduce bureaucracy and improve the enforcement of contracts; financial sector liberalization and the adoption of an appropriate regulatory framework to allow business intermediation to occur efficiently. Overall, the MEDA countries have been introducing policies which, to differing degrees, contribute to the creation of a more open and more dynamic economies. The majority of the MEDA countries are harnessing themselves to the modernisation of their physical infrastructures and public services as well as those of their financial sectors. In particular, the Association Agreements with the European Union play an important role in the development of a favourable investment climate and improve the business environment in these economies. In addition, the Euro-Mediterranean partnership adds dynamism to these reforms and favours the process of change of the economic, legal and political institutions. Such changes are necessary to encourage investment in the region. Governments are responding by a series of macro-economic reforms based on the reduction of the public deficits and expenses as well as a liberalization of trade and investment. The disengagement of the state is illustrated by a number of events involving the privatization of public enterprises (primarily in strategic sectors such as telecommunications and public utilities), the development of the banking system and the development of the national financial markets. The legal institutions evolve just as quickly, in particular as far as the competition, customs duties and private property are concerned, so as to attract foreign investors.

Nevertheless, although positive steps have been undertaken in the right direction, institutional reform in MEDA countries seems to be still insufficient and the region remains one of the most protected zones in the world. The rhythm of privatization is still relatively low, for the governments have had a tendency to act with great caution so as to avoid any risk of social confrontation. National financial markets are still relatively unattractive and the banking systems, which continue to be heavily dependent on the public authorities, do not manage to support the private sector correctly. Finally, the lack of efficiency and the questionable practices of the public administrations still often constitute obstacles to the development of a healthy economic environment. Despite consequential efforts, the MEDA countries know that they must in future accelerate the evolution of their institutions if they want to take full advantage of the liberalization of their economies, in particular in terms of attracting foreign investments.

#### *Conclusions*

During the 1990s the globalization of the world economy has led to a dramatic increase in international production, as the continuous growth of FDI reaches all corners of the globe. However, this phenomenon seemed to have bypassed the countries of the Southern shore of the Mediterranean basin since their share of the global inflows of FDI

has decreased. At the same time, recent growth performance in MEDA countries has been disappointing, particularly when compared with the social and economic challenges they currently face. To the extent that FDI and growth are positively correlated, it may be tempting to conclude that these economies should do everything they can to attract FDI inflows if their objective is to raise their growth rate. Indeed, the contribution of FDI to development is less controversial in theory than in practice since it is theoretically plausible that FDI provides a channel for capital injection, technology and knowledge transfer. This belief has been reinforced by the successful industrial upgrading experience of newly industrialized countries and has as a result fuelled the belief that FDI is a *sine qua non* for development. However, notwithstanding the evidence that FDI can have a potential contribution to both income growth and factor productivity in host countries, it is increasingly evident that it complements rather than substitutes local factors tenable to economic development. It has been argued that absorptive capabilities, *inter alia* the level of human capital and host country institutions, constitute determinant factors for a positive impact of FDI on host country economic growth and realization of MNE spillovers. Host countries cannot capture the full benefits associated with FDI until a threshold level of capabilities is reached. The developmental impact of FDI rests on the dynamics of the transfer of technology, but more importantly on the extent of integration of MNE affiliates in the host country systems and how much upgrading of local capabilities takes place over time since it is vital that foreign agents of dynamic comparative advantage must complement rather than substitute local agents. Indeed, FDI represent a means and a medium towards the end of sustainable economic development and not an end in itself. It has been argued that in the MEDA region, overall economic performance of the region has been relatively poor when measured as growth of income per capita. Investment in physical and human capital has both been lower and less efficient than in more successful developing economies. It has been argued that increasing FDI flows to the region is a necessary but not sufficient element in bringing the region onto a more promising path of economic development. Increased investment needs to be accompanied by extensive and effective domestic economic reforms on a broad scale to facilitate needed structural transformation and constantly improve the business environments. More importantly, MEDA countries should not view FDI as a *sine qua non* for development but more as a vehicle to complement their comparative economic advantages as emerging from local, indigenous investment and public sector economic strategic resolve.

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# EU-RUSSIAN ECONOMIC COOPERATION: THE PROSPECT OF DEVELOPMENT

Oleg AKATOV

## *Introduction*

History appears to indicate that deepening globalization in the second half of the 20<sup>th</sup> century and especially in the past two decades has contributed a great deal to unprecedented political and economic changes in the global context. Globalization is usually associated with more openness of the countries involved in this process. It is a well-known fact that apart from closer cultural contacts between nations, globalization is connected with declining barriers to trade, migration, capital flows, foreign direct investment, and technological transfers.

Deepening economic integration between countries has entailed a more efficient allocation of resources in the world and reduction of transport costs, communication costs, and barriers to trade and investment. Fortunately, today the present political leaders of Russia have expressed an idea that Russia should participate more actively in the international economy. The process of further integration into the world economy is indispensable for Russia because it prepares the basis for the adoption of tested “rules of the game” and therefore contributes to enhanced stability in the country.

It is evident that increasing the role of Russia in the international arena and improving the standard of living if its citizens require a strong, dynamically developing economy, based on greater production efficiency, the creation of a new economic structure, and the modernization of the economy. Unfortunately, while imports cover a wide spectrum of manufactured goods, the trouble with exports is that they remain heavily biased towards energy and raw materials. Russia's endowment with energy sources and raw materials is regarded as a mixed blessing because it is said to have turned the country into a “raw material appendix of the West” and, more specifically, to have damaged the manufacturing industry (“Dutch disease”).

The main purpose of this paper is to consider some aspects and spheres of economic ties between Russia and the European Union. It is a well-known fact that the enlargement of the EU will influence Russia-EU bilateral relations; therefore this paper represents an attempt to evaluate the effects of this event.

## *Economic co-operation: aspects and spheres*

Economic co-operation between Russia and the European Union represents a very interesting and riveting but at the same time knotty question. We should take into consideration that EU-Russia economic relations are based on the Partnership and Co-operation Agreement, which provides for trade liberalization and closer interaction. One of the titles (the title 17) of the PCA is dedicated to economic issues of bilateral relations

According to the article 56 of the PCA “The Community and Russia shall foster economic cooperation of wide scope in order to contribute to the expansion of their respective economies, to the creation of a supportive international economic environment and to the integration between Russia and a wider area of cooperation in Europe”. Moreover the article provides for that the economic co-operation shall also imply the development of respective industries and transport; the exploration of new sources of supply and of new markets; the encouragement of technological and scientific progress; the encouragement of a stable human and social resources development and of local employment development; the promotion of the regional co-operation with the purpose of its harmonious and sustainable development.

A lot of scientists and experts consider that the Partnership and Co-operation agreement has an insignificant practical impact on the development of economic ties between Russia and the European Union, and that about half of the PCA provisions are, in fact, no longer in force. Nevertheless, I am strongly convinced that the PCA plays an enormous role as a legal base, to which Russia and the European Union should adhere.

On 27 December 2001 the Commission adopted the second EU's Common Strategy on Russia, which offers the strategic framework within which EU assistance will be provided for the period 2002-2006. The CSP constitutes the Indicative Programme and sets forth co-operation objectives and goals, policy responses and priority field co-operation based on a thorough and meticulous assessment of policy agenda and political and socio-economic situation of Russia. The Chapter 6 of the CSP is dedicated to National Indicative Programme, specifying programme objectives, expected results and conditionality for Tacis. This document states that the EU expresses a significant economic and strategic interest in Russia's development and stability. It is a well-known fact that Russia and The European Union have launched thematic dialogues on energy, space and science and technology co-operation as well as established a High-Level Group in an attempt to develop the concept of a common European economic space between Russia and the European Union. Russia should be able to develop its position as a prosperous market for EU exports and investments

and a reliable source of EU energy supplies, as well as stable, predictable and co-operative partner for security in Europe. The European Union presumes that the main challenges facing Russia over the medium term are the effective implementation of the new legislation and to improve the investment climate in order to current economic growth sustainable. The EU should provide its full support to the Government's socio-economic reform programme and should concentrate on establishing the legal, institutional and administrative framework to achieve economic development through private initiative and market forces.

For its part, Russia attaches great significance to the bilateral relations in the context of the Russian further integration into the world economy. In 2000 the Russian Federation adopted the Strategy of the development of the relations between Russia and the European Union over the medium term (2000-2010), which defines the objectives of mutual relations. Russian "Mid-Term Strategy" towards the EU underlines the importance of "strategic partnership of equals, which does not limit sovereign rights of the Russian Federation as a world power". Many experts consider that such a stance contradicts the position of the European Union. While the EU expects Russia to become a politically stable partner, who will stick to the same standards as Europe, Russia needs the EU as an inexhaustible source of foreign direct investments and technologies, which does not interfere in home political problems of the Russian state.

The enlargement of the European Union exerted great influence on relations between Russia and the EU. Shortly before the enlargement on April 27 the first meeting of the Russia-European Union Permanent Partnership Council was held in Luxembourg at Foreign Ministers' level. A Joint Statement on the EU Enlargement and Russia-EU Relations was adopted setting forth the political obligations of the European Union to minimize the trade-and-economic consequences of the EU enlargement for the interests of Russia and to preserve Russian exporters' traditional flows of goods and outlet markets to the ten entrant countries. The Statement provides for that "the interdependence of the EU and Russia, stemming from the proximity and increasing political, economic and cultural ties, will reach new levels with the EU enlargement". In April 2004 the EU and Russia signed the Protocol to the Partnership and Co-operation Agreement, which extended the PCA to new Member states of the EU.

The effects of the EU enlargement for Russia's economy are considered to be equivocal. They may be classified into three groups: positive, contradictory and negative. The positive effects of the enlargement are connected with the emergence of opportunities for Russian economic agents to interact with a more spacious and unified market of the expanded EU. The level of tariffs for imports of goods of Russian origin to the new Member States is expected to decrease from an average of 9% to around 4% due to the application by the enlarged EU of the Common Customs Tariff to imports from Russia. The EU confirmed that compensatory tariff adjustments accorded in the context of the EU enlargement through modifications of the EU tariff schedule would be applied on a MFN (most favoured nation) basis to the advantage of Russian exporters.

The Russian Federation will somewhat benefit from Central-East European countries adopting trade tariff preferences granted to Russia by the EU. Since preferences for Russia are mainly applied to final industrial goods the benefit will be not high.

The consequences of the enlargement will have an ambiguous effect on Russian external economic activities. The transition to the European Union's trade regime, mainly free from quantitative limitations for Russian import, will induce the CEE countries to abolish the existing quotas and other non-tariff protection measures in force for Russian import. It will expand export of some Russian goods (coal and calcium carbide to Poland, textile to Hungary, welded pipes to the Czech Republic, ammonium nitrate to several countries, etc.). However at the same time the new EU Member States will have to introduce some limitations, very harmful for Russian deliveries, stipulated by EU trade legislation, id est. import of rolled steel and nuclear fuel for nuclear power stations traditionally delivered to the CEE countries without trade limitations will be subject to quotas now.

Some experts believe that the enlargement will entail deplorable consequences for Russia since the EU accession of the CEE countries may further reduce Russia's CEE market share. The opening-up of the EU market for the CEE countries has led to a rapid growth of exports from Eastern to Western Europe: from 1990 to 2002 they grew by 4.5 times. As far as economic interaction with Russia is concerned, Russia's trade with individual CEE countries decreased from 1990 to 2002 by 3 to 5 times, while our partners' deliveries to Russia dropped by 8 to 10 times. Moreover the enlargement may lower Russian firms' competitiveness since free movement of goods, services and capital within the borders of the integration group will foster Western companies' advantages on the Central-East European markets<sup>1</sup>.

The participation of the new members in the EU Common Agricultural Policy (CAP) will cause negative effect on Russian economy. Anticipated modernization of agro-industrial complexes in these countries may augment the flow of

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<sup>1</sup> Study of the Effect of the EU Enlargement on Russia's Economy prepared by the National Investment Council (resume).

cheap foodstuffs to Russia, which will deteriorate the position of Russian producers. On the other hand, evident EU CAP protectionism will narrow the chances of the Russian agricultural export to CEE countries and make Russian produce uncompetitive on their markets.

We should take into consideration the fact that many problems can be settled and solved in the framework of Common European Economic Space of the EU and Russia, which idea was suggested by the European Union and laid down in the final communiqué of the Moscow summit held by Russia's and EU's leaders in May 2001. It was agreed to establish a High-Level Group to elaborate this project, which envisages the creation of four common Russia-EU spaces (in the fields of economy; freedom, justice and the supremacy of law; external security; science, education and culture). The main purposes and objectives of this initiative are to promote conditions to boost trade and investment and to create an open and integrated market between Russia and the EU. In spite of the fact that the politicians intend to establish CEES already by 2007 the practical application of the adopted concept is viable only in the far future.

Among all the EU's trading partners Russia occupies the fifth place (after the United States of America, Switzerland, China and Japan), while the EU is Russia's main trading partner accounting for above 50% of its total trade. Total EU trade with Russia in 2003 amounted to 85 billion euros and the EU had a trade deficit of around 20 billion euros. The structure of EU imports is the following: energy (57%), agriculture (4%) and chemicals (4%). Main EU exports are machinery (34%), chemicals (13%), agriculture (11%), transport material (11%) and textiles (6%). EU-Russia trade has increased significantly between 1995 and 2003: for example, in 1995 EU trade with Russia amounted to 38 billion euros (the EU had a deficit of 6 billion euros). A lot of Russian goods entering the EU market benefit from the EU's General System of Preferences. Unfortunately, EU-Russia trade in services is still rather limited in value terms: around 10 billion euros in 2002 in total, i.e. below 2% of total EU trade in services<sup>2</sup>.

In 2002 the Russian Federation acquired the status of the country with market economy, and this fact will result in a lot of favourable consequences for Russian producers, will rule out discrimination and restrict some anti-dumping proceedings against Russian imports.

As far as Foreign Direct Investment is concerned, according to Russian estimates, the volume of FDI will augment from 5 billion euros in 2002 to 7-8 billion euros in 2005. Russia is acutely aware that it is essential to improve the investment climate, notably through a more effective protection of property rights, in order to attract more investment and know-how from abroad and to reverse the capital flight trends<sup>3</sup>.

Now I would like to draw Your attention to some discrepancies between Russia and the European Union within the scope of European Neighbourhood policy. As known, in March 2003 the European Commission published the report "Wider Europe – Neighbourhood: A new Framework for relations with our Eastern and Southern Neighbours" on which basis on 1 July 2003 the EC adopted the document "Paving the Way for a new Neighbourhood Instrument" and established a Wider Europe Task Force and a Wider Europe Inter-Service Group. This initiative foresees a more active EU interaction and special relations with all the countries mentioned in these documents based on the unity of values and common interests as well as the creation of a common economic and social space and the formation of a "ring of friends". Since Russia is trying to maintain and strengthen its presence in the Commonwealth of Independent States, a more energetic EU policy in this region may lead to a certain tension. A striking corroboration is a negative reaction of the west to the framework Agreement about the creation of a Common Economic Space signed in 2003 by Russia, Ukraine, Belarus and Kazakhstan, if it takes the form of a customs union. Moreover, some scientists are sceptic about this initiative because it is orientated towards the countries with different political systems and economic development.

Another topical issue is Russia's accession to the World Trade Organization. Russia's WTO integration is a prerequisite of for CEES formation. It is expected that advantages stemming from Russia's joining the WTO will be reciprocal. Russian economy will be more predictable and stable and will establish better terms and conditions of access for EU businesses willing to co-operate with Russia. On 21 May 2004 the European Union and Russia achieved a breakthrough in their negotiations and signed on the margins of the EU-Russia Summit the agreement concluding the bilateral talks for the accession of the Russian Federation to the WTO. During these negotiations the EU raised the question about ratification of the Kyoto Protocol on greenhouse gases by Russia. The Russian President underscored that Russia supported the Kyoto process, but at the same time it had some concerns over the obligations that it would have to assume. He promised that Russia would accelerate its movement towards ratifying the Protocol.

One of the most interesting spheres of co-operation between Russia and the European Union is the energy dialogue. The article 65 of the PCA defines the framework of energy co-operation. The energy dialogue was launched on the

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<sup>2</sup> [www.europa.eu.int/comm/trade/issues/bilateral/countries/russia/index\\_en.htm](http://www.europa.eu.int/comm/trade/issues/bilateral/countries/russia/index_en.htm)

<sup>3</sup> Borco Y.A. *From European Idea to United Europe*. M., 2003, p.355

<sup>4</sup> [www.eur.ru/en/p\\_217.htm](http://www.eur.ru/en/p_217.htm)

initiative of the European Union in 2000 in order to improve partnership in energy sphere. Nowadays Russia remains a traditional, reliable, stable and significant supplier of energy products to the EU. 53% of Russia's oil exports go to the European Union, representing 16% of total EU oil consumption. 62% of Russia's natural gas exports arrive in the EU, representing 20% of total EU natural gas consumption<sup>4</sup>. For Russia it is indispensable to attract investments from the EU in order to expand oil and gas exports to improve energy infrastructure and to enhance bilateral co-operation. Within the framework of the dialogue the exploratory phase suggested the establishment of the High-Level Task Force and four thematic groups were established (groups of energy strategies and balances; investments; technology transfer and energy infrastructure; energy efficiency and the environment). An agreement has been reached to implement some infrastructure projects identified as being of common interests (for example, Shtokman natural gas field development, Northern European trans-Baltic natural gas pipeline and others). It is important to mention the European Energy Charter, which was adopted in 1991. In December 1994 the Energy Charter Treaty was signed and it entered into force in April 1998. This document is considered to be a legally binding multilateral instrument, which deals with intergovernmental co-operation in the energy sector, based on market economy, mutual assistance and non-discrimination. Russia signed this Treaty, but has not ratified it yet.

Russia attaches great importance to the prospects of implementation of the EU energy policy by the new members implying a diversification of energy sources. Russian nuclear fuel deliveries for nuclear power station in East European countries in danger. EU official documents envisage for its members a limit of a 25% import share of nuclear goods proceeding from the same source.

Among other matters of concern I would like to single out the problem of Kaliningrad. Today according to EU experts Kaliningrad approaching the borders of a unified Europe with its new economic order and liberal trade principles in force will bring tangible trade and economic consequences for the region including a broader access to the European sales markets. Russia and the European Union strive to solve this problem, taking into consideration the interests of people who live in Kaliningrad. Both sides have reached agreement to implement the principle of freedom of transit of goods, including energy between Kaliningrad region and the rest of Russia on the basis of Article 12 of the PCA and article V GATT.

I have already mentioned the Tacis programme, which was created in 1991. It is one of European Union's main instruments for cooperation with Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, Turkmenistan Ukraine and Uzbekistan. This programme pursues the objectives of promoting the transition to a market economy and reinforcing democracy and the rule of law in partner states. The present Tacis regulation is due to expire at the end of 2006 and the EU will spend 3.1 billion euros on this new programme<sup>5</sup>.

One of the most important directions of Russia-EU mutual relations is the "Northern Dimension". This initiative, advocated by Finland, arouses a lot of interest and envisages a joint utilization of "northern regions'" potential and resources and the improvement of environmental situation in the North of Europe.

### *Conclusions*

Russia is sure to enhance and promote economic co-operation with Europe. Today psychological rejection of Russia, which dominated in 1990s in the countries of the former Soviet bloc, is replaced by a pragmatic approach towards co-operation since Russia represents a huge market. For its part, Russia should develop ties with the European Union, because it pursues the goal to integrate into the world economy. According to some macro-economic studies, Russia will benefit from the EU enlargement. For example, recent scientific researches by the independent institute Brussels-based CEPS and Moscow-based RECEP have estimated that Russian welfare will increase as a result of the enlargement by just under 2%<sup>6</sup>. Moreover, Russia is supposed to benefit from the substantial reduction in tariffs. Ultimately, the long-term economic effects of the EU enlargement are, to a significant extent, determined by the way co-operation priorities between Russia and the EU will be formulated and by the choice of the legal and organizational co-operation model for the nearest future. Furthermore, Russian authorities realize that instead of resorting to a complete reliance on exports of energy products, it is indispensable to restructure Russian economy paying more attention to the domestic manufacturing industry. One of the main results of Russia-EU relations is the transition from the initial, mainly declaratory stage to the stage of business co-operation.

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<sup>5</sup> Butorina O.V., Borco Y.A. *European Union, M.*, 2003, p.206

<sup>6</sup> [www.europa.eu.int/comm/trade/issues/bilateral/countries/russia/index\\_en.htm](http://www.europa.eu.int/comm/trade/issues/bilateral/countries/russia/index_en.htm)

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- Partnership and Co-operation Agreement;
- Common Strategy of the European Union on Russia 2002-2006;
- Strategy of the development of the relations between Russia and the European Union over the medium term (2000-2010);
- Communication from the Commission: European Neighbourhood Policy;
- Protocol to the Partnership and Co-operation Agreement;
- Final communiqué of the Moscow summit (May 2001);
- European Energy Charter;
- Energy Charter Treaty;
- Joint Statement on EU enlargement and EU-Russia relations (27 April, 2004)

### Internet resources

- [www.europa.eu.int](http://www.europa.eu.int)
- [www.eur.ru](http://www.eur.ru)
- [www.mid.ru](http://www.mid.ru)
- [www.eurostat.eu](http://www.eurostat.eu)

# REGIONAL COOPERATION UNDER THE EU NEIGHBOURHOOD POLICY

**Ekaterina DOMORENOK**

## *Introduction.*

There is no need to prove that in a good policy-making concept changes anticipate operational transformation. In the case of the European Union enlargement, it has been clearly realized that before completing the decisive step of accepting ten new member something should be done to make the strategy continuous. The task was not that easy, taking into consideration the fact that the countries staying along the new EU borders do not have or ask for candidate status.

The solution proposed was simple and original: to create a “ring of friends – with whom the EU enjoys close, peaceful and cooperative relations”<sup>1</sup>. It looked quite attractive and promising as a political declaration, but could not go as a stable basis for relations building. In fact, the first Communication from the Commission was only a “framework”, and should have been completed by subsequent work of the EU institutions.

The response of the Parliament was much more detailed and realistic, and it put some important emphases that missed in the Commission document. It clearly distinguished Eastern and Mediterranean dimensions in the new policy underlying the necessity of “clearly differentiating between the regions and countries covered, in particular on the basis of the types of challenges involved, their level of respect for democracy, human rights and individual freedoms, and their interest and capacity to engage in closer cooperation”<sup>2</sup>. Parliament stressed “geopolitical differences between Eastern and Southern neighbours”, and expressed the belief that while there should be significant scope for developing sub-regional and regional cooperation in the South, a bilateral approach is more promising in the East as regional cooperation scarcely seems possible in view of these differences”<sup>3</sup>.

As a matter of fact the same idea was present in the Commission’s communication, but it was not so sharply delineated: “while the EU should aim to ensure a more coherent approach, offering the same opportunities across the wider neighbourhood, and asking in return the same standards of behaviour from each of our neighbours, differentiation between the countries would remain the basis for the new neighbourhood policy”<sup>4</sup>. In such a context, the elaboration of a “New Neighbourhood instrument focussing on ensuring the smooth functioning and secure management of the future Eastern and Mediterranean borders, promoting sustainable economic and social development of the bordering regions and pursuing regional and transborder cooperation”<sup>5</sup> appears to be quite a difficult task.

The above cited objective is not a pretty new one in the EU political language. The issue of the development of border areas has been introduced in the mid 1970s, when the objective of bridging the gap between different regions of the EU came about. With the development of the European integration this goal has been extended in the subsequent treaties and finally took the form of policy of economic and social cohesion, which was rather successfully realized within the Union.

In the beginning of the 1990s when, on the one hand, the European Community transformed into the Union and, on the other, it had to face the challenge of enlargement, the nature of external relations and the concept of border started to change. There have been introduced financial instruments that provided for cooperation across the border with the countries that were not eligible for the EU Structural funds subsidies. As it was mentioned in the introduction to the publication of the EU Commission on External Interregional Cooperation<sup>6</sup> - interregional cooperation acts as a preparation to the candidate countries accession to the European Union and it was at the forefront of encouraging institutional reform and the decentralisation of power. Empowering local and regional authorities has been a significant characteristic in the democratisation of Central Europe, and has highlighted the need for closer cooperation between authorities in Central Europe and their counterparts in the

<sup>1</sup> Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours. COM (2003) 104. Brussels, 11.03.2003.

<sup>2</sup> European Parliament. Report on “Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours” (COM(2003)104-2003/2018(INI)):8.

<sup>3</sup> Ibid: 9.

<sup>4</sup> Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours. COM (2003) 104. Brussels, 11.03.2003:16.

<sup>5</sup> Ibid:18.

<sup>6</sup> ECOS-Ouverture Success Stories. External Interregional Cooperation 1991-1999. Paris-Glasgow-Brussels, 1999: 3.

European Union.

So, the topic of external regional cooperation is not that new either. It has slowly evolved from exclusively EU-managed programmes to the projects that were coordinated from the external side of the border. The partners in those projects were countries not only from Central Europe but also from the Mediterranean part, and, thus, the experience of such a cooperation could be of a great use in the context of the new policy.

The novelty of the Neighbourhood is that it is not a one-time programme, it is a political framework concept, that will further have a substantial impact on all single policies. The objective of sustainable development of the bordering areas coming from the past INTEREG is put again on the agenda, but now it is accompanied by the goal of border security guarantees, and this element is going to be quite important in interregional cooperation programmes. There are several issues that should be still solved: how to find a universal instrument, if it is possible at all, how to deal with the whole diversity of the bordering regions and countries, what is going to be the outcome of the process and whether the changes introduced by the Wider Europe are enough to develop a consistent policy line.

The goal of the present contribution is to analyse the changes envisaged by the Neighbourhood policy for the cooperation at regional level, the way they have been carried out and the implications that these transformations could bring about. We will start with the presentation of both variables: independent - Neighbourhood policy, and dependent - regional cooperation, followed by the analysis of their interaction and some reflections on possible outcomes of the process.

#### *Independent variable.*

On March 11, 2003 the EU Commission came out with the Communication “Wider Europe-Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours”<sup>7</sup> where it has stated new objectives and has drawn up a new strategy of the EU after the enlargement. The main message of the paper was the intention to avoid drawing new dividing lines in Europe, to promote stability and prosperity within and beyond the new borders and to develop a zone of prosperity and a friendly neighbourhood – “a ring of friends” around the Union. The task of the Commission was to find a way for building a framework for the Union’s relations with the countries that do not currently have a prospective of becoming EU members. That group is far to be homogeneous and the difficulty in elaboration of a common or balanced strategy along the whole new border is quite obvious.

We will not discuss here to what extent the Commission has reached the objective of finding a plausible solution to the new challenge, it has already been criticized for not having been able to do that. No doubt, however, that the document dated by March, 11 had a significant impact on all the following developments of the EU politics and policies.

Regional dimension of cooperation has been particularly emphasised in the Communication. And the goal to promote regional and sub-regional cooperation and integration as preconditions for political stability, economic development reduction of poverty and social division has been clearly stated<sup>8</sup>. We will further reveal the elements regarding regional level of cooperation in the new policy proposed by Commission and then explain how they are going to change the past framework of cooperation.

The dilemma for the EU can be quite easily picked up from the document itself. The Commission recognizes the differences in starting positions for different countries and states that the new EU approach can not be a one-size-fit-all policy<sup>9</sup>. At the same time, it confirms the necessity to build up a cohesive system of relations along Eastern and Southern borders. The common challenges for all of them were defined as “three P”: Proximity, Prosperity and Poverty, what reflects the attempt to find common grounds for the strategy regardless the differences between the countries- neighbours.

The first P - proximity challenge is about geographical location, it contains the challenge of assuring secure and efficient borders of the Union. Cross-border cultural links, not least between people of the same ethnic/cultural affinities as well as threats to mutual security, whether from the trans-border dimension of environmental and nuclear hazards, illegal immigration, trafficking, organized crime or terrorist networks are of additional importance in the context of proximity and require joint approaches in order to be addressed comprehensively.

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<sup>7</sup> COM (2003) 104. Brussels, 11.03.2003.

<sup>8</sup> Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours. COM (2003) 104. Brussels, 11.03.2003:3.

<sup>9</sup> *Ibid*:6.

The following two: prosperity and poverty regard not only borders but wider areas. Among the priorities in this dimension are democracy, pluralism, respect for human rights, civil liberties, the rule of law and core labour standards as essential prerequisites for political stability, as well as for peaceful and sustained social and economic development. Trade and investment are vital to improving economic growth and employment. So, the overall objective is to work with partners to reduce poverty and create an area of shared prosperity and values based on deeper economic integration, intensified political and cultural relations, enhanced cross-border cooperation and shared responsibility for conflict prevention between the EU and its neighbours. But bordering areas are still considered to be the first step before going in depth. To achieve the stated objectives Neighbourhood Instrument was to be elaborated.

Following the agenda put forward in the Wider Europe Communication, Commission presented another Communication “Paving the Way for a New Neighbourhood Instrument” which clarifies the concept of the Neighbourhood Instrument and presents the analysis of measures to improve interoperability between different instruments. As a starting point it defined the coordination work that had been taken forward between different cooperation instruments INTERREG, PHARE and TACIS. According to the presented approach the NNI was to cover all the borders between the EU and partner countries<sup>10</sup>.

So, while the Wider Europe Communication placed the NNI in the context of the European Neighbourhood Policy, the following Communication broadened the geographical scope of it, saying that “in order to ensure a comprehensive approach, the Instrument should also cover those neighbouring countries which benefit from CARDS and Euro-med partnership, even though the Western Balkans fall outside the political scope of the Wider Europe communication”<sup>11</sup>. The NNI Communication proposed a two step approach: first phase 2004-2006 – significant improvement of the instruments concerned within existing legislative and financial framework<sup>12</sup>. In the second period, after 2006, a new legal instrument should be elaborated.

For both the transitional phase and the NNI operation the Commission clearly identifies four main objectives:

- promoting sustainable economic and social development in the border areas;
- working together to address common challenges in fields such as environment, public health, and the prevention of and fight against organised crime;
- ensuring efficient and secure borders;
- promoting people-to-people type actions.

It can be easily noted they are congruent with challenges identified as “three P” in the first Communication. During the first step period, the Commission proposed to introduce Neighbourhood Programmes covering the external borders of the enlarged Union. They were supposed to develop a broad range of actions following the above mentioned objectives. These programmes would permit a single application process including a single call for proposals covering both sides of the border, and would have a joint selection process for projects. The funding for these programmes should come from the allocations already earmarked for existing programmes. The rules governing the programmes’ committee structures would ensure a balanced membership from both sides of the border. As for concrete numbers of financial allocations to existing instruments for 2004-2006, they will be distributed as it follows: •700m from INTERREG, •90m from PHARE, •75m from TACIS, •45m from CARDS and •45m from MEDA<sup>13</sup>. Since Structural Funds can not be used outside the border, and external instruments cannot be used internally, a new concept should have been built in a way to meet the challenge of combining both external policy objectives and social and economic cohesion.

This challenge has been approached again in the Strategy paper issued in mid May, 2004. In this document

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<sup>10</sup> Paving the way for a New Neighbourhood Instrument. Communication from the Commission.COM(2003)393 final: 3  
<sup>11</sup> *ibid*.

<sup>12</sup> These instruments are:  
INTERREG Community Initiative – a financial instrument within the framework of the EU Structural Funds, supports cross-border and interregional cooperation among member states and neighbouring countries; PHARE CBC support cross-border cooperation between member states and candidate countries; TACIS CBC- supports cross-border cooperation in Western NIS; CARDS – aimed at fostering regional, transnational, cross-border and interregional cooperation among the countries of Western Balkans, between them and EU, and them and other countries of the region (no programme exists); MEDA provides support for regional cooperation in the broader sense between countries on the southern and eastern shore of the Mediterranean.

<sup>13</sup> Paving the way for a New Neighbourhood Instrument. Communication from the Commission.COM(2003)393 final:11.

the Commission is more concrete in terms of substance and procedures regarding both the Neighbourhood Policy and the Instrument. The document has been produced after the consultations with partner countries were completed. The method proposed was, together with partner countries, to define a set of priorities, whose fulfilment would bring them closer to the EU. These priorities were to be incorporated in jointly agreed action plans, covering a number of key areas for specific action: political dialogue and reform, trade and measures preparing partners for gradually obtaining a stake in the EU Internal Market, justice and home affairs, energy, transport, information society, environment and research and innovation, and social policy and people-to-people action.

Action plans, and this approach has been initiated in the first Communication, would draw up a common set of principles but will be differentiated, reflecting the existing state of relations with each country, its needs and capacities. The level of ambition of the EU's relationships with its neighbours will take into account the extent to which these values are effectively shared<sup>14</sup>. The Strategy Paper has defined more precisely the framework for relations with neighbouring countries that will be involved in the ENP but do not have neither association nor Partnership and Cooperation Agreements with the EU<sup>15</sup>. The two step approach of introduction of NP in the first phase (2004-2006) and NNI in the second (after 2006) proposed in the previous Communication has been confirmed.

Among the suggested ways of the development of such an Instrument<sup>16</sup> the option of "creating a single new Regulation to govern a Neighbourhood instrument to fund activities on both inside and outside the Union" has been chosen. Since there are no relevant legal precedents for an instrument with a dual nature covering external policy and economic and social cohesion within the EU and with the ambition of operating on an equal footing on the two sides of the EU's external border, the instrument will build on the principles of existing cross-border programmes such as partnership, multiannual programming and co-financing. The ENI will cover all the borders between EU Member States on one side, and countries covered by the European Neighbourhood Policy on the other side. It will support trans-national cooperation involving beneficiaries in at least one member State and one partner country, and replace existing internal and external cross-border programmes in member states and partner country regions adjacent to the future EU external borders.

Strategy paper has confirmed the objectives identified in the NNI Communication and has identified two windows of the ENI operation. The ENI will finance joint projects proposed by and for the benefit of partners from both the EU Member States and partner countries and will operate through two separate funding windows: cross-border cooperation and trans-national cooperation. The first window will support cross-border cooperation, and will cover the objective of creation of an area of shared prosperity and cooperation across the EU borders with partner countries. While the second window will provide more flexible support for wider trans-national co-operation involving actors and beneficiaries from both EU member states and partner countries. It is mainly to address the objective of common challenges in fields such as environment, integration, energy, telecommunication and transport networks, public health and prevention of and fight against organised crime.

That is the framework, which has been laid down for further implementation through regional cooperation mechanisms. It is quite obvious that the cooperation at regional level is going to be one of the main issues of the new policy approach of the enlarged Union. In the following paragraph will analyse how the new regulative scheme has been introduced into the past framework of the regional cooperation policy and in what kind of transformation of the latter has taken place.

#### *Dependent Variable.*

Cooperation at regional level in the "old" European Union grew up with the development of the regional policy, or if we want to be more precise, with the assistance of INTERREG initiative. INTERREG has been the

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<sup>14</sup> European Neighbourhood Policy. Strategy Paper. COM (2004) 373 final. Brussels, 12.05.2004

<sup>15</sup> Southern Caucasus: Armenia, Azerbaijan and Georgia; Belarus and Libya.

<sup>16</sup> 1- expanding the content and geographical scope of an existing co-operation instrument to allow these funds to be used on both sides of the border (e.g. permitting to use INTERREG outside the border);

2- creating a single new Regulation to govern Neighbourhood Instrument to fund activities both inside and outside the Union, based on a single or on two separate budget lines;

3- focusing further on coordination between already existing instruments on the basis of the Neighbourhood Programmes proposed for 2004-2006

initiative of the EU with the overall aim that “national borders should not be a barrier to the balanced development and integration of the European territory”<sup>17</sup>. In contrast to the majority of the initiatives of regional policy which had as a scope bridging the gap in the level of economic development of regions of the Union with huge disparities not only across but also within the countries, INTERREG has been aimed at a different objective. It was to bring regions closer promoting the building of cross-border cooperation networks and creating in that way a united Europe without clear cut national frontiers.

INTERREG reads borders as dividing lines between communities, which are cut off economically, socially and culturally, that also hinder the coherent management of eco-systems<sup>18</sup>. In past programming periods INTERREG<sup>19</sup> worked to help overcome the above mentioned negative implications of the borders. Its funding was devoted principally to the promotion of common responses to SME development, education, training and cultural exchange, health problems in border regions, environmental protection and improvement, RID, energy networks, transport and telecommunications.

In 2000 it was decided to establish Community Initiative concerning trans-European cooperation (INTERREG III). Its main objective was to strengthen economic and social cohesion in the Community by promoting cross-border, trans-national and interregional cooperation and balanced development of the Community territory. While the main focus was still on the internal borders of the EU, the new phase of INTERREG had to face a serious challenge of enlargement on the one hand, and growing cooperation with third countries on the Southern border on the other. This new phase of the Initiative INTERREG III has been implemented under three strands:

**INTERREG III A Cross-border cooperation** - the most important part of the initiative, it focuses on promoting integrated regional development between neighbouring border regions, including external borders and certain maritime borders. It takes the bulk of financial recourses. INTERREG III A is supporting 53 programmes for the 2000-2006, including 14 along the borders of applicant countries with the budget of 3,300 million, or 67% of the funding available.

**INTERREG III B Transnational co-operation** covers actions involving the national, regional and local authorities and other socio-economic players. These programmes should normally entail a strategic approach to the development of the area, be it in terms of environmental or economic development or in terms of spatial planning. So, their preparation is rather complex. The objective was to promote territorial integration within a large group of European regions, including those outside 15, before May 1, 2004, and outside 25 after, and between the Member states and the applicant countries or other neighbouring countries. Since the structures needed for the work of these programmes - many of which have not existed before - are quite complex, it is not surprising that out of the 13 programmes expected in total number only one programme (that of the Baltic Sea Region) has been decided so far. The total budget foreseen is around 1,300 million Euro - i.e. some 27% of the total.

**INTERREG III C Interregional cooperation** supports cooperation between players all over Europe and not necessarily just those in neighbouring regions. This strand helps to make regional development policies and tools more efficient by enabling a vast exchange of information, the sharing of experiences and the creation of structures of cooperation between the regions.

Players from all the regions of the Union can benefit from this aid. The actions are implemented through four programmes: North, East, West and South. The regions of the applicant countries and other non-EU states may also participate in these programmes. And the funding for these programmes is of 6% of the total. The whole financial resources envisaged for the INTERREG III Initiative amount for 5,700 millions.

Here above we regarded INTERREG key strands as they were established before the Wider Europe initiative. Neighbourhood elements are already envisaged in all of them. It is worth mentioning that the updated version of the INTERREG Guidelines issued by the Commission yearly this year does not contain substantial changes, it has only introduced some necessary elements of Wider Europe and Neighbourhood Instrument Communications and defined the eligible areas for the new programmes<sup>20</sup>. Next we are going to overview the

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<sup>17</sup> OJ No C 2000/143/08. Communication from the Commission to the member states laying down guidelines for Community initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory.

<sup>18</sup> Ibid.

<sup>19</sup> First launched in 1990.

<sup>20</sup> Communication No 448/2004 of 10 March 2004: [www.interreg3c.net/web/detail.php?id=28](http://www.interreg3c.net/web/detail.php?id=28)

principles that regulated cooperation to understand better the rules and nature of the process.

The principles that were laid down in the basis of the INTERREG III programmes have, to a considerable extent, “paved the way” to the following newest approach of Neighbourhood, the concept of which is being developed now drawing the framework for cooperation of regions on the external borders of the enlarged EU. Among these principles are the following:

- **Joint cross-border strategy and development programme**, means that all the measures and operations must be based on the joint programming for the regions or territories concerned and demonstrate the value which it adds.

- **Partnership and a bottom-up approach** - a wide partnership must be developed, including not only “institutional” partners from national, regional and local authorities, but also economic and social partners and other relevant competent bodies (non governmental organizations etc.), operations must allow the widest possible degree of participation by public and private actors.

- **Complementarity to the mainstream of the Structural Funds** provides that Programming must be complementary to the measures promoted under objectives of Structural Funds, and operations must comply with the scope of the Structural Funds and the rules on the eligibility of expenditure.

- **A more integrated approach to the implementation of the Community Initiatives** means that in accordance with Article 3(2) of Regulation (EC) N 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund (ERDF), the latter is allowed to implement the INTERREG III initiative by financing measures for rural development eligible under EAGGF, for the development of human resources eligible under the ESF and for the adjustment of fisheries structures eligible under the FIFG. That was a new opportunity which could improve the coordination and integration of measures and operations which benefit from the Community assistance.

- **Effective coordination between INTERREG and external Community policy instruments**, especially with a view of enlargement took into account that the implementation of INTERREG III had to ensure coherence and synchronisation with other financial instruments concerned. The operations undertaken within the Community are funded by ERDF whereas operations undertaken outside the community are funded by other Community financial instruments such as PHARE<sup>21</sup>, TACIS<sup>22</sup>, MEDA<sup>23</sup> and CARDS<sup>24</sup> or other Community programmes with an external policy dimension, as appropriate.

In the past the coordination between INTERREG and these instruments was rather poor because of weak administrative structures in third countries and different operational rules of the instruments. It became clear that for further development cross-border cooperation the approach of separate treatment could not suit, and a joint approach is needed.

The implementation of cooperation on the basis of the principles listed above requires much effort from both sides. Truly joint structures to prepare the programmes that involve the parties concerned should be created. Previous experience is going to be useful, but the challenge is all grater when the enlargement of the Community is concerned, as it increases the number of internal borders, and changes drastically the surrounding environment.

With the introduction of the NNP and further elaboration of the NNI the operation of cross-border cooperation programmes will change, taking into account provisions of the new policy concept. Going through the main incentives of the New Neighbourhood Policy and regional cooperation regulation we can draw up the list

<sup>21</sup> PHARE CBC (Cross-Border Cooperation) programme was introduced in 1994 to support action in the field of infrastructure and economic development in bordering regions of CECs countries with EU members. In the Commission regulation 2760/98 it is stated that its aim was to promote cooperation of the border regions in the countries of Central and Eastern Europe with adjacent regions in neighbouring EU and accession countries and help them to overcome specific development problems

<sup>22</sup> TACIS Cross-Border Cooperation Programme was launched in 1996 to fund cross-border activities on the western border regions of WNI and CECs. The main focus was cross-border facilities, environment and cross-border cooperation at local level.

<sup>23</sup> MEDA(financial and technical assistance for Mediterranean non-member countries). There is a scope for cross-border actions, but no programmed institutional or other arrangements equivalent to those of INTERREG or PHARE.

<sup>24</sup> Assistance for Western Balkan countries (Council Regulation 2666/2000) covering Albania, Bosnia and Herzegovina, Croatia, federal Republic of Yugoslavia and FY Republic of Macedonia. To support the development of close relations among recipient countries, between them and the EU, and between them and the countries which are candidates for accession, in coordination with other instruments for cross-border, transnational and regional cooperation with non-member states.

of transformations of the latter and discuss the consequences and challenges of the process.

### *Output*

Before going directly to these characteristics we can not avoid mentioning that the very first change of the cooperation at regional level is that from being an issue of “technical policy” it has become a strategic branch in the political initiative of the EU. Now it combines two priorities of the Union: sustainable development of the all parts of the Union and bordering regions and building friendly relations with the nearest neighbourhood. The concept of Neighbourhood could not, thus, avoid borrowing the experience of the policy which has already been dealing with the matters of cross-border cooperation, and on the other hand, could not prevent it from change.

For the scope of analysis we will define the following key characteristics of the programmes: objectives, funding, management and implementation.

We have mentioned the **four objectives** identified by the Neighbourhood Communication for cooperation programme:

- promoting sustainable economic and social development in the border areas;
- working together to address common challenges, in fields such as environment, public health , and the prevention of and fight against organised crime;
- ensuring efficient and secure borders;
- promoting local, “people-to-people” actions.

We will not recall the objectives of the classic INTERREG programmes, which are reported on the pp. 10-11, but only underline that three of the new, except the third one, have been present in the programmes of regional cooperation programmes before introduction of the Neighbourhood initiative. The second objective gains broader strategic context than it had in the previous period. While the first, and the substance of the last have not undergone any substantial change.

Neighbourhood Programmes are not going to be exclusively of interest for third countries that are covered by TACIS, MEDA and CARDS, and which are going to be involved in the Wider Europe initiative aimed at preventing new dividing lines on the continent, but also for the EU member states and countries that became members on May, 4 2004 who were preparing INTERREG programmes on the external borders of the Union, and the countries that already had INTERREG cross-border programmes on their external borders, but were not affected by the enlargement. That is why there is going to be a serious work of elaboration of new programmes, on the one hand, and adjustment of those having relevant geographical location on the map of the Union, on the other.

The question of **funding** has been decisive in changing the nature of cross-border cooperation. Before, unless many efforts of INTERREG programmes to involve their neighbouring countries in programmes, it was hardly successful. Since the ERDF money could be used only inside the Union, it was little direct benefit for neighbouring countries to participate. In the Neighbourhood programmes, it has been envisaged, that on the external part of the border funding will be allocated from the appropriate external instrument (TACIS, CARDS or MEDA), while the internal part will be financed according to normal Structural Funds procedures. A specific amount for each year will be formally decided by the Commission in the first half of each year in the appropriate annual action programmes (s) for each external instrument<sup>25</sup>.

As for the **management** of the programmes, a big step has been made forward the implementation of the principle of partnership. Neighbouring countries will have an equal role in the Neighbourhood Programmes. A responsible authority will be nominated at national level, and a wide partnership at regional., local and non-governmental level will be involved, as it is done on the Member state side at present. It is clear enough that full and efficient cooperation between the internal and external partners can be realised only once the official nomination by the external partners has been confirmed. Therefore, it is important to ensure that national, regional and local levels are fully involved in programme preparation and expand the role of the neighbouring countries in programme Committees.

In the **implementation** we will identify two elements:

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<sup>25</sup> Guidance note concerning the preparation of Neighbourhood Programmes at the external borders of member States and Accession Countries: [europa.eu.int/comm/regional\\_policy/interreg3/doc/docu\\_en.htm](http://europa.eu.int/comm/regional_policy/interreg3/doc/docu_en.htm).

**a) structures**

Each Neighbourhood programme will have two Committees: a Monitoring Committee, which will ensure a policy and financial overview of the operation of the programme, and a Selection (Steering) Committee, which will be responsible for the selection of projects. It can be decided to operate only with one Committee.

The Committees of each NP will include a balanced membership from all participating countries and an appropriate representation of the Commission. Each country is responsible for nominating proper representatives.

Each programme will also have a Managing authority (the responsible body for Structural funds) and a Joint Technical Secretariat, which will provide advice to potential project partners and will deal with day-to-day management tasks related to the programme.

**b) procedures**

Neighbourhood Programmes will operate on the basis of a single application process and a single selection process covering both sides of the border. A single application form for each project will be issued, with a clear separation of work to be done inside and outside the Union.

Applications will be submitted directly to a Neighbourhood Programme Secretariat, which will carry out the initial assessment of each project, and will prepare recommendations to the Selection Committee. Applications will include partners from both inside and outside the Union.

*Outcome*

Why it is not enough to speak about output? The reason is quite simple – beyond obvious results of the process of interaction of variables there is a more complex group of effects that a process involves. We can hardly foresee all the elements of it. Still, thinking about outcome is important for understanding of what could or should be changed in a process, if it is manageable, and, thus, is essentially to be considered.

We have discussed above the output elements of regional cooperation transformation as a result of introduction of the Neighbourhood policy initiative. Now we will try to reconstruct each of them in a broader context of outcomes they might bring.

The first necessary point to focus our attention on is the list of Neighbourhood Programmes, since they constitute the ground for the whole policy process. Some of them are new and some should be amended.

Neighbourhood Programme	Countries involved	Financial instruments involved	New (N) or amended (A)
Nord (Kolartic)	Fin, S, N, Rus	TACIS	A
Karelia	Fin, Rus	TACIS	A
South-East Finland/Russia	Fin, Rus	TACIS	A
Estonia/Latvia/Russia	EE, LV, Rus	TACIS	N
Latvia/ Lithuania/Belarus	LV, LT, BY	TACIS	N
Lithuania, Poland, Russia	LT, PL, Rus	TACIS	N
Poland/Ukraine/Belarus	PL, UKR, BY	TACIS	N
Hungary, Slovakia, Ukraine	Hun, SLK, UKR	TACIS	N
Hungary/Romania/Serbia & Montenegro	Hun, Rom, SeM	CARDS, PHARE	N
Slovenia/Hungary/ Croatia	SL, Hun, HR	CARDS	N
Italy/Adriatic	I, HR, BiH, SM, ALB	CARDS	A
Italy/Albania	I, ALB	CARDS	A
Greece/Albania	GR, ALB	CARDS	A
Greece/FYROM	GR, FYROM	CARDS	A
Spain/Morocco	E, MAR	CARDS	A
Gibraltar/Morocco	UK, MAR	CARDS	A
Baltic Sea	D, DK, S, FIN, EE, LV, LT, PL, N, Rus, BY	TACIS	A

<sup>26</sup> According to the Communication "Paving the way for a New Neighbourhood Instrument", •75m will be taken from TACIS, and •45m.

CADSES	D,A, I, GR, CZ, SLK, SLN, PL, HUN, ROM, BUL, HRT, SM, BiH, FYROM, ALB, UKR	TACIS, PHARE, CARDS	A
Western Mediterranean	I, F, E, P, UK, Mal, ALG, TUN	MEDA	A
Archimed	GR, I, Mal, CYP, TUR, EGY, ISR, LEB, SYR, LIB, JOR, GAZA	MEDA	A

That is the map of the Neighbourhood policy first application. Just a very superficial approach permits to evidence a number of important features. The countries surrounding the EU vary enormously in the level of economic development (with GDP per capita minimum in Moldova of 417 and maximum in Israel 19 578 Euro), political and administrative structure, cultural and social traditions, and the resources that can be involved from the outside of the border will be different.

As for the programmes distribution, there are 10 programmes covering “land” border and 6 maritime. Among the first group 7 programmes are new and 3 are going to be amended, while in the second there are no new programmes at all. The first group will use TACIS funding, and, thus, the bulk of financial resources, while the second group will get money from MEDA with more modest budget<sup>26</sup>. The majority of land programmes are of strand A, that means that they are cross-border, and include a limited number of partners. The second group is B programmes, which are transnational and, consequently, have elevated number of participating countries. So, even if TASIC funds are distributed among more programmes, they are more specifically focused (Russia is present in 5 programmes, Belarus and Ukraine in 2 each), while for example Algeria or Middle East countries are only covered by multilateral programmes and their involvement in neighbourhood initiative is going to be lower. Is that what the Commission call differential approach to countries? But what is the criteria of this differentiation? The population, geographical distance, any other? It should be cleared up to avoid miscomprehension and delusion in bordering countries and provide for realization of principles.

As for **principles** and **objectives** of the new policy, we will find some more points that do not seem unequivocal. The objectives stated in the Communication embody, in fact, a very sensitive balance of what should be done. The main task here is to manage combining the objective of promoting sustainable economic and social development and people-to-people actions and the goal of ensuring efficient and secure borders. The substance of the first is to accelerate economic and social development by increasing trade and investment flows, enhancing cross-border cooperation in the fields of transport and energy, and integrating the neighbouring countries more deeply into wider European Cooperation<sup>27</sup>. While the second one is closely related to what Schengen agreement requirements from the countries that stay on external borders of the Union.

What does it mean practical terms? From the list of the countries we will easily pick up new members and see that their neighbours are the countries with whom the new member states have had deep economic and cultural links, while introduction of the border with strict passing regime inevitably puts division lines. We could site the example of Hungary: its accession to the EU requires full adoption of the Schengen acquis. Until 2002, Romania was on the common EU visa list. Ukraine, Serbia and Montenegro seem likely to stay on it for several years, and Hungary has to fall in line with that<sup>28</sup>. What would such a situation mean for Hungarian minorities dispersed in the bordering countries and how efficient borders and people-to-people objectives are going to be realized?

Another example is Polish-Ukrainian and Polish-Belarusian border. As experience showed, the introduction of visa regime on these borders early in this year caused serious problems for border services and damaged economic activity of small entrepreneurs in bordering areas. It was estimated that about 30-40 % of small and medium size enterprise in the Polish eastern city of Lublin survive by commerce with Ukraine<sup>219</sup>.

The same could be said about the principles: their application will for sure require rather a careful treatment on the part of policy makers. The ENI is going to be built on the principles of existing cross-border programmes: partnership, multiannual programming and co-financing? In general we could access as very positive for cooperation the “spirit” of such principles: partnership between EU and third countries would stimulate involvement

<sup>27</sup> Paving the way for a New Neighbourhood Instrument. Communication from the Commission.COM(2003)393 final.

<sup>28</sup> Batt, J. *The enlarged EU's external borders – the regional dimension*, in *Partners and Neighbours: a CFSP for a wider Europe*, Institute for Security Studies, Chaillot Paper n.64, Paris, September 2003: 102-118.

and help to overcome the possible challenge of “exclusion” beyond the EU borders, multiannual programming would provide for more stability for cooperation, while co-financing could give more flexibility to the programmes. At the same time, there might appear a number of problems in the wider Europe context. Since the level of decentralisation in neighbouring countries is low or zero, it will be quite difficult to find partners except central authorities. For multiannual programmes a good quality of projects would be desirable, and it is quite hard to reach, considering that on the other side of the borders there is no experience in writing or handling such programmes, and that infrastructure is underdeveloped. At last, co-financing: first of all, the neighbouring countries have very limited resources to invest into the cross-border cooperation. Secondly they used to get “technical” assistance and to be more “reactors” than actors. Moreover, centralized models of statehood do not permit for co-financing from different levels. Thus, it is going to be quite difficult to use the advantage of this principle.

In what regards **funding**, there are the following issues for further study and consideration. First, the question of distribution of money, especially between land and maritime borders. What is going to be the criteria for admissibility of maritime bordering regions: distance, population, existing communication lines or cooperation experience? Without clear criteria the number of possible bilateral maritime border programmes can be extended to nearly 50. There is a serious problem of corruption in absolute majority of the neighbouring countries and the question of spending money beyond the border is quite sensitive issue for both bordering parties.

**Management and implementation** of the programmes may also prove to be problematic. In Strategy paper it is stated that “management will be delegated by the Commission to a management body operating through shared management or other suitable arrangements”<sup>29</sup>. No model of management structures has been elaborated so far. In INTERREG they used decentralised model, but in reality of the neighbouring countries this seems hardly possible for a number of reasons. First, the needed structures are still rather weak on the internal part of the border, since regionalization process in ex-candidate countries is hardly comparable with that of old EU members – let alone highly centralized neighbouring countries; second, there are substantial differences in state and market order between internal and external parts of the border. The question where to place joint structures most probably will get the answer - in a member-state. It means more responsibility for hosting country and still the need for supporting structures on the other side of the border. Since there is no experience in the bordering countries of handling programmes, one of the first tasks for member states and Commission is “capacity building” – promoting the creation of a network of institutions that could further work autonomously in cooperation structures and beyond.

The basic thing that would facilitate cooperation is legal approximation, but it is far not a technical detail - political decisions are required. For the moment the basis for cooperation with third countries varies a lot, and therefore the elaboration of unique European Neighbourhood Instrument is going to be rather cumbersome. For instance, Association agreements that regular the relations with Mediterranean countries provide for approximation of legislation of the involved countries to that of Internal Market. While Partnership and Cooperation agreements in force with Russia, Ukraine and Moldova grant neither preferential treatment for trade, nor a timetable for regulatory approximation<sup>30</sup>. So, if we speak about legal instrument what could be the basis for it?

#### *Concluding remarks.*

Wider Europe initiative was aimed at meeting the challenge of enlargement and adopting New Union to New Europe. The objectives announced in the Communication of March 11, 2003 as well as those of subsequent documents related to the Neighbourhood Policy and the Neighbourhood Instrument reflected the understanding of imperative to build up relations with bordering countries on the basis of partnership and mutual respect of interest, without definitive prospective of closer institutional relations.

We have evidence on the example of a single branch of policy what it would mean in practical terms. Cooperation at regional level proves to be one of the priorities of the new policy, and at the same time is not a completely new element in the EU policies. As it comes from the above analysis, many details of external cross-border cooperation will be borrowed from former INTERREG Initiative of the European Union, which was

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<sup>29</sup> *ibid*

<sup>30</sup> European Neighbourhood Policy. Strategy Paper. COM (2004) 373 final. Brussels, 12.05.2004

<sup>31</sup> Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours. COM (2003) 104. Brussels, 11.03.2003: 5.

aimed at reducing negative effects of the borders within the former EU. It seems that majority of principles and rules could be applicable to the new environment, but almost all of them need detailed adjustment. In this context bilateral consultations, expertise and multilateral discussion with partner countries would be a good tool.

The first step has been done with Action plans negotiations. They have many features and priorities in common, and their geographical origin can be quite easily distinguished. It also seems that there is a lack of knowledge and understanding of the substance of new EU initiative, including cross-border cooperation Neighbourhood programmes. Therefore, a real challenge for the EU in the nearest future is to promote “learning” and “capacity building” in the neighbouring countries.

The diversity of state and economy systems, cultural and social traditions are the main characteristic of the surrounding EU neighbourhood. The EU had different external instruments to deal with this diversity in the past, and the new ambitious project of elaboration of unique tool will use the experience of them. Former regional cooperation models prove to be useful from the point of view of practical knowledge necessary to deal with the diversity of the bordering areas. Much will depend on political will of third countries, as well as on the work of the EU experts and politicians. The first steps proved that there are strong incentives from both sides. The future will show whether past lessons have been learnt.

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## **SOCIAL AND CULTURAL ISSUES**

# PROBLEMS TOWARD INTEGRATION OF THE REPUBLIC OF MOLDOVA IN THE EUROPEAN UNION

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Moldova is a former URSS republic, that's why its internal and external policy has had a very specifically development. From political point of view, Moldova is hardly a periphery of Europe, though, from the geographical point of view, it is located on the median line of the European continent. Along with Belorussia and Ukraine, Moldova, as its sphere of influence is a part of the "grey zone" between Russia and European Union. Due to this fact, it runs rather serious political and economic risks. Russia influences Moldova economically and through direct support of "transnistrean" criminal authority.<sup>1</sup> In Transnistria is situated the 14-th Russian army, which is considered one of the biggest in Europe, to determine RM still stay in Russian zones of influence. Moldova will not be able to take full advantage of its direct participation to the Stability Pact and to integrate in the European Union, until it withdraws Russian troops from the territory of the Republic of Moldova and settles the Transnistrian dispute. Fortunately, the perspective of the Russian troops withdrawal from the territory of the Republic of Moldova, as well as the settlement of the Transnistrian dispute, is gloomy. The Istanbul OSCE Summit has set the year of 2002 (See: Final documents of the Istanbul OSCE Summit) as the deadline for the complete withdrawal of Russian troops from Moldova, but it didn't happened. That is why the progress of the Republic of Moldova on the way of European integration will depend mostly on the way in which Moldova's authorities will be able to take full advantages in diplomatic negotiations, and how international organizations will have a prompt attitude toward it.

Besides historical interest of Russia in this region and territorial discords, Moldova confronts with a lot of social and political problems, which create strong barriers to integrate in the European Union. One of them is that Moldova is extremely poor in raw materials. That is why the geo-economic pattern of foreign relations has to have as its core the attraction of foreign investments and creation, development of technologically advanced industries and services, especially those of international transportation and finance. The spectrum of possibilities is very large – free economic zones, techno-parks, off-shore zones, trans-boundary cooperation.

Present and anterior governmental structures have elaborated a strategy of gradual integration of Moldova in European Union, but it's membership in the Community of Independent states (CIS) creates strong impediments, that's why many analysts consider that the first part of the way to Europe should be living CIS, while maintaining bilateral relation with its member states. The situation, though confused, is characterized by an evolution. The governments of 1994-1998 did not recognize or neglect these problems, but at present it is impossible to ignore the situation. Evolution on the international scene overwhelms the political life in the Republic of Moldova and forces the political class to react promptly. The position of balancing between CIS (Tratatul internațional, Vol. 16, 1999, 4) and the European Union, which in fact signifies the absence of any clear political, "materially tangible" conception in promoting relations both in the frame of CIS and in the European Union, is becoming more inefficient and less convincing. Slowly the electorate is requesting stability. The pro-CIS revolution in the context of a weakly developed political culture and with more economic problems forecast, may prove consequentially painful for the population of the republic. (Igor Munteanu, 1997, 25).

An optimal way to accede to European Union is through the Stability Pact for the South-Eastern Europe (Cologne, 1999), but not only. This fact is explained by the complexity of the processes and international juncture, as well as by their accelerated dynamic in the last years. Many important events for our country took place. Thus, at the parliamentary elections from February 2001, the Party of Communists won<sup>2</sup>. Though they achieve remarkable successes in the process of European integration. In this period of time Moldova became a member of the World Trade Organization, was included with full rights to the Stability Pact for the South-Eastern Europe, Ilie Ilascu (I.Ilasco was prisoner of criminal authority in Transnistria since 1992) was freed and the new leadership of Moldova took a more severe position towards the Transnistrian separatists. An efficient participation of the Republic of Moldova to the Pact is expected to facilitate in the future the access to the Stabilization and Association Agreements.

The firm and unbeatable position of PCRM in the top of the preferences of our electorate is very telling. But, in our opinion it would be erroneous to attribute the high score achieved by PCRM as an expression of anti-Europeanism by the population. Even a few poles on the problem denote a vast acceptance by the population of the idea of European integration by the Republic of Moldova. But, we can't overlook the fact that as the options in favor of

<sup>1</sup> Since 1992 a region of Moldova, called Transnistria, auto-proclaimed itself as an autonomy republic.

<sup>2</sup> It's for first time in South-East Europe area when communist party return at the power.

PCRM are not anti-European, likewise the pro-European options are not completely pro-European. In other words these contradictions in the results of the poles can be explained on one side by the lack of information that Moldavian's have about the European Union and on the other side by nostalgia for a "satiated" stability (This fact explains the high score of the Communists). Hence, we have superior economic motivation. Unfortunately, the support of the population offered to the pro-European parties the Republic of Moldova and the European Union have to reach a level of maturity, evolving from down to up.

At the same time, Moldavian authorities have to make strenuous efforts with a view to removing all obstacles and difficulties on the way of its direct participation to the Stability Pact and its integration in the EU. It is necessary to be undertaken, at least, measures called to diminish the effects of some problems faced by the Republic of Moldova if these cannot be completely solved.

The impact of the Russian financial crisis from 1998 had the effect of a cold shower for Moldavian authorities, because more than 63% of economic transactions we have had with Russia. (South-Eastern Europe, 2002, 293-307). It reflected negative on Moldavian economy. In this context the idea of a European integration becomes more and more perceptible by the society as an essential element for the assurance of the security, stability and prosperity of the young Moldavian state. In consequence, for the first time, the Government of the Republic of Moldova's working program, for 1999-2002, entitled "The supremacy of law, economic revitalization and European integration" declared that European integration was the main strategic objective of foreign policy for the Republic of Moldova. The stress of a pro-European direction gave a plus of credibility and coherence to the political speech of the Moldavian authorities in Chisinau at the very moment the German presidency launched the idea of the Stability Pact for the Southern and Eastern Europe. With this Pact, the European Union assumed the obligation to offer the states from the region the perspective of complete integration into the structures of the community. The perspective met our strategic objective of gradual adherence to the European Union and it made the new regional initiative an essential element of the European integration policy of the Republic of Moldova. In the context of this evolution, we've watched activation of the political dialogue with the European Union. This has been materialized by the initiation of diplomatic discussions in the most important European capitals, sensitizing them to the view of including the Republic of Moldova as a full right participant in the Stability Pact for the South-Eastern Europe.

At the Regional Table in Salonic, on June 8, 2000, Moldova achieved, for the first time, a position comparable with other observer states, which also had requested their inclusion into the Pact. In the final report of the Regional Table in Salonic, the participants consented to greeted the fact that Moldova, due to its geographical proximity and to its strong connection with the South-Eastern European states, is more deeply involved in the activities, initiatives and projects of the Stability Pact and encouraged Moldova to intensify its presence in the Pact and in the Parliamentary Assembly of the Council of Europe activities. An obvious proof of Salonic's success is the fact that Moldova was the only observer state of the Stability Pact invited to participate at the meeting of the National Coordinators to the Stability Pact for the Eastern Europe in July 17-18, 2000.

The formalization of our state as a full right participant to the Pact could have to occur through the fusion of the South-Eastern Europe Cooperative Initiative (SECI of which Moldova is a member, with the Working Table for economic reconstruction, cooperation and development of the Stability Pact. Transnistrian problem wasn't opportune to mention it as an argument for our inclusion into the Stability Pact, because it couldn't take responsibilities belonging to other institutions, in this case to OSCE. In its sensitizing efforts, Moldova had to stress its advantages and its practical contribution for stability in the region and namely (Valeriu Gheorghiu, 2000, 8)

- Geographically and politically Moldova belongs to the South-Eastern European area;
- Moldova supported the efforts of the international Community in the process of settlement the crisis in Kosovo and in launching the European Union initiative concerning the creation of the Stability Pact;
- Moldova is member of SECI and of Action Plan of the USA for the South-Eastern Europe;
- Its small dimension is an advantage when compared to other states that requested the same statute in the Pact;
- The European Commission, the Parliamentary Assembly of the Council of Europe, the European Parliament, CEI and the Council of the Foreign Ministers of the BSEC Organization declared to be favorable to the inclusion of Moldova as a full right participant to the Stability Pact;
- Moldova's achievements in the democratization of the society, in the affirmation of the democratic institutions and in solving the problem of national minorities are acknowledged by the international organizations, especially by the Council of Europe. According to this, Moldova can offer to the South-Eastern European States its positive experience in these domains;
- The government of the Republic of Moldova adopted the Charter for Freedom of Mass-Media of the

Stability Pact;

- Moldova develops good-neighboring and cooperation relations with the neighboring states;
- Moldova is still engaged to make reforms which the priorities correspond to the basic projects of the Pact and these are: the improvement of the investment frame; the struggle with corruption and with organized crime; the affirmation of the state of right, of human rights etc;
- Moldova has already been invited to participate in initiatives, activities and projects of the Pact, such as Good Governance, the campaign that promotes a multiethnic society (both elaborated under the patronage of the Council of Europe), the initiative concerning the fight with organized crime, the initiative concerning the struggle with corruption, the investment Charter and the Parliamentary dimension for Cooperation. Canada also included the Republic of Moldova in its project concerning the electric energy in South-Eastern Europe.

European integration, even in the context of an ideal economic and political evolution, will be open to Moldova depending on the degree of compatibility of the development of the Republic of Moldova with the standards of the European Union. There is another problem that cannot be overlooked, possibly the most important problem facing the European Union. In spite of the success that was achieved, the process of European integration has an uncertain and contradictory character, oscillating between the idea of a Europe of states (advanced by general De Gaulle) and that of a supernational Europe (promoted by Jean Monnet and Robert Shuman). The process of finalizing that which is called the European Union, what its boundaries are, who can become part of the European Union and when it can happen continue to be topics of discussion and have impact upon the challenges in Moldova. The absence of clear messages from the European Union and its member countries not only dishearten the pro-European forces within the Republic of Moldova that are in their political beginning, but also encourages the antidemocratic forces within the society. That's why many pro-European statements reflect only momentary interests and are not free of useless ideological burden. In the text of the National Strategy for European Integration, this concern is formulated in a diplomatic, but rather transparent form: "The Republic of Moldova can not stay outside the process in South Eastern Europe and on the whole European continent. Moldova being a South-Eastern European state, does not request special treatment but the same treatment the other countries from South-Eastern Europe enjoy. However, getting a response from the European Union to this question is a main preoccupation in the activity of the Ministry of Foreign Affairs of the Republic of Moldova".

By some western analysts, Moldova don't motivate clearly its pro-European politics. Also, low political culture, serious economic problems and the carelessness of the European Union concerning Moldova, let them to affirm that the problem of European integration is a premature one. The main argument supporting this thesis is that Moldova, in spite of the international juncture, has to independently demonstrate the wish and the capacity to integrate into the European Union. This could be a problem beyond the abilities of Moldova. In other words a solution to the political and economic problems of the Republic of Moldova will be in our opinion strongly influenced by the existence of external support.

Another argument is the accepted statement, that the progress of the Republic of Moldova in the direction of integration into the European Union until recently was minor. This may be the reason why failure in the promotion of a national strategy towards European integration until recently has had no consequences either for the government or for the Ministry of Foreign Affairs. Also, European integration does not politically engage any political force and the failure in this domain is not decisive for the political fate of the political forces. A symbol of the paradoxes happening in the Republic of Moldova on the plan of the integration of the Republic of Moldova into the European Union is the fact that one person was the Minister of Foreign Affairs for several years promoting foreign policy that differed from government to government, during which time the policy was sometimes diametrically opposed.

The European high official Mr. Burghardt (2002, *The Republic of Moldova and European integration*, 110) declared that only a gradual evolution of events would allow to passage from the Partnership and Cooperation Agreements to a European agreement. In his opinion the application of the PCA contribute to the process of "unification of Moldova" and every premature decision concerning the association of Moldova would be inappropriate and it would complicate relations with Transnistria. At the end, Mr. Burghardt mentioned that the European Union had major problems such as extension towards the East, institutional reforms, reform of common agricultural policy, and that solving these problems requires major efforts, a fact that would create the illusion that there was insufficient attention paid to Moldova.

On March 4, 1998 the meeting between Anatol Arapu, Moldova's Ambassador to Brussels, and Guenter Burghardt, Director General in the European Commission, is highly revealing when one tries to understand the factors that motivated such a "reaction" towards Moldova's wishes at that time. Burghardt described the meeting as an attempt

of the European Commission to identify the means of helping the Republic of Moldova to find “the right approach” in its relations with the EU. In Burghardt’s opinion, before forwarding a request for establishing relations which would exceed the PCA, Moldova should consider the following two aspects that make that request less realistic: the geo-political situation of Moldova and the insufficient preparation of internal prerequisites that would allow accession. Believing that the EU’s relations with the Republic of Moldova should reach maturity and evolve upward, the European official announced that the gradual development of the events would permit the substitution of the PCA with a European Agreement. In his opinion, applying the PCA could contribute to the “unification of the Republic of Moldova”, and any premature decision on the accession to the EU would be inappropriate and could complicate the situation with Tiraspol.

The implication made by the European Commission and by the members of the European Union towards Partnership and Cooperation Agreements implementation by Moldova, has been and is still determined by the indecision of the European Union to treat the new independent states differently, on the basis of their own merits. An eventual satisfaction of our request would have as an effect the implementation of the PCA and of the whole strategy of the community towards the former soviet republics documents, according to which the European Union intend to confer equal treatment. It is less probable that the answer was different in the moment when PCA was in the process of ratification by the members of the European Union. Still we notice that neither the European Commission nor the members of the European Union have excluded the perspective of a progressive evolution of their contractual relations with the Republic of Moldova, but not before getting over the PCA round. Thus, during his meeting with Mr. Petru Lucinschi, President of Republic of Moldova, in January 26, 1998, Mr. Jacques Santer, President of the European Commission, mentioned that only after having the experience of a functioning PCA would we be able to see how to develop our relations further. At the same time Mr. Santer reiterated the importance of rein forming the state members of the European Union concerning our request, as in the last moment, the association negotiations could be initiated according to a decision of the Ministerial Council of the European Union. Mr. Piere Moscovici, the French minister for European relations, declared during his meeting with Mr. Ion Sturza, (the former prime minister of the Republic of Moldova) on September 15, 1999, that France understood our aspirations to integrate into Europe and encouraged and supported them. But, he also said that this integration had to pass through the implementation and through an integral and complete utilization of the Partnership and Cooperation Agreement.

The dismissal of the Sturza Government, which was known as the most pro-European Government in the recent period of the Republic of Moldova’s history had the effect of a short circuit in the evolution of the partnership with the European Union. Being confronted with confused message and in midst of politically instable conditions in Chisinau, associated with the difficulties of foreseeing the possible configuration of the political orientation of the future government, the European Union had to decide on its expectations in its relation with the Republic of Moldova. Under the impact of a new political situation in Chisinau, the European Union took the decision to postpone the granting of a 15 million Euro loan for the assurance of a payment balance of the Republic of Moldova. Over this fact, the political dialogue with the Moldovan authorities and the Cooperation Council planned for November 16, 1999 was postponed for an undetermined period. The lack of an active dialogue with the European Union before preparation of the historical conference of the Council of Europe in Helsinki, was a big disadvantage for the European Integration policy promoted by the Republic of Moldova. Our country was omitted from the conclusions of the Council of Europe in Helsinki regarding the extension to the East of the European Union. The continuation of the European integration policy by the Braghis government managed to put an end to this small period of “intermezzo” in our relations with the European Union.

#### *TACIS program as a step closer to UE*

Another important element of cooperation between the Republic of Moldova and the EU is the TACIS program. This is one of the main tools created by Brussels for developing strong economic and political relations with the Newly Independent States. Initially intended as a program for materializing the EU’s support to the transition process of former Soviet states, TACIS’ decennial activity revealed its original nature and objectives. Thus, assistance provided by TACIS cannot be reduced only to its technical content. Currently, TACIS assistance is focused on developing viable market economies in former Soviet countries, as well as consolidating democratic and legal fundamentals.

Therefore, the TACIS Program (Technical Assistance to the New Independent States) is one of the main instruments created for the development of a tight economic and political relation with the New Independent States. Initially conceived as a program to materialize the European Union support for the development of the transitional

processes in the New Independent States (NIS), its evolution during a decade has marked its original character and objectives. At present the assistance that TACIS offers can't be reduced to only a technical context, because currently it is concentrated on the development in the NIS of a viable free market economy and on the consolidation of their democratic and juridical basis. On the effective date of PCA in certain states of CIS, TACIS became an instrument in the implementation process. And the Republic of Moldova is no exception in this regard. Being interested in contributing to an exemplary and integral implementation of the Partnership and Cooperation Agreements's objectives, the European Union engaged, according to art. 87 from PCA, to offer Moldova temporary financial and technical assistance in form of donations through the TACIS program. The effective date of the PCA, July 1, 1998, allowed the execution of TACIS actions Moldova in all domains present in the PCA: the legislative harmonization; standards and certificates; transport, the development of the private sector, small enterprises development; human resources development; promotion of customs, social and industrial cooperation and also the promotion of cooperation in the sphere of education and professional training, institutional consolidation and adherence of Moldova to the World Trade Organization. At the same time, being convinced that the economy can positively influence the direction of politics, the European Union took the decision to give a new aspect to the TACIS program in Moldova: promoter of a cooperation and trust dialogue between the two parties of the Nistru banks through the identification and accomplishment of certain common economic projects. Among them was a project concerning the reconstruction of the bridge at Gura Bacului, destroyed during the military operation in 1992. The European Union planned an allocation of 2 million of EURO for this project.

After July 1, 1998 TACIS becomes an essential instrument in the implementation of the Partnership and Cooperation Agreements signed between the Republic of Moldova and the European Union. Initiating an ample assistance program called "The Implementation of the Partnership and Cooperation Agreements", TACIS managed to bring its contribution to the consolidation of institutional capacities and the perfection of communication and decision making systems between the institutions which are involved in a consequent evolution of a materialization process of PCA objectives. Under its authority, a series of instruments that would facilitate the efforts of Moldavian legislation to obtain the standards of the European Union legislation was also elaborated.

The first round of the TACIS program "The Implementation of the PCA" started on September 23, 1997 and ended in September 1998. During this period the priority had been given to the elaboration of certain working instruments that would assist Moldavian officials in their efforts to interpret and implement the PCA. There have also been a series of remarks and analysis of some laws made which are in force or of projects of law that were intended to be presented to the Parliament of the Republic of Moldova for approval.

The second round was initiated in February 1999 and lasted 10 months. Establishing structural capacities and informing the public of Moldova about its role and importance in implementing the Partnership and Cooperation Agreements were its major objectives. Among its achievements are the creation of a data base concerning the legislation of Moldova and of the European Union, the creation of a computerized documentation center, the publication of the "Buletinul Informativ", destined to inform the society about the process of implementation of the PCA and assistance in preparing reunion of the subcommittees European Union-Moldova. In the sphere of the legislative harmonization there have been elaborated comparative studies which focused on six sectors: entrepreneurial right, competition, the service sector, the banking sector, taxation and accountancy. These studies explain the stipulations of the PCA, analyzing at the same time the situation in Moldova and in the European Union in all these six spheres.

At the beginning of April 2000 the third round of the TACIS program "The implementation of the PCA" started and lasted 2,5 years, with a total budget of 2,5 million EURO. It has to be mentioned that its priorities are the general objectives of the previous rounds, assuring the continuity and the coherence of the program.

In the context of Partnership and Cooperation Agreements provisions, Moldova advanced a lot in the liberalization of trade, investments and current capital payments. But nevertheless, the harmonization of Moldavian legislation to the legislation of the European Union is still at the incipient stage. The creation of an institutional national mechanism, which would coordinate and officialize the process of obtaining the standards of the community should be a primordial objective in this sphere.

Another aspect of TACIS that should be pointed out is its use as an instrument of promotion of "know-how" in the key sectors of the economy of the Republic of Moldova. In order to give content to this characteristic we will analyze briefly only three of the sectors which are the prior directions of the TACIS program in Moldova: agriculture, the reorganization of enterprises and the development of human resources. The TACIS assistance in the sphere of agriculture is oriented to the implementation of projects destined to support the process of privatization and land

distribution. The improvement of the formulation and administration mechanism of the agricultural policies at central and local level, the development of the rural economy, the reform of the agricultural support systems, the reorganization of big agricultural branches and agricultural — industrial enterprises, the promotion of the export of domestic agricultural products and the attraction of investments are prior directions of the TACIS projects in the agricultural sphere. The pilot project implemented in the Orhei district in 1995-1997 is a revealing example. (The Republic of Moldova and European integration, 2002, 59) During the application of this project, farmers-owners of small land parcels, benefited in the identification or opening of credit lines, used for the establishment of a federation of farmers associations with the purpose to offering a number of key services coming from agricultural equipment suppliers, stoking and transport companies and import and export agencies. According to the TACIS program of action for 1999, the Moldavian Export Promotion Organization (MEPO) was created and in the development of human resources, a supporting project for the farmers that are at the post privatization stage has been launched.

Regarding the privatization and the reorganization of enterprises, beginning in 1998, TACIS attention was oriented predominantly to the reorganization and privatization of big enterprises, to the encouragement of the development of small enterprises and to the promotion of exports and investments. Following the achievements of the priorities in this sphere, TACIS continues to offer support to the Agency for the Reorganization of Enterprises and Assistance (AREA), which coordinates the efforts of individual reorganization of enterprises by strengthening the financial discipline and increasing their competition. At the same time TACIS supports businessmen in their familiarization with the techniques of the market management, supports the establishment of informational centers in small and middle enterprises, the elaboration of business plans, feasibility studies, market studies for Moldavian enterprises and encourages the establishment of links between small and middle enterprises of Moldova and of the European Union.

The projects started under TACIS, in the sector of human resources, has the support of Moldova's efforts in edification of a modern social infrastructure and the development of its human resources potential as its major objectives. The support offered by TACIS in this sphere is predominantly materialized by the assistance that has been offered to relevant agencies and ministries involved in the reforms and development of a new system of social protection, by training official persons responsible for the PCA implementation, by supporting managerial training and by encouraging enterprising in Moldova, by financial support of the TEMPUS program, which promotes cooperation between universities and also by the establishment of professional training in the educational system, in order to enhance the chances for the employment of the working force.

TACIS is also the promoter of transfrontier cooperation and integration of Moldova into the trans-European network of transport. With the European Union extension towards the East, the promotion of security within the common frontiers: the European Union/ Commonwealth of Independent States and within the common frontiers of the associated of the trade, the inclusion of the agricultural products in the FTA will have tiny effects on the market of the agricultural products in the European Union. Adherence to WTO would allow Moldova to participate together with the European Union in the process of multilateral liberalization simultaneously with the preferential liberalization of the trade between them. (Ten benefits of the WTO trading System, 1999, 54)

Under the auspices of TACIS, a series of tools were developed to facilitate harmonization of Moldovan and EU legislation.

Also, TACIS is an initiator of cross-border cooperation and Moldova's integration in the European transport network. If the EU were to expand Eastward, there are concerns ensuring the regarding the integrity of common borders between associated countries from Central and South Eastern Europe and for CIS countries. Therefore, the EU engaged in the encouragement of cross-border cooperation between the Republic of Moldova and neighboring states (Romania, Ukraine) by promoting common activities. This is intended to increase customs control efficiency, facilitate cross-border traffic, and to solve ecological problems within border territories. Toward this end, in 1996, the TACIS program "Cross-Border Cooperation" established a special budget in the total amount of 30 million Euros annually.

#### *General context of solutions for integration of Moldova in the UE*

In the context of extension towards the East, the European Union is positive to engage itself more and more in specifying its relations with future neighbors. Thus in the case of Russia and Ukraine, this relationship was already materialized during 1999 through an approval of the "General Strategy" of the fifteen states members of the European Union towards these two countries. The Republic of Moldova is no exception in this regard. The order in which PCA's with the former soviet states have been signed seems also to be respected by the European Union in this

case too. Many signals received from the European Union, including a visit to Chisinau of the “Troika”, prove that the elaboration of such a strategy concerning our state is in the European Union’s attention. In this context, the fact that on December 4, 2000, before the visit of the “Troika”, the Council of General Affairs adopted the “common approach” of the state members of the European Union towards the Republic of Moldova is revealing. This “common approach” is the outlining of the essence of the future Common Strategy towards our Republic.

According to this Common position, the objective followed by the European Union regarding the Republic of Moldova is to contribute to the maintenance of stability, the consolidation of democracy and the development of a healthy and prosperous free market economy, but without offering us a clear perspective concerning the association to the European Union. It seems that the European Union will continue to stress upon the integral implementation of the PCA. Regarding the implementation of PCA, Moldova’s achievements in adopting a legislation necessary for the affirmation of the free market economy are qualified as being important. (Vennon Th., 1999, 96-141) In the same time engaging itself to intensify the political dialogue with the Republic of Moldova, to vary its diplomatic presence in Moldova by working through a Permanent Delegation of the European Commission in Chisinau, broaching constantly the withdrawal of Russian troops and the transnistrean problem in OSCE and also in its political dialogue at a bilateral level with Russia and Ukraine, contributing to the post-conflict rehabilitation through promoting projects destined to reestablish economic relations and to create a climate of trust between the two parties of the Nistru.

In this context it’s obvious that Moldova has to structure its own vision of understanding its understands in the development of perspective relations with the European Union. This could be materialized by adopting a state document, which would be ratified by the three branches of power, a fact that would offer it the necessary political weight and credibility.

This strategic document clearly state the idea of gradual integration into the European Union, at the same time offering details regarding the ways through which Moldova has to pass in order to eventually reach this objective. The exploration of the potential offered by the PCA is in our opinion one of these ways. We state this idea on the basis of the following realities:

- The PCA objectives subscribe to the criteria of adhering to the European Union declared by the Council of Europe in Copenhagen in June 1993. In this way the implementation is able to facilitate the preparation of Moldova for a gradual promotion of its relations with the European Union and here we refer to the statute of associate and full member of the European Union;
- In the messages received from the European Union the promotion of the actual frame of our relations with the European Community depends on the integral exploration of the potential offered by the PCA. The inflexibility of the European Union may be explained by the fact that an eventual satisfaction of our request regarding the signing of an association agreement would have as an effect the tackling of a whole strategy of the community towards the former soviet states, which have as a basis the actual PCA’s. Or according to the mentioned strategy the European Union understands to treat these states equally;
- Also art. 5 from the PCA stipulates the modification clause of this agreement in case the circumstances change, especially in the context of Moldova’s adherence to the World Trade Organization (WTO). At the same time the article stipulates that the parties will proceed to an examination of the PCA 3 years after its effective date or on July 1, 2001. In the conditions when the European Union persists to put accent on the integral implementation of the PCA, the mentioned article offers the chance to propose some clauses which would offer the possibility of the progressive evolution of our contractual relations with the European Union.

This kind of clause can be found in the Cooperation agreement signed between Macedonia and the European Union on April 26, 1997 and its effective date is January 1, 1998. In art. 45 of the mentioned agreement it is stipulated “The parties of the contract will examine, according to the fulfilled conditions, the possibility to strengthen their contractual relations, taking into consideration the FYROM aspirations to an advanced type of relation in order to associate with the European Community”. A similar stipulation exists in the Agreement concerning the trade and economic cooperation signed between the European Union and Albania in 1992, in the preamble of which there is mentioned the perspective of the development of the relations in order to sign an Association Agreement. As soon as adherence to WTO is made, the Republic of Moldova can propose that the revised PCA should stipulate a transitional period necessary for the gradual creation of the Free Trade Zone with the European Union and should establish an exact calendar regarding the abolition of customs taxes on import and export, as it is stipulated in the European Agreements.

Another barrier on the way of full integration of the Republic of Moldova in the Stability Pact is the lack on its

territory of a single customs area. Transnistrian separatist authorities have created their own customs system. Besides, the Republic of Moldova is not able to ensure a rigid customs zone on the territory controlled by Chisinau as well, first of all due to the permeability of its Eastern border.

As it is known, on the one hand, the Stability Pact pursues the objective of removing all the barriers on the way of the development of trade, and on the other hand, that of the establishment of one or more free trade areas between the countries of South-Eastern Europe and the European Union. Yet without a consolidation of its customs area, participation of the Republic of Moldova in the trade integration foreseen in this process will be in fact impossible. Therefore in the present conditions, even if the door of the Pact will be open for Moldova, it will hardly be able anyway to benefit from opportunities offered by the Pact.

The European Union will certainly have other objections to the Republic of Moldova: those of a political nature — instability of democratic institutions, lack of cooperation between the branches of government; of the economic origin — absence of a functional market economy, a hostile environment for foreign investors and businessmen, as well as other serious difficulties in the process of transition to the market economy; of the legal nature — considerable deficiencies in the field of legislation; of a social nature — a very low living standard of the population.

We may make note of the fact that neither the European Commission nor the European Union members dismissed the possibility of the evolution of their contractual relations with the Republic of Moldova, but not before going through the Partnership and Cooperation Agreement stage.

Not all image elements are negative and not all elements during the previous period were positive. For instance, the protection of the rights of minorities in the Republic of Moldova fully meets European standards, but corruption has been a characteristic of independence in the Republic of Moldova and has affected its image significantly.

As internal factors are more important in the building the image of a capable state for integration in UE, Moldova must undertake the following measures:

*General Short-Term:*

- Full, excellent, timely implementation of the Partnership and Cooperation Agreement;
- Establish a free exchange area with the EU;

*Medium-term:*

- Sign the Association Agreement with the EU;
- Identification of tension sources and impediments of a political, economic, financial, technical nature that obstruct building a security space in our region ;
- Elaboration of certain practical recommendations, specifically regarding the borders by reinforcing border control and developing closer cooperative relations among the respective structures of the Republic of Moldova., Romania and Ukraine.
- Implement the European Agreement based on the example of the candidate countries from the “first and two wave” group.

*Long-term:*

- Make efforts to open accession negotiations;
- Adopt and apply the “*acquis communautaire*”;
- Fully comply with the criteria adopted at Copenhagen in 1993.

*Special Internal:*

- Prove the will to promote a firm policy of integration within Europe;
- Adopt and implement democratic reforms;
- Ensure the cooperation of State institutions, eradicate corruption;
- Abandon the strategy of solving problems as they occur;
- Settle the Transnistria dispute and secure the Eastern border;
- Develop public administration;
- Open a resident office of the European Commission in Chisinau.

*External:*

- Collaborate with the European Union;
- Leave the Commonwealth of Independent States, by having bilateral relationship with the member-states.

*Conclusions*

The current international relations on the European continent is strongly influenced by many process toward European integration. For this reason, the Republic of Moldova makes strenuous efforts to participate in all Europe-

an cooperation structures.

Of great importance for Moldova is bringing the national legislation into line with the European community legislation and establishing proper institutions, which would have national administrative functions and ensure practical applications. The implementation of these requirements is an indispensable element for attaining the final objective of joining the EU.

Creation of necessary conditions for a gradual development of the relations with the EU and for speeding up the realization of the final goal-accession to the EU – is an absolute priority of national and foreign policy of the Republic of Moldova.

A key element of relations between the EU and the Republic of Moldova is the setting up of a political dialog. The new form of political cooperation is expressing Europe's political interest to drive Moldova to firmly assume its responsibilities, in exchange for support for the consolidation of the country's political independence and its reintegration in the community of democratic states.

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**Tahar HAFAD**

## *Introduction*

L'étude des migrations internationales prend de plus en plus de l'importance depuis quelques années. Tous les pays se trouvent concernés, qu'ils soient d'origine, de transit ou de destination. Selon les estimations des Nations Unies, il y a aujourd'hui environ 175 millions de personnes qui vivent en dehors de leur pays d'origine, soit 3% de la population mondiale. Le nombre a plus que doublé depuis 25 ans dont 60% se concentrent dans les pays développés. La raison principale de ces migrations reste toujours économique. Elles sont liées directement aux inégalités de développement économique et à l'écart croissant entre niveaux de vie des pays riches et des pays pauvres. Elles sont appelées à augmenter encore au cours de ce 21<sup>ème</sup> siècle à 203 millions de migrants internationaux en 2050 selon les estimations des Nations Unies. Face à cette tendance certains pays développés ferment de plus en plus leurs frontières. L'immigration illégale prend de l'ampleur en conséquence. On assiste également au développement d'une importante migration forcée. Plus de 20 millions de réfugiés fuient leur pays à cause de la guerre et de la violence. L'évolution du capitalisme et de la mondialisation s'est accompagnée d'une augmentation des flux migratoires à travers le monde. Mis en cause toujours le développement inégal avec un Nord de plus en plus riche et un Sud qui s'appauvrit davantage.

Il ressort également que la nouvelle migration n'est plus celle des affamés qui affluent massivement vers les pays riches. Elle concerne plutôt des jeunes dynamiques, instruits, d'autres hautement qualifiées qui émigrent tout simplement à la recherche de meilleures conditions de vie et de travail qui font défaut dans leur pays d'origine.

L'émigration vers l'Europe n'est pas nouvelle mais les flux migratoires ne sont plus massifs aujourd'hui. Malgré le vieillissement de la population européenne et le besoin de main d'œuvre, les Etats membres de l'union européenne durcissent leur politique de contrôle migratoire qui ne règle en rien l'immigration illégale et son ampleur.

Très préoccupée certainement par l'évolution de la situation économique générale ainsi que les conséquences des migrations se pose ainsi pour l'Europe la gestion quantitative et qualitative des flux migratoires notamment en provenance des 10 nouveaux pays devenus membres de l'Union et pour lesquels on admet un flux migratoire assez limité. Les frontières externes restent, cependant, fermées pour les autres pays voisins qui voient que l'élargissement européen se fait en leur détriment et suggèrent, entre autres, la libre circulation des personnes. Les négociations sont cours entre les différentes parties pour trouver une solution juste au problème.

Quelques remarques doivent être apportées en ce qui concerne ce phénomène des migrations qui devient un sujet passionnel, sensible surtout politiquement, tabou lorsqu'il s'agit de l'étude de certaines caractéristiques de la population immigrée, des minorités ou lorsqu'il est question d'ouverture des frontières à plus d'immigration contrôlée. Les statistiques ne sont pas toujours disponibles, difficile d'accès; souvent incomplètes et diffèrent énormément d'une source à l'autre. De sorte qu'elles peuvent servir à des fins politiques et ne permettent guère une analyse scientifique rigoureuse. Nombreux sont les auteurs qui font remarquer l'inexactitude des statistiques sur les migrations et parfois même leur surestimation. Sans parler de la définition des concepts (étrangers, immigrés, population issue de l'immigration). Il reste vrai que la migration, moins stable que les autres phénomènes démographiques (mortalité, fécondité), se prête mal ou difficilement à la mesure. C'est du reste ces que les modèles migratoires ont du mal à rendre compte si bien qu'ils montrent la complexité du phénomène notamment dans la détermination du volume, des formes et la direction des flux migratoires. Les publications sur les migrations sont abondantes. Dans cette étude nous nous sommes limité essentiellement aux publications et rapports de certaines organisations internationales (Nations Unies, OIM, OIT, OCDE, Banque Mondiale) ainsi que certaines études plus récentes et plus objectives sans pouvoir, en si peu de temps, consulter la vaste documentation sur le sujet.

## *Démographie et migration en Europe*

L'Union Européenne compte aujourd'hui 380 millions d'habitants. Si on ajoute la population des 10 nouveaux pays membres, le chiffre s'élève à 455 millions de personnes. D'une manière générale, l'Union Européenne se caractérise par un faible accroissement démographique et une accentuation du vieillissement de la population. Cette augmentation du vieillissement résulte à la fois de la baisse de la fécondité et de l'augmentation de l'espérance de vie. Le taux de reproduction qui est de 1,4 enfants/par femme en moyenne est loin d'assurer le remplacement des générations (2,1 enfants/femme). L'augmentation de la population résulte pour les 3/4 du solde migratoire.

Les perspectives établies jusqu'en 2050 par de multiples organismes, européens et internationaux, montrent que la population de l'Union Européenne continuera à diminuer avec accélération du processus de vieillissement. La tranche

d'âge 15-64 ans devrait décroître de 259,4 millions en 2000 à 237,3 millions en 2025 et à 162,8 millions en 2050 soit une baisse de 37,2%. Ce qui aggraverait le rapport de dépendance (personnes âgées de 15-64 ans/65 ans et plus) c'est-à-dire le coefficient de charge des inactifs par rapport à la population active.

Toutes les études et rapports montrent également le rôle important que jouent les migrations dans l'évolution démographique de l'Europe, bien que le recours à l'immigration voire même le relèvement de la fécondité ne contribuerait que très faiblement à freiner le vieillissement. Néanmoins cela permet de combler le déficit en rajeunissant la population, de renouveler la population active, d'améliorer le rapport de dépendance et d'assurer un certain équilibre du système de retraite. Pour cela, il est estimé qu'un apport annuel d'environ 0,5 millions travailleurs étrangers sont nécessaires jusqu'en 2010, 1,6 millions entre 2010 et 2050 soit au total 68,0 millions de personnes entre 2003 et 2050. N'insistons pas, la démographie européenne est bien connue.

Malgré la situation décrite ainsi les frontières restent toujours presque fermées. La crainte est de voir affluer des cohortes de chômeurs de l'Asie, de l'Afrique et même des nouveaux pays devenus membres de l'Union Européenne. Si cette crainte fait partie de la nature humaine elle paraît relativement exagérée. En ce qui concerne les flux migratoires en provenance des pays nouvellement adhérents à l'Union Européenne ils devraient être limités pour plusieurs raisons. Il est observé que les pays, une fois membres de l'Union, les flux migratoires diminuent considérablement. Les gens préfèrent rester chez eux. C'était justement le cas au moment de l'adhésion de l'Espagne, l'Italie et le Portugal par exemple où l'on craignait une migration massive en provenance de ces pays traditionnellement d'émigration. Or, il n'en était rien. Il faudrait dire aussi que la stabilisation de la population était, en partie, grâce à l'aide au développement économique de l'Europe de l'Ouest. L'exemple de Berlin est aussi illustrant. Après l'effondrement du mur, on craignait des flux migratoires massifs vers l'Europe de l'Ouest. Rien de tout cela. D'autres part, ces pays comme ceux, nouvellement membres de l'Union se caractérisent, eux-mêmes, par la même dynamique démographique que les autres pays de l'Union, à savoir une faible fécondité et un vieillissement accentué de la population. Anciens et nouveaux membres de l'Union deviennent même des pays d'immigration. En somme, il est estimé qu'au plus 1% de la population des 10 nouveaux pays qui devrait émigrer vers les autres Etats membres actuels de l'Union Européenne. Même l'intention d'émigrer chez les jeunes chômeurs âgés de 15 à 24 ans est très faible soit 2 % seulement selon les résultats d'enquête (Krieger H. 2004 p.1). Comme si l'envie d'émigrer disparaît avec la suppression des frontières et quand la circulation des personnes devient normale. De tout ce qu'en vient de dire la question est de savoir s'il en serait de même pour les autres pays tiers notamment ceux du Sud méditerranéen. Vraisemblablement, pour des raisons multiples. Tout d'abord et démographiquement parlant, presque tous les pays tendent vers une certaine convergence de l'équilibre démographique entre natalité et mortalité et un vieillissement plus ou moins accéléré de leur population. Pour s'en tenir au pays maghrébins d'où vient essentiellement la crainte de la pression démographique, il faut dire que le remplacement des générations n'est plus assuré aujourd'hui ou tout juste. Le vieillissement de la population se poursuit progressivement avec la chute rapide de la fécondité et l'accroissement de l'espérance de vie. Le déclin démographique s'observe partout dans le monde. Les pays à «réservoir» de main-d'œuvre pourraient cesser de l'être. En conséquence tous les pays peuvent devenir à la fois zone d'émigration et d'immigration. Démographie»avancée» et marché de travail mondialisé obligent.

Le problème de ces pays reste, pour l'instant, essentiellement économique. Les flux migratoires proviennent directement des inégalités de développement. L'écart ne cesse de se creuser entre niveaux de vie des pays riches et des pays pauvres. Ainsi, 20% de la population mondiale détient 80% du revenu mondial alors que 80% de la population mondiale ne détient que 20% seulement du revenu. Logiquement, la part du pauvre se trouve chez le riche. Faute de l'avoir, il part à sa récupération là où elle se trouve. Aussi les réformes économiques engagées ces dernières années ainsi que l'application du programme d'ajustement structurel ont entraîné une augmentation de la pauvreté dans ces pays. La restructuration des entreprises publiques et les compressions des effectifs qui s'en suivent ont fait augmenter le nombre de chômeurs qui viennent gonfler les rangs de ceux déjà existant. L'aide au développement est insuffisante et non utilisée rationnellement. Cela ne signifie, pas pour autant, qu'avec le développement économique de ces pays les flux migratoires s'arrêteront automatiquement. Tout se passe comme si les personnes sont en possession d'un droit de circulation dans leur espace qu'est la planète –village tout simplement cherchant à devenir membres d'une société ou d'un système politique auquel ils se sentent appartenir.

### *Politique migratoire européenne*

Il n'est pas vraiment nécessaire de revenir en détails sur tous les aspects de la politique migratoire et son évolution depuis les accords de Schengen jusqu'à présent. On peut relever cependant les points essentiels suivants. Premièrement, la politique migratoire est contradictoire. Le besoin de migrants est exprimé ainsi que l'intention d'ouverture des

frontières. Dans la pratique, c'est l'inverse qui se produit. Ainsi l'Europe hésite entre ouverture et repli. Deuxièmement, la politique migratoire n'est pas homogène. Chaque Etat de l'Union mène à sa manière une certaine politique en fonction de la conjoncture et du besoin du marché de travail. Troisièmement, la mise en œuvre d'une politique d'immigration sélective réservée pour les personnes hautement qualifiées dont a besoin l'Europe pour son économie. Une politique de retour encourageant les départs volontaires sans trop de succès. Les migrants illégaux sont éloignés ou transférés avec l'accord des autorités des pays d'origine. Il est aussi question même de sanctions. L'aide financière accordée aux pays tiers pour le développement économique pourrait être, purement et simplement, supprimée si ces pays ne coopèrent pas à maîtriser les flux migratoires en provenance de chez eux. En plus des nouveaux gardiens de la Forteresse Europe par les nouveaux pays membres, des pressions sont exercées aussi sur certains pays tiers pour combattre, à la place de l'Europe, les migrations illégales en provenance d'autres pays.

Plus globalement, la politique migratoire européenne reste très restrictive. Les mesures prises pour contrôler les migrations sont très sévères. On peut les voir à travers le nombre très réduit de visas octroyés. Les rejets sont systématiques. Encore faudrait-il souligner les conditions inhumaines d'accueil et de délivrances de visas de certaines ambassades dans certains pays tiers dont le but est de dissuader les personnes, qui ont l'intention d'émigrer ou non, de rester chez eux. Dès lors se pose la question de savoir quelles sont les raisons qui ont poussé les autorités européennes à adopter une telle politique à la fois contradictoire et hétérogène, sévère d'un côté, sélective de l'autre. Et quelle pourrait être une nouvelle politique en matière de migration en concordance avec la nouvelle politique de voisinage?

L'Europe reste certainement préoccupée par l'évolution générale de la situation économique et sociale. La crainte est de voir affluer des cohortes de chômeurs vers l'Europe prospère qui attire de plus en plus de migrants. L'on pense également que la population européenne a atteint son volume optimal et que les capacités d'accueil ne sont plus en mesure de recevoir plus de migrants, bien que le besoin de main-d'œuvre se fait sentir davantage. L'on pense peut-être que le déficit démographique déjà existant pourrait être comblé, et tant mieux, par des flux migratoires en provenance des 10 pays nouveaux membres de l'Union. Par conséquent, les frontières devraient rester fermées pour les autres pays extérieurs. D'autres part, on s'en tient uniquement aux entrées et on oublie souvent les sorties non comptabilisées. Une proportion non négligeable de migrants retourne dans leur pays d'origine après avoir passé quelques années en Europe. Ces migrations de courte durée tendent à se développer de plus en plus.

Cela dit, l'Europe reste une puissance économique et industrielle. Sa faible croissance démographique et le manque de main-d'œuvre pourraient être comblés par un apport démographique des pays tiers notamment ceux de la rive Sud méditerranéenne dont la pression démographique demeure importante. L'équilibre est ainsi réalisé à travers le rajeunissement relatif de la population européenne en même temps réduit la pression démographique et constitue une aide économique substantielle pour les tiers concernés. La nouvelle politique de voisinage pourrait y contribuer efficacement dans ce sens. En gardant un certain optimisme, la machine économique européenne est, loin de s'arrêter, soit au ralenti ou en vitesse. Les flux migratoires suivent le rythme en conséquence. De même pour les tensions sociales qui suivent, à leur tour, l'évolution économique. Elles apparaissent avec la crise et disparaissent en période de prospérité.

#### *Politique migratoire et politique de voisinage*

Voyons maintenant comment les pays voisins de l'Europe analyse la politique migratoire en relation avec la nouvelle politique de voisinage. Tout d'abord, ils pensent que le dernier élargissement à 25 s'est fait au détriment des autres pays tiers notamment ceux de la rive Sud méditerranéenne. Ils ont compris dans la réorganisation de la famille européenne que le «gâteau» se partage, désormais et uniquement, entre membres de la famille. La politique très restrictive de l'immigration qui reste appliquée pour les pays tiers voisins constitue de toute évidence une entrave à la libre circulation des personnes. Ces pays voisins de l'Europe n'admettent pas un partenariat euro-méditerranéen avec la création des zones de libre échange ou circulent capitaux et marchandises sans libre circulation des personnes. Que l'Europe se préoccupe seulement de sa sécurité, cherche uniquement son intérêt en considérant ses pays voisins seulement comme un vaste marché pour l'écoulement de son excédent de production. Que les mesures très sévères de contrôle des migrations sont souvent liées à la sécurité publique et sous prétexte du terrorisme alors que ce dernier n'a aucune couleur et ne connaît pas de frontières. Nombreux sont aussi, au Nord comme au Sud qui pensent que la pratique de l'immigration sélective réservée aux personnes hautement qualifiées et/ou sous couvert de la sécurité publique n'est pas dénuée d'arrière pensées idéologiques et racistes. Elle répond tout de même aux préoccupations d'une partie de la population européenne qui voit en l'immigration une invasion et une menace pour leur identité culturelle. La nature humaine est ainsi. Néanmoins, la moitié de la population européenne reste favorable à l'immigration pour des raisons humanitaires du moins.

Ainsi comme on peut le constater pour le seul point des migrations apparaît des conflits d'intérêt qui ne sont pas sans conséquence sur les relations entre l'Europe et ses voisins. La politique migratoire ne fonctionne pas bien avec la nouvelle

politique de voisinage. Cette dernière dont les modalités de mise en œuvre restent encore à définir plus clairement est-elle en mesure d'y remédier en cas de mésentente? Dans tous les cas, elle constitue un instrument à utiliser de bon sens pour la préservation des bonnes relations de voisinage.

### *Immigration et intégration*

Le sujet de l'intégration des immigrés est trop médiatisé et utilisé par les politiciens à des fins politiques parfois sans en mesurer les conséquences. L'intégration des émigrés dans la société d'accueil n'est pas chose facile. Elle exige beaucoup de temps et d'efforts. L'histoire nous enseigne que l'Europe était une terre d'émigration et que 50 à 60 millions d'Européens ont émigré vers les Etats-Unis d'Amérique entre 1800 et 1920. A cette époque, la crainte des Américains était de voir dans cet afflux massif des Européens un danger pour l'unité nationale et le mode de vie des Américains. Or, il n'en était rien. L'intégration dans la société américaine de ces millions d'Européens s'est faite, il est vrai, difficilement. Mais elle est faite avec le temps et ces millions d'Européens ont contribué à la construction de l'Amérique d'aujourd'hui sans constituer un danger pour l'unité nationale américaine et sans que l'Amérique redevienne européenne. Le besoin de main d'œuvre aux USA a trouvé sa solution dans la pression démographique de l'Europe à l'époque. Europe et Amérique étaient tous les deux gagnants. Le problème se pose, aujourd'hui pour l'Europe, presque dans les mêmes termes. L'Europe craint l'immigration et se voit menacé dans son identité culturelle surtout par la pression démographique du Sud méditerranéen. Si l'on revient à l'histoire de l'immigration en Amérique, on peut dire que la crainte des Européens est exagérée. On peut multiplier les exemples de ces craintes et ces mêmes idées reçues. Il n'y a pas si longtemps, l'intégration des Italiens dans la société française était dure et difficile, mais elle s'est faite tout de même après l'accomplissement du cycle migratoire, sans danger pour la société française qui félicite, aujourd'hui, les émigrés Italiens pour leur intégration réussie. C'était le cas des Polonais, des Portugais, des pays de l'Est devenus membres de l'Union et qu'on craignait par le passé. Aujourd'hui et demain, ce sera la même chose pour les nouveaux venus. En ce qui concerne les Maghrébins, la majorité d'entre eux sont parfaitement intégrés et pour les jeunes issus de l'immigration l'intégration est réussie. Peu sont en retard dans l'accomplissement de leur cycle migratoire. C'est tout à fait normal qu'une hirondelle ne fait pas le printemps. Et l'on ne voit que le seul train qui est en retard. Les autres, arrivés à l'heure, quel que soit le point de départ, sont sans aucune importance. Le problème c'est que l'on ne cherche pas à et l'on ne veut pas comprendre à quoi est dû le retard. On cherchait, à l'époque, une main-d'œuvre docile et bon marché sans se soucier des problèmes d'éducation et d'intégration. De plus, l'émigré en retard fait partie d'un ensemble qu'est la société où il vit. S'il est là c'est qu'il a fait le premier pas non suivi, cependant, de celui de la société. Aussi certaines lois (le vote par exemple) ainsi que d'autres obstacles (discrimination sur le marché de travail) ne favorisent pas à créer un climat propice à l'intégration; ce qui explique en partie leur retard. Elle se fera de toute manière, cette intégration des retardataires, plus ou moins lentement mais certainement. Mis à part ces retardataires, beaucoup ont perdu leur identité si l'on peut dire ainsi. Par conséquent, l'on ne voit pas la menace sur l'identité culturelle européenne alors que l'Europe est et restera multiculturelle et l'on se demande aussi pourquoi le problème se pose aujourd'hui alors que l'immigration maghrébine date du siècle dernier sans que le problème de culture soit posé ainsi. Hier c'était la menace du communisme. Aujourd'hui, l'islamisme. Demain qui sait?...

La solution idéale est de laisser travailler le temps en misant beaucoup plus sur l'éducation, favorisant ainsi la tolérance, l'acceptation et l'ouverture sur l'autre, dans le respect mutuel pour une vie commune riche et harmonieuse.

### *Eléments pour une stratégie globale*

Quelques propositions pouvant aider à atténuer l'intensité du phénomène.

Encourager la fécondité avec tous les moyens possibles bien que l'on doute d'un relèvement significatif. Cette idée reste cependant celle de ceux qui craignent l'immigration et ses conséquences sociales et culturelles.

L'adéquation formation-emploi pour satisfaire les besoins du marché en spécialistes notamment dans les technologies de pointes. Se pose alors le problème de la durée et du coût de la formation. Utiliser les réserves existantes notamment l'emploi féminin qui est difficile à concilier avec la politique d'encouragement des naissances.

Recours à l'immigration sachant qu'elle ne constitue pas une solution au vieillissement de la population mais permet néanmoins de contribuer au renouvellement de la population active nécessaire au fonctionnement de la machine économique.

Aide économique accrue et véritable des pays pauvres pour s'attaquer aux causes profondes des migrations sans s'attendre à des miracles mais permet du moins une certaine stabilisation de la population des pays concernés par les flux migratoires. L'investissement direct le permettrait encore mieux à travers la création des postes d'emploi fixant la population sur place.

Combattre l'immigration illégale par l'immigration légale. En tout état de cause le maintien des frontières fermées encouragerait toujours les migrants illégaux pour venir gonfler le nombre de ceux déjà sur place.

Poursuite des négociations avec les pays tiers pour trouver une solution juste et équitable dans l'intérêt de tous.

Les éléments de cette stratégie globale n'auraient vraisemblablement qu'un effet limité. A moins d'une révision de la politique migratoire devenue incompatible avec la nouvelle politique de voisinage.

Le meilleur combat reste l'ouverture comme principal régulateur de toutes les conséquences liées à l'évolution actuelle et future de la population et comme le meilleur instrument de la réalisation des objectifs fixés notamment par la nouvelle politique de voisinage.

La nouvelle politique migratoire devrait objectivement tenir compte des tendances d'évolution de la population européenne et de voir en le recours à l'immigration comme une nécessité démographique et économique et comme un plus et non une charge.

Au niveau interne, l'égalité des droits et la citoyenneté pour tous sans discrimination favoriserait considérablement la cohésion sociale.

Dans cette nouvelle politique de voisinage, préparer les jeunes et les générations futures à construire ensemble leur monde de demain à travers le développement des échanges avec les pays voisins et sur la base de l'interculturel et le bon voisinage.

### Conclusion

Malgré la faible croissance et le vieillissement accentué de la population, l'Europe juge nécessaire de maintenir fermées les frontières. La politique migratoire reste très restrictive. L'immigration devient sélective et est réservée uniquement pour les personnes hautement qualifiées. L'on pense que la population de l'Europe a atteint son volume optimal. Cette politique très restrictive répond aussi à la crainte des populations européennes qui voient en l'immigration une menace pour leur identité culturelle. D'ailleurs la sélection des migrants qui s'opère n'est pas neutre. L'aide au développement est conçue justement pour limiter les flux migratoires en provenance des pays tiers pauvres sans résultats significatifs. L'immigration clandestine continue toujours même combattue sans trop de succès.

Les négociations se poursuivent entre les différentes parties pour trouver une solution juste et équitable dans l'intérêt de tout le monde. Les pays tiers n'arrivent pas à concevoir, cependant, un partenariat avec l'Europe ainsi que la création des zones de libre échange ou circulent capitaux et marchandises sauf les personnes. La nouvelle politique de bon voisinage peut venir au secours pour une nouvelle approche de la politique migratoire européenne et le recours à l'immigration qu'il faut voir son rôle comme un complément et non comme un envahissement. Les déséquilibres économiques et démographiques existants pourraient être ainsi atténués par la complémentarité entre le Nord et le Sud. Il faudrait voir avec optimisme les perspectives de l'économie européenne et que les migrations internationales s'inscrivent désormais dans les mouvements engendrés par la mondialisation.

L'avenir des peuples est dans l'ouverture les uns sur les autres. Leur richesse se trouve justement dans leur différence et diversité culturelle. Une nouvelle Europe prospère, des droits de l'Homme, de bon voisinage est à ce prix.

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# MUSLIM MIGRATION TO THE EUROPEAN UNION

**Liudmila KUDRINA**

Over the past 15 years, the number of people crossing borders in search of a better life has been rising steadily. The current global estimate of international migrants is 175 million, some 3% of the world population, and the number is increasing. “At the start of the 21st Century, one in every 35 people is an international migrant. If they all lived in the same place, it would be the world’s fifth-largest country”.<sup>1</sup>

As the global debate surrounding migration issues grows, it ought to be reminded that from the Stone Age onwards, people have migrated all over the world. Mobility of persons occurs through choice or necessity. People migrate, temporarily or permanently, to receive education and training, to perform services, to find employment, to flee life-threatening situations or to provide themselves and their children with hope and opportunity. People have always fled from hunger, war and persecution. They have also been driven away, captured and shipped against their will. Many more, however, have moved simply because they thought and hoped that life would be a little bit better elsewhere.

Whether in search of land, peace, prosperity, easier farming or just to see what is over the next hill, movement of people is a simple fact of human history. Global migration nowadays affects every country – they are all either places of origin, transit or destination for migrants. The movement of people across borders is essential in today’s globalised world. International business depends heavily on an international labour force, and the ability of people to move around the world with ease. Most developed countries face declining birth rates and ageing populations, which can be mitigated by migration. Remittances earned abroad are the principal support to the economies of many developing countries.

But much of migration today is unregulated. There are not enough legal channels open for those who want to migrate and whose labour may be needed. Criminal smuggling and trafficking networks are matching up the supply of labour with the demand, mostly in the informal economy. As a result, border controls are evaded, with exploitation and security risks for the individuals and societies involved.

Xenophobia and racism flourish to the detriment of host communities and migrants, particularly when governments are perceived to have lost control of the migration situation. Case in point here is Mr Le Pen’s success two years ago that showed that “if the mainstream political parties fail to deal with domestic issues, there are other plenty of extreme groups ready to pick them up.”<sup>2</sup>

There is no easy solution to these sensitive problems. The issue of migration is high on the political agenda for European governments and has already become the issue of various political speculations. Many European countries find themselves under pressure to restrict the entry of migrants. “But now migration experts are warning that Europe is missing the point - with the reality of the continent’s migrant needs clouded by misinformation and fear.”<sup>3</sup>

Yet, it has been historically proved that when managed effectively migration holds great potential for migrants and for host communities. The ultimate goal is not to obstruct or prevent mobility but to better manage it for the benefit of all.

Immigration is a hotly debated issue in Europe. It is a well-known fact that when a hot debate is underway some essential facts could be lost under a wave of misinformation. Mass media often distracts us from the key points of certain issues. Catchy headlines and figures that turn out to be so elusive and misleading shape our opinion. In order not to be easily manipulated into someone’s political game one should try to separate myth from reality. That is no easy task. Each and every day common Europeans are showered with tones of additional information that so far has little or sometimes no relevance to the matter at all. The purpose of this paper is to see whether illegal immigration from the Muslim countries presents a real threat to the European societies? Whether the alarmist tendency that tend to prevail in public mind as far as this issue is concerned is adequate to the challenge Europe faces nowadays? Whether unregulated movement of people presents a challenge at all?

There are no easy answers to these questions as well as no hasty decisions could be taken to handle the situation.

The South-West migration flows had become overwhelming by the last decade of the twentieth century. At least half a million people are believed to enter the EU illegally every year. There are no clear figures. Illegal immigration can be hardly controlled because of the EU’s extensive borders and coastline.

It was Tony Blair who pointed out that Europe is to tackle at present what is considered to be “one of the most pressing issues of our time, which is the issue of immigration and asylum”.<sup>4</sup> More than ever before, people are

<sup>1</sup> Special edition, As part of BBC series on global migration, [www.bbc.com](http://www.bbc.com)

<sup>2</sup> Mason B., The rise of the European right, 2002/04/22, [www.bbc.com](http://www.bbc.com)

<sup>3</sup> Mulvey S., EU values - united in diversity? 2004/03/05, [www.bbc.com](http://www.bbc.com)

<sup>4</sup> Tony Blair, EU signals asylum action, 2002/05/21, [www.bbc.com](http://www.bbc.com)

crossing borders and embarking on what are sometimes long and dangerous journeys in search of a better life. Asia, Africa and finally Europe - these are stepping stones to a better life, landmarks along the journey of any migrant family. On their way to Europe each of them has their own share of perils and joys that go on with economic migration.

According to the UN official terminology "economic migrants are those who leave behind their country of origin in order to improve their quality of life. The term is often used to refer to those attempting to enter a country without legal permission and/or those who asylum procedures without bona fide cause."<sup>5</sup> These people are not refugees. Migrants, especially economic migrants, choose to move in order to improve the future prospects of themselves and their families, while refugees have to move if they are to save their lives or preserve their freedom. There is no such thing as an "environmental refugee" or an "economic refugee" perhaps that's what makes the situation for an economic migrant even worse. They are not protected by the international law (as refugees or asylum seekers are) yet many of them claim a sanctuary to which they are not entitled. Usually they are not welcomed in the countries of their destination, as they are largely ill-educated workers, often they have no means or desire to return home and restart the miserable life once left behind.

The EU countries have been trying to curb the demographic wave coming to Europe from the South Mediterranean and other regions with the use of traditional methods: restrictive immigration policies and providing for strengthening of economic and political reforms in the South Mediterranean countries to improve living standards, to decrease unemployment and thus lessen the push factors. First turn out to be inefficient from the very beginning. The results of the second one (at least in a short-time perspective) are no more encouraging.

Speaking about economic migration one has to keep in mind that this process is unstoppable. "The movement of people from poor and failing states to rich and stable ones is as inevitable as water running downhill."<sup>6</sup> The sad truth about illegal immigration is whatever EU actions are taken to stop the process, however sophisticated are the border controls or coast guard systems nothing can hamper the desire of people to flee from hunger, misery and despair. Moreover the more barriers are put on the way of illegal immigration the more illegal gaps are found in the "fortress" Europe. As practice proves it a ban alone can turn out to be counterproductive.

In this respect the situation in the Mediterranean region provides a kind of a graphic example. This region is responsible for a considerable proportion of the European Community's immigrants. The differences between the north and the south banks of the Mediterranean are increasing, creating potential serious regional instabilities. "With a high population growth (more than 2% per annum, which implies a doubling over around 30 years) it was calculated that the countries of the region may have a population over 400 million by 2035, and that the wealth gap would undoubtedly grow, meaning that migratory flows are not about to dry up."<sup>7</sup>

*"I wanted to have my own house and give my children the good start in life I never had. Going to Europe seemed to be the best way to achieve these goals. Many of my friends had emigrated - I felt I was being left behind."*<sup>8</sup>

These words prove a simple fact that you may ban whatever you wish still you can not prevent certain things from happening - Europe will always be for immigrants a land of hope that is open and confident.

When European governments tackle the problem of illegal immigration they have to resolve a number of other issues that go hand in hand with illegal immigration. There is a growing belief that illegal immigration is accompanied by terrorism, drug-trafficking and organised crime. One reason the EU is so concerned is the involvement of organised crime.

Here we are about to look into the ugliest side to the landscape. Taking advantage of persons seeking a better life, smuggling and trafficking networks have taken hold across the EU. This situation means that considerable resources are to be mobilised to fight illegal migration especially to target traffickers and smugglers. These are the people that are personally interested in the large-scale unregulated movement of people in the region. Actually illegal immigration is their daily bread. Smuggling illegal immigrants into Europe has become a profitable but dangerous business. In fact, trafficking in people is the world's fastest growing criminal business and "preventing and combating trafficking in human beings - a global challenge for the 21st century".<sup>9</sup>

A high degree of organised-crime-involvement and a wide range of illegal operations in various states as countries of

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<sup>5</sup> Migration glossary, 2004/03/17, [www.bbc.com](http://www.bbc.com)

<sup>6</sup> Alaghia G., Migration: 'A force of history', 2004/03/24, [www.bbc.com](http://www.bbc.com)

<sup>7</sup> Dubois G., The EU and the Mediterranean: Where are we today? Europe-The Mediterranean-Russia: perception of strategies, Moscow, 1998, p. 15

<sup>8</sup> Mamadou Saliou Diallo, immigrant, Billy's journey: Crossing the Sahara, 2004/03/22, [www.bbc.com](http://www.bbc.com)

<sup>9</sup> EU action against trafficking in human beings and the sexual exploitation of children, [www.europa.eu.int](http://www.europa.eu.int)

origin, transit or destination of trafficked victims are characteristics of human trafficking. Falling frontiers between the European Union Member States are bringing many benefits, but they are also making it easier for criminal organisations to be active across Europe. "Whereas the scourge of organised crime is not new, criminals have been taking advantage of fast moving technological advances such as the Internet, overall globalisation and, as far as the European Union is concerned, the freedom of circulation and establishment the single market entails".<sup>10</sup> The effectiveness of classical instruments and national level responses has diminished against the background of highly sophisticated criminal groups acting strategically at international level. A variety of measures are required, including preventive measures, adequate protection of and assistance to the victims, criminalisation of sexual violence in all its forms, as well as measures to ensure law-enforcement and judicial cooperation. The challenge is therefore both local and global.

The EU leaders have already announced the state of alarm.

*"It is astonishing that, while we teach our children in school about slavery in former times, these modern forms of slavery are flourishing here in the European Union."*<sup>11</sup>

Tony Blair said human trafficking was often underpinned by organised crime, "by people operating in circumstances that are totally outside the boundaries of the law".<sup>12</sup> The similar concern was expressed by Jose Maria Aznar who emphasised that the EU leaders must be unwavering in their battle to eliminate mafias that deal in human traffic. "Europol says gangs are making as much from human trafficking as they are from drug smuggling."<sup>13</sup> One of the most challenging issues is border controls. In spite of numerous projects both on the national and the European level the question of how to patrol EU vast borders effectively remains as difficult as ever. "It is estimated that some 400,000 people a year enter the EU illegally."<sup>14</sup> Reliable figures on the scale of people smuggling are hard to come by. Yet behind the official figures there is always a human tragedy. Frequently a journey to a distant European land turns into drama full of lies and deception.

Before expanding on the issue one should trace a distinct line between a human trafficker and a smuggler. The UN defines human trafficking as: "The recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation."<sup>15</sup> This exploitation can take different forms, including: prostitution or other kinds of sexual exploitation, forced labour or services, slavery or practices similar to slavery, the removal of organs. Victims of trafficking have either never consented to the trafficking or their initial consent has been rendered meaningless by the coercive, deceptive or abusive actions of the traffickers. The smuggling of migrants is officially defined as "the procurement in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a state of which the person is not a national or permanent resident."<sup>16</sup> It differs from human trafficking in that it involves the consent of the migrants involved and ends with the arrival of the migrants at their destination. Actually there is a world of difference between the two above-mentioned groups, though in reality the line between them is rather vague.

Smugglers can collect thousands of dollars per person to bring would-be immigrants to Western Europe from Asia, Eastern Europe and North Africa. Some pay smugglers up to \$2,000 to make this illegal, always expensive and perilous journey. Often immigrants spend thousands of dollars to be smuggled into the EU only to be conned and dumped elsewhere. Usually immigrants know nothing about the hardships they are to endure. Only the journey itself opens their eyes to the true dangers of the overland trip. Statistics show that for many of those started on the trip it never ends successfully. As immigration controls in Western countries become stricter, illegal immigrants resort to increasingly desperate methods to reach their "promised land", and every year, an unknown number of people, probably in the tens of thousands, die in the attempt.

With a good wind behind you, it only takes 18 minutes to cross the Straits of Gibraltar on a sailboard. With Europe so close, perhaps it is not surprising that so many illegal immigrants from Morocco, other parts of Africa and beyond,

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<sup>10</sup> A common EU approach to the fight against organised transnational crime, [www.europa.eu.int](http://www.europa.eu.int)

<sup>11</sup> Dan Eliasson, Swedish Justice Ministry, EU seeks common asylum policy, [www.bbc.com](http://www.bbc.com)

<sup>12</sup> EU signals asylum action, 2002/05/21, [www.bbc.com](http://www.bbc.com)

<sup>13</sup> Hagler T., Trafficking: A human tragedy, 2002/02/17, [www.bbc.com](http://www.bbc.com)

<sup>14</sup> *ibid*, [www.bbc.com](http://www.bbc.com)

<sup>15</sup> Migration glossary, 2004/03/17, [www.bbc.com](http://www.bbc.com)

<sup>16</sup> *ibid*, [www.bbc.com](http://www.bbc.com)

are tempted to try their luck with a night ride on the rickety boats known as pateras. The risks are high. The Straits are notorious for their vicious currents and they are congested with shipping - the skipper of a big ferry or ocean liner can easily run down a little boat without even noticing it. That is why this narrow stretch of water is rapidly becoming "a graveyard" for thousands of immigrants. "Eric Shaw, a marine biologist based in Gibraltar, spends every day in the straits monitoring the dolphin population. He has lost count of the number of bodies he has seen floating in the sea or washed up on the coast."<sup>17</sup> Usually these bodies remain unidentified, as illegal immigrants often have no documents or identity papers with them, so that if caught by police they won't be immediately sent back to the countries of their origin.

The absence of documents is an ordinary story. As the Spanish Civil Guard Captain Jose Manuel Rebollo explains this: "By some miracle the papers always get lost on the journey so we are dealing with people who have no country and no name. Where can we send them back to?"<sup>18</sup> That is a usual practice.

Speaking about immigration routes one can single out certain favourite ones - via boat from Albania, Tunisia or Morocco into southern Europe; from Sarajevo airport via Croatia and Slovenia into Italy and Austria or overland starting from Istanbul and often ending up in Germany.

With a 4,720-mile (7,600-kilometre) coastline Italy is a popular target for asylum seekers, many of whom use it as a gateway to Europe. Thousands of illegal immigrants try to enter Italy each month. Smugglers then help them make their way to the Italian coast - which is difficult to police - and on through the rest of Europe in lorries or trains.

But the main issue of concern remains the Balkan states. The situation here is far more alarming. "The region is the starting point of one of the main transit routes for illegal immigration to Western Europe and gangs operating along it are believed responsible for smuggling up to 50,000 people a year."<sup>19</sup> According to the International Organisation for Migration (IOM) the Balkans have turned into the main gateway for illegal migrants into Western Europe. Illegal immigrants from the Middle East, Africa and Asia make their way to countries like Serbia and Bosnia and Herzegovina where immigration controls are lax. The IOM estimates that more than 5,000 people pass through Bosnia Herzegovina every month.<sup>20</sup>

This was caused primarily by the series of wars in the Balkans that are responsible for the current unstable situation in this part of Europe. Now that the former Yugoslavia is more or less at peace, the European Union is concerned to ensure that the Western Balkans, so long prey to ethnic conflict, do not become captive to organised criminal structures.

EU foreign ministers agreed that urgent priority should be given to combating human trafficking, most of which appears to be co-ordinated from the region. European leaders have already agreed on certain joint actions to stem the flow of illegal immigrants from the former Yugoslavia. Such actions involve sending teams of immigration staff and police officers to the Balkans (precisely deploying more police and immigration officers in Bosnia as a joint initiative to step up border checks), offering some extra funds or introduction of a "voluntary repatriation" scheme, encouraging people who had made the journey just to seek a better life to return home. The EU also expects more practical co-operation, both from countries in the region that want to put bilateral relations on a new footing - such as Albania, Yugoslavia and Bosnia - and from regions that rely on Western aid, such as Montenegro and Kosovo.

The issue of an even greater concern is Albanian Mafia that is said to be taking control of organised crime on both sides of the Adriatic. Sporadic clashes between Italian policemen and Albanian gangsters are reported to take place in a chase and collision in the Adriatic. One of Italy's top prosecutors, Cataldo Motta, who has identified Albania's most dangerous mobsters, says they are a threat to Western society. "Albanian organised crime has become a point of reference for all criminal activity today, everything passes via the Albanians. The road for drugs and arms and people, meaning illegal immigrants destined for Europe, is in Albanian hands."<sup>21</sup>

But there is another, less dangerous route for migrants. To be on the safe side and half way in Europe immigrants do not have to be exposed to the threat to be drowned in the sea or suffocated in an abandoned lorry somewhere on a deserted European road. Ceuta and Melilla are the unlocked doors into Fortress Europe. These two small Spanish enclaves on the north coast of Morocco are the last fragments in Africa of a once-mighty empire ruled from Madrid. If the immigrants can somehow get in here - it is the same as being in mainland Europe.

So many immigrants have arrived in Ceuta over the past few years that the Spanish government was forced to provide a temporary shelter for them at a former campsite. Most of the inmates are young men from Sub-Saharan Africa, but there are now people from 24 different countries at the camp including Algeria and Iraq. "At first there were just a few hundred,

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<sup>17</sup> Ash L., Europe's front line, Marine biologist Eric Shaw and Julian Pettifer on the Straits of Gibraltar, 1999/10/21, [www.bbc.com](http://www.bbc.com)

<sup>18</sup> *ibid*, [www.bbc.com](http://www.bbc.com)

<sup>19</sup> Crackdown on human traffickers, 2001/02/04, [www.bbc.com](http://www.bbc.com)

<sup>20</sup> Doole C., Balkans main immigrant route, 2001/04/16, [www.bbc.com](http://www.bbc.com)

<sup>21</sup> Barron B., Albanian mafia steps up people smuggling second special report from the southern Adriatic, [www.bbc.com](http://www.bbc.com)

but now the camp houses more than 2,000 people”<sup>22</sup> and more and more people arrive every week. Even children have turned up here, some in their mothers’ arms and others completely alone, carrying only nametags around their necks. All of them need food and shelter and the site is hopelessly overcrowded. Every day fights break out in the queues for water, there are long queues for food but for many it’s worth it for the chance of EU citizenship.

Actually the potential rewards are great. Most of these migrants stay in Ceuta for two to five months. Then they are given temporary work and residents’ permits and transferred to the mainland. After a year in Spain they can usually stay on legally. Many end up with Spanish citizenship and they then have the right to move anywhere within the European Union.

Under some pressure from other EU members, the Spanish authorities say they are doing their best to stop illegal immigrants from getting into Ceuta. The eight and a half kilometre double security fence which separates the enclave from Morocco, is now being fitted with razor wire, infra red cameras and heat sensors. But if the migrants do manage to get in, it is virtually impossible to send them back.

Ceuta and Melilla have been European territories for 500 years and Madrid insists that they will forever remain so. Colonial insignia still decorate the pavements of Ceuta. But at present Morocco is actively seeking the return of the enclaves and Spain may have to hand them over - sooner rather than later - if the flood of migrants cannot be stopped.

Speaking about human trafficking and smuggling of people one should take a more detailed look on one more alarming issue – *child abuse*.

The latest pawns of the people smugglers are children. The EU is overwhelmingly concerned with far greater numbers of illegal immigrants in the years ahead. Local authorities will not order the enforced repatriation of anyone under 18 and the gangsters are aware of this. This is one of the key factors (along with the fact that kids may be easily led astray and involved in prostitution or forced labour) that makes children smuggling an extremely profitable business that provides the most lucrative commodities to criminal gangs.

In search of better lives children leave their homes and their parents too. While some clearly move on willingly mostly children are consigned to smugglers’ boats by their families who send them to Europe with orders to somehow find work or make money to send home. Thus, the kids are under pressure from their parents not to mention the stress that comes from the voyage itself, which is getting more and more dangerous. They travel hundreds of miles under horrific conditions.

Unfortunately the greater part of them stand no chance to find any normal job and start earning their living. These kids often fell pray to human traffickers. Belgium’s leading child protection agency has warned that hundreds of child migrants and asylum seekers coming to the EU without their parents are going missing. Local child protection agencies have been working to track down missing teenagers lured or abducted from reception centres by traffickers. An alarming number could be falling into the hands of traffickers and prostitution rings. In some cases they have been forced to work off a debt by those who brought them to the EU.

In the town of Alst, outside Brussels, a special centre has been set up to accommodate some of these children. “Appeals for information have now been issued to trace nearly 400 young migrants and asylum seekers who came to Belgium without their parents and are now missing.”<sup>23</sup> But this is not just a Belgian problem, at the very least it will take a team effort across the European Union to beat the criminals who prey on these young lives. Evidently there is an urgent need for more such centres to be founded throughout Europe as a great number of children are disappearing every year, and they are in a very vulnerable situation. They are in a country they don’t know - they don’t speak the language, they have no money, no friends or families to turn to when they are in difficulties. So, to put it mildly, the prospects for their brighter future are rather gloomy.

The EU ministers discuss ways of cracking down on human trafficking of women and children for sexual and other exploitation.

*“It is appalling that in the Europe of the 21<sup>st</sup> century such barbaric practices are still widespread - even increasing. Because of their very nature these problems recognise no national boundaries. They infect the whole of Europe, and only a European solution can effectively combat them”<sup>24</sup>.*

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<sup>22</sup> Ash L., Europe’s front line, Marine biologist Eric Shaw and Julian Pettifer on the Straits of Gibraltar, 1999/10/21, [www.bbc.com](http://www.bbc.com)

<sup>23</sup> Blunt E., Europe under fire over immigrants: immigration is a controversial issue in Europe, 2001/01/30, [www.bbc.com](http://www.bbc.com)

<sup>24</sup> Antonio Vitorino, Justice and Home Affairs Commissioner, Commission proposes action to combat trafficking in human beings and sexual exploitation of children, Brussels, 2000/12/21, [www.europa.eu.int](http://www.europa.eu.int)

However the highly complex network of criminal gangs operating across Europe has significantly reduced the efficiency of these initiatives as well as the work of special agencies. Head of the anti-trafficking unit of the Belgian Police Wim Bontinck explained: "If you take out one ring there will be a few colleagues to replace them tomorrow. One member of a ring today will be leader of another ring tomorrow. It is not as simple as the normal mafiosi structure where if you get the top guy in the hierarchy the whole structure collapses."<sup>25</sup> The acuteness of this problem does not diminish and better protection for these vulnerable youngsters is needed.

The main challenge is the lack of common EU policy towards people smugglers. The effectiveness of classical instruments and national level responses has diminished against the background of highly sophisticated criminal groups acting strategically at international level. A major issue is how to make sure that the external borders of Europe are made more secure against the illegal trafficking of people. European politics have already named human trafficking a real disaster on the European scale. Officials are reported to favour a Europe-wide sentence for traffickers. Sentences of up to 14 years for criminals profiting from the world's fastest growing illegal trade could be introduced as part of the crackdown.<sup>26</sup> Yet smuggling penalties vary in different European countries. For instance, in Britain which suffer heavily from organised people smuggling they currently face a 10-year sentence, less in many other EU countries. Co-ordinated European actions are mainly hampered by the fact that interests of many are involved in this dirty business. "Europe faces the biggest problem because there's so much money being made which was not the case before. It has become the main source of money for organised crime."<sup>27</sup> The sheer numbers helped increase the backlogs, slow down the system, and thereby nourish the smuggling business. So, it is hard to imagine how Europe can fight this kind of well-shaped international organisation.

However alarming the situation might be on the EU borders still more problems arise within the EU confines. Mass influx of immigrants particularly from the Muslim countries of the Mediterranean region to the EU brought about the problems of a different nature.

*"I just wish someone would come down here and explain what's going on, why they're all here. I tried to speak in a council meeting and I was told to sit down and shut up. They just keep saying there isn't a problem, that the numbers have been reduced – but there's still a lot".<sup>28</sup>*

Up to now the Member States have primarily worried about the strengthening of the "European fortress" walls rather than about the fate of those who had already penetrated inside. Meanwhile the appearance of "immigration nation" in the EU countries has been influencing their life and has already led to the process of their transformation into "cultural pluralistic" societies. "The unstoppable migration pressure and the way immigrants insert in the European environment thus transforming it through changes in demographic composition into "culturally pluralistic" societies are the clear evidence of a blending of civilisations".<sup>29</sup> The West is already quite 'Islamic', because there are millions of Muslims living in so-called Western countries, and Muslim cultural and intellectual influences are found throughout European culture. Though the vast majority of them live happily beside their neighbours, submit readily to the laws of the land, work hard, hold strict family values and commit no crimes, their presence is becoming more and more frequently identified with a "threat" and associated with the rise of organised crime, terrorism and drug trafficking. The growing belief that crime as a virtual monopoly of the ethnic minorities, whether from North or West Africa or Eastern Europe breeds religious and ethnic intolerance, racism and xenophobia, sometimes made even worse by racist politicians. Public concern about European immigration has found unprecedented expression in the ballot box, propelling right and far-right parties to success in country after country.

With the September 11th attacks executed if not planned by western-based Muslims the public debate concerning the issue reached its climax. "That several of the perpetrators of the attacks on the twin towers had apparently lived for years in western countries raised further worries about the enclosed societies that seem to exist within the West, societies in which hate could be preached and treachery plotted while all around non-Muslims remained utterly unaware".<sup>30</sup> After 11th

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<sup>25</sup> Doole C., Balkans main immigrant route, [www.bbc.com](http://www.bbc.com)

<sup>26</sup> Crackdown on human traffickers, 2001/02/04, [www.bbc.com](http://www.bbc.com)

<sup>27</sup> Barron B., Albanian mafia steps up people smuggling Second special report from the southern Adriatic, 2001/ 05/17, [www.bbc.com](http://www.bbc.com)

<sup>28</sup> Marie Hart, 85, ex-councillor, Special edition, As part of BBC series on global migration, [www.bbc.com](http://www.bbc.com)

<sup>29</sup> Olga Yu. Potemkina, From the Barcelona Declaration to the Amsterdam Treaty: changing of the EU Immigration Policy, Europe-The Mediterranean-Russia: perception of strategies, Moscow, 1998, p. 165

<sup>30</sup> Dim drums throbbing in the hills half heard, Special report, Muslims in the Western Europe, The Economist, August 10th 2002, p. 21

September, living abroad has become quite unbearable for the Muslims. Most of the Westerners have equalised Islam with terror, violence and disorder:

*“Until 9/11, I was indifferent about Islam. After 9/11, I started looking into it more. As a result, I became opposed to Islam”.*<sup>31</sup>

*“Islam is a religion that is anti-progressive. It also preaches hatred against people of other beliefs. The Islamic belief is anti-democratic and anti-establishment”.*<sup>32</sup>

Unfortunately this tendency within the western societies is still on the rise.

Part of the problem lies with the slant of the western media. Deliberately or not the media constantly portray Islam in a negative manner thus fuelling ignorance and hatred within Western society. “Islam’s image in the eyes of mainstream Western media has been associated with turbans, veils, terrorism and violence. While not denying some genuine evils of various kinds involving Islamism or in the name of Islam, they represent only part of the truth”.<sup>33</sup> The fact is that we never get to see the other side of the coin. As a result ignorance breeds misunderstandings and creates unfounded fears and barriers, which lead to racism and xenophobia.

Whether Muslims like it or not, the face of Islam to the world at present is one of violence despite their protestations to the contrary. Recently too many horrors have been committed in the name of Islam. Given this fact it comes as no surprise that people came to associate Islam with terrorism and they easily confuse such words as Islamism and Islam. It will take years now and would require the larger Muslim community efforts to eradicate this pervasive violent image of Islam and “to wrest it back from the fanatical mullahs who have hijacked Islam for the past several centuries”.<sup>34</sup>

Yet the spread of radical Islam is not a kind of a phantom that haunts the Europe through mass media channels. Islamism has already become its everyday reality.

“Religious re-awakening, often in the form of fundamental revivalism, is a major phenomenon in the world today, especially in the Islamic regions.”<sup>35</sup> The cultural image of Islamism has been seen as violent, backward, insular, anti-secular and anti-modern. It is expanding dramatically and is portrayed as a new post-Cold War threat to the West. Yet for many people in the Middle East and in other parts of the world Islamism is ideally suited not only as a spiritual alternative against Western materialism and consumerism but also as an outlet for protest against corruption, repression and injustice. Moreover it provides disaffected and dispossessed people with a new identity and new meaning in life. “Islamic fundamentalist movements are seen as the form of resistance, opposed to the global spread of Western values, culture conspicuous consumption”.<sup>36</sup> The 9.11 attacks are believed to be its most violent manifestation, a kind of a fundamental clash between the democratic West and the Islamic cultural system.

The European Community has always been gravely concerned with the surge of radical Islamic fundamentalism and the threat it poses to the stability of the Mediterranean. “In fact, rightly or wrongly, Europe (as part of the West) is seen, by opposition groups, especially Islamists, as an instrument of global power and oppression in the disguise of universal values and is believed to support the regimes these same groups are strenuously fighting against”.<sup>37</sup> That is why the emergence of extremist and fundamental forces in a number of North African States seriously alarmed Europe.

Yet the subject of even greater concern is the fact that nowadays “the threat of Islamism to the EU is felt even more from within the European societies than from without”.<sup>38</sup> The case in point here is a notorious story of Kamel Daudi, who was brought to France from Algeria by his parents at the age of five and by all means represented the image of

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<sup>31</sup> Graeme Phillips, Berlin, Germany, BBC Forum Does the West understand Islam enough?

<sup>32</sup> Efoe Livingstone, England, The second BBC Forum on ‘Islam and the West’ by Paul Reynolds

<sup>33</sup> King Li, Dichotomies and Paradoxes: the West and Islam, Global Society, Vol. 16, No. 4, 2002, p. 413

<sup>34</sup> Ghulam Faruki, Queensbury, NY USA, The second BBC Forum on ‘Islam and the West’ by Paul Reynolds

<sup>35</sup> King Li, Dichotomies and Paradoxes: the West and Islam, Global Society, Vol. 16, No. 4, 2002, p. 417

<sup>36</sup> Vertigans S., Sutton P., Globalisation Theory and Islamic Praxis, Global Society, Vol.16, No. 1. 2002, p. 31

<sup>37</sup> Roberto Aliboni, The European Union and Mediterranean Security, Europe-The Mediterranean-Russia: perception of strategies, Moscow, 1998, p. 178

<sup>38</sup> Olga Yu. Potemkina, From the Barcelona Declaration to the Amsterdam Treaty: changing of the EU Immigration Policy, Europe-The Mediterranean-Russia: perception of strategies, Moscow, 1998, p. 166

a successful integration. Finally, in 2001 he was granted French citizenship. Paradoxically enough this happened right at the moment when Kamel was in one of the Islamist's training camps somewhere in Afghanistan.<sup>39</sup> This one and many other similar stories made European and national authorities consider more carefully the issue of Muslim integration into the western societies.

Like the other migrants, Muslims tend to come from the poor, rural areas. Mostly they are ill-educated, they speak the language of the wider society either poorly or not at all, so they find it difficult to get jobs, they huddle in poor districts and have gloomy prospects for future. "For all these reasons they tend to withdraw into their own world, which is relatively easy, since their numbers are great enough to enable them to form a fairly self-sufficient, self-contained community".<sup>40</sup> Left to their own devices certain local ethnic and religious communes have been slowly turning into a kind of "ghettos", hardly controlled by the police and avoided by local citizens even in daylight. Strictly speaking it is no wonder that in many so-called "ghettos" Sharia Law tends to prevail over the laws of a host country.

It is an open secret that Muslim minorities perpetuate strong links with their homeland and naturally try to introduce Islamic values and way of life on the European land. Moreover, some brought their feudalism with them and also the loyalty to the clan associated with it. This means that today an extended family of up to 500 people may vote as one. Another factor is arranged and occasionally forced marriages that help to constitute the "parallel society".

Though numerous efforts with respect to their integration have been made both on European and national level they could not hamper the process of further "encapsulation" of Muslim community. Perhaps, this "state in the state" structure is the most alarming tendency as many believe it threatens to undermine the national sovereignty of the European states. One more problem presents the demographic shift towards an unintegrated and increasingly vocal Muslim minority.

Various special programmes and projects designed to facilitate successful minority's integration have already been launched by local authorities. The challenge is that they've got to compete now with a network of Muslim welfare organisations and Islamic cultural centres that exist in Europe and the mosques in which Europe's Muslims worship. The only difference is that these organisations have other aims. Nothing perpetuates homeland links as worryingly as they do. This does not necessarily mean that they preach violence there but they are likely to teach that integration into western societies is a treason under Islam.<sup>41</sup>

It ought to be pointed out that many Islamic organisations perform vital tasks neglected by the others.

*"We do the grass-root job the government can't..."*<sup>42</sup>

Obviously if politicians fail to deal with domestic issues and provide viable solutions to acute problems, there are plenty of other organisations and various extreme groups ready to pick them up. Perhaps, that is where Islamism managed to elbow its way.

Surely the true key to success hardly lies within the radical dogmas of Islamism. Actually only a few are aware of them, others are seduced by more down-to-earth things. The popularity of Islamists could be explained by their heavy on grass roots organisation. Their parties are in close touch with the neighbourhood and are closely attuned to local interests. Many Islamist parties run local social welfare programmes independently of governments and provide social services such as clinics, especially for women, housing for students who have come from the village to the big city, recreation facilities for the youth, legal advice, educational help and other forms of social assistance. "These activities – often far more responsive than the state to social needs in the neighbourhood – are generally funded from religious donations or from large Islamist-run banks and business. As a result Islamists prove to be closer to the needs of poorer neighbourhoods than their political rivals".<sup>43</sup> The strength of Islamism is shaped not only by its Islamic discourses and rhetoric, but also by its social components and political programmes.

Among the majority of European immigrants disaffected young European Muslims are believed to be most vulnerable to Islamist certainties. "If ten years ago young people coming from Islamic countries hardly put any emphasis on their Muslim origins, today their reference to Islam is omnipresent".<sup>44</sup> Islamist dogmas easily seduce them. Which is

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<sup>39</sup> Pelletier E., Pontaut J.-M., Les islamistes indésirables, L'Express, 1/8/2002, p. 12

<sup>40</sup> Europe's Muslims, The Economist, August 10th 2002, p. 11

<sup>41</sup> Dim drums throbbing in the hills half heard, Special report, Muslims in the Western Europe, The Economist, August 10th 2002, p. 22

<sup>42</sup> An official of the Muslim Welfare House, Paris, The war of the headscarves, Special report, from the Economist print edition, February 5th 2004, [www.economist.com](http://www.economist.com)

<sup>43</sup> Xing Li, Dichotomies and Paradoxes: the West and Islam, Global Society, Vol. 16, No. 4, 2002, p. 416

<sup>44</sup> Thioly B., Vingt ans après la Marche des beurs, L'Express, 20/11/2003, p.31

relatively easy due to their poor knowledge of Islam.

A fundamental problem with the teaching of Islam is that the Koran is written in ancient Arabic and is often learnt parrot fashion in the same language, with no translation or historical context given. Practitioners as well non-practitioners sometimes confuse ancestral culture with religion or unquestionably recite texts from the Koran without knowing what it means.

Still one should clearly realise that to a larger extent Muslim cultural and welfare organisations do work properly. Most do good work, organising programmes for women about health care or child welfare. They win prizes for their anti-drug activities. What's more important they are much closer to the needs of the Muslim community as they are run by those living in the community. What makes European authorities uneasy about them is the fact that what is taught by their imams, both in the mosque and in the *madrassa* that is generally attached, is often unknown to outsiders.

In this respect national governments admit they should give priority to the financial part of the problem. Europe's imams are usually sent and paid for by the governments of Muslim countries. Secular Turkey sends imams and provides Islamic lessons for children in Germany. Morocco and Algeria do the same in France.

Imams spring up spontaneously, sometimes out of nowhere, supported by some devotees and financed usually from North Africa, the Middle East or Asia. Taking into consideration this fact it is not surprising that fundamentalist imams are not rare in the Muslim religious quarters in Europe. Still a fear of extremism is not confined to non-Muslims only. Muslim imams also express their fear of fundamentalists. Like many others they believe it essential that imams should be trained in Europe, not in the Middle East, the Maghreb, Pakistan or Turkey.

*"Muslims must become immunised against outside radicalisation".<sup>45</sup>*

The national government is expected to take certain actions to make sure the financial flows whether from inside Europe or from abroad do not serve to nourish radicalism or harbour would-be terrorists in the Muslim religious centres throughout Europe. More emphasis should be given to training of European imams, whose lack of knowledge frequently stems from the lack of public and state control with regard to the issue. Otherwise how can it be possibly explained that "70% of imams in France are self-proclaimed"?<sup>46</sup>

Of course comprehensive Europe-wide measures might have proved to be far more beneficial. A partial communitarization of the third pillar (asylum and immigration policy, joint rules for checks at external borders and minorities' integration) was proposed again and again as an instrument for improving the situation. But the differences in the Member States positions over the issues which could be gradually communitarized were so significant and their fears of losing the sovereignty in elaborating the immigration policy, for instance, were so strong that they have developed into a serious obstacle in the way of cooperation.

It seems incredible that the decisions regulating the rules of the new minorities' insertion, very sensitive and tightly linked to nationalism and nationalistic movements might be taken at the level of Community. Here are the words of a senior Brussel-based diplomat, which explain why the debates concerning the issue are estimated as one of most arduous. "Third pillar issues touch upon the core of statehood. If you fight for majority voting on this, you battle against the whole weight of tradition and historical habit".<sup>47</sup>

It highly doubtful that the Member States will harmonise the immigration policy with regard to the legal resident immigrant's integration or so-called "new ethnic groups" or new minorities" in the nearest future. Moreover Europe-wide harmonisation of the integration process is frequently considered as rather utopian if not unnecessary. Historically every European country has worked out its own *national* approach towards minorities' insertion. Interfering within this delicate sphere would hinder rather than facilitate the process.

*"We do not intend to decide by directive the numbers of immigrants that our economies and societies are prepared to absorb... Only member states, together with their civil societies and local authorities, know how much their societies are capable of integrating."*<sup>48</sup>

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<sup>45</sup> Ghoul Moulay , imam in Marseilles, Dim drums throbbing in the hills half heard, Special report, Muslims in the Western Europe, The Economist, August 10th 2002, p. 24

<sup>46</sup> Dim drums throbbing in the hills half heard, Special report, Muslims in the Western Europe, The Economist, August 10th 2002, p. 24

<sup>47</sup> Olga Yu. Potemkina, From the Barcelona Declaration to the Amsterdam Treaty: changing of the EU Immigration Policy, Europe-The Mediterranean-Russia: perception of strategies, Moscow, 1998, p. 171

<sup>48</sup> Antonio Vitorino, European Commissioner, Lungescu O., Europe's immigration vision 2001/07/11, www.bbc.com

So, rightly or wrongly, up to the present moment every European State choose its own way to deal with illegal immigration or integration of immigrants into their society.

#### *Concluding remarks*

As is known a series of events - from the worldwide Islamic revival of the 1970s to the 11 September 2001 attacks against America - has fuelled the fear that Islam and the West are on a collision course.

*"There's no getting away from it. Islam and the West view one another with mistrust and suspicion."*<sup>49</sup>

The outbreak of "islamophobia" led to debates whether Islam is compatible with modernity at all. Yet there are millions of Muslims all over the world living in the most modern cities and working in technological fields. Obviously, these Muslims have found a way to reconcile their faith with modernity. Clearly illegal immigration remains a problem. Cultural differences cannot always be easily reconciled. But according to many experts the rise of the far right rests upon a fundamental paradox: immigration, far from destroying European societies, could ultimately be their saviour.<sup>50</sup>

The main point here is that European populations are ageing. Birth rates in European countries are falling. Substantial levels of immigration will be required in order to maintain the population levels of most developed countries over the next 50 years, according to a new United Nations report. It finds that in Japan and virtually all European countries populations will decline, whilst the average person will get older.

For instance, Italy is expected to register the largest decline, losing more than a quarter of its population, whilst the average Italian will be 53 years old in 2050, compared to only 41 years of age now.<sup>51</sup>

The only way for such countries to maintain their populations, the report suggests, will be to take in substantial numbers of immigrants. The prognosis made by the European Commission shows that the West European population will have decreased from 320 million in 1990 to 270 by 2025 while that of the Northern Africa will grow respectively from 200 million to 370.<sup>52</sup>

Not only will the overall level of the population in most rich countries fall but so will the ratio between those of working age and those expecting to retire. The UN says that without immigration, richer countries might have to consider increasing the upper working limit to 75 years of age in order to maintain their present levels of pension and welfare support.<sup>53</sup>

*"An ageing and shrinking population needs goods and services and somebody has to produce the goods and has to provide the services"*.<sup>54</sup>

Clearly immigrants form an important part of the labour force in many of the world's most industrialised countries. While many countries are trying to limit the number of asylum seekers permanently settled on their shores, they are simultaneously trying to increase the number of people with specific skills and high levels of education whom they want to encourage to move there.

According to the Organisation for Economic Co-operation and Development (OECD) there is a renewed interest in the recruitment of new immigrant workers in these countries, partly explained by their ageing populations. Many industrialised countries are seeking to attract highly-skilled foreign workers.

Rich countries are increasingly competing to recruit highly skilled immigrants to meet labour shortages in key industries like IT.

According to Professor John Salt of University College London's Migration Research Unit, competition between countries over attracting skilled migrants has become more intense.<sup>55</sup> Shortage of key public sector professionals has led to an explosion in the recruitment of doctors, nurses and teachers, and here Britain leads Europe and probably the

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<sup>49</sup> Hardy R., Islam and the West: Bridging the divide, 2003/08/04, [www.bbc.com](http://www.bbc.com)

<sup>50</sup> Marcus J., Analysis: The immigration message, 2002/05/07, [www.bbc.com](http://www.bbc.com)

<sup>51</sup> Devenport M., Stark choice over immigration. Populations are getting older in many countries, 2000/03/21, [www.bbc.com](http://www.bbc.com)

<sup>52</sup> Olga Yu. Potemkina, From the Barcelona Declaration to the Amsterdam Treaty: changing of the EU Immigration Policy, Europe-The Mediterranean-Russia: perception of strategies, Moscow, 1998, p. 166

<sup>53</sup> Devenport M., Stark choice over immigration. Populations are getting older in many countries, 2000/03/21, [www.bbc.com](http://www.bbc.com)

<sup>54</sup> Rainer Muenz, Immigration Commission, Germany's immigration revolution, 2001/07/04, [www.bbc.com](http://www.bbc.com)

<sup>55</sup> Schifferes S., Rich countries woo highly skilled migrants, 2004/03/24, [www.bbc.com](http://www.bbc.com)

world. Some countries have created special immigration schemes to attract them, competing with existing schemes that have existed for some years in Australia, Canada, and New Zealand. "In a new policy paper on immigration, integration and employment, Employment and Social Affairs Commissioner, Anna Diamantopoulou, and Justice and Home Affairs Commissioner, Antonio Vitorino, predict that unless more effective policies are developed to welcome the migrants the EU needs, the immigrants will not be able to fulfil their potential nor make their full contribution to economic development".<sup>56</sup> This means that the EU must not only do better to ensure their full participation into the labour market, but also in social, cultural and civic life. At the same time the European Union is making new efforts to stop the influx of illegal immigrants, and work out common immigration policies to satisfy the real economic need for immigrant labour.

Leaving the economic factor aside one has to bear in mind a fact that immigration has always been a force of history.

*"In today's discussions about migration and its consequences many politicians and others seem to suffer from severe amnesia. Migration is frequently labelled as a recent phenomenon. There are, however, few people in the world who need to go back further than three generations in their family tree to stumble upon a migrating ancestor".<sup>57</sup>*

The first step is to see migration for what it is, rather than through the prejudiced eyes of some headline writers that go with the flow of common opinion. People tend to be prejudiced against mass immigration in general and immigrants in particular. But one should avoid thinking stereotypically. Historically, the net effect of migration has been a benign one. "Where would America be without the unparalleled movement of Irish people in the mid-to-late 19th Century? Where would modern Australia be if it had continued to rely solely on the flow of people from the "mother" country. Only the bigots there still believe that immigrants have contributed nothing".<sup>58</sup>

They introduced new foods, which within one generation became staple foods of the receiving society. Migrants brought techniques from one country to another, encouraged trade through their contacts and opened up new markets. One need not search deep in the history to find some vivid examples.

For instance, with the German migrants of the 19th Century the Christmas tree - considered to be very German, pagan and Catholic at the same time - became popular world-wide and entered into the households of people who can claim no German ancestry. Migrating English engineers at the end of the 19th Century introduced football to the European continent, and within one generation this sport stopped being typically British.

As for the rise of xenophobia and racism one has to bear in mind the fact that it has always accompanied immigration waves. Actually all foreigners were officially discriminated against. Foreigners had to pay fees before they were allowed to settle in a town, and had to pay another fee before they were allowed to join the guilds, and to work in a certain profession. Furthermore, cities threw up barriers for people of a certain faith. Some regions discriminated Catholics, others Protestants, almost all discriminated Jews. Moreover most migrants were looked upon with fear. At the start of the 19th Century, when the French influence swept over Europe, it was feared that French manners would weaken the spines of the young men of other nations. Later when the German unification kicked off Europe was overwhelmed by widespread waves of Prusso-phobia. Pleas were made to restrict further immigration of Germans to countries like Denmark, France and the Netherlands, and to evict those already present. Each time new groups of migrants arrived, they were considered even more problematic and different than their predecessors.

It seems the biggest motive is fear of the changes that usually comes with uncontrolled immigration.<sup>59</sup> First and foremost fear of migrants rests upon the fear of change to culture. Culture is, however, not a fixed concept. Cultures change continuously over time. Actually the cultures as we know them today are the result of centuries of migration.<sup>60</sup>

Even the fears of local authorities and local citizens that immigrants tend to be socially encapsulated are more or less natural. Still this fear is exaggerated. Newcomers were always set apart in some sense.

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<sup>56</sup> The European Commission calls on the European Union Member States to step up their efforts to integrate immigrants, [www.europa.eu.int](http://www.europa.eu.int)

<sup>57</sup> Dr Marlou Schrover, History Department, Leiden University, Netherlands, Migration: A historical perspective, 2004/03/23, [www.bbc.com](http://www.bbc.com)

<sup>58</sup> Alagiah G., Migration: 'A force of history', 2004/03/24, [www.bbc.com](http://www.bbc.com)

<sup>59</sup> William Horsley, Immigration fears boost Europe's right, 2002/05/16, [www.bbc.com](http://www.bbc.com)

<sup>60</sup> Dr Marlou Schrover, History Department, Leiden University, Netherlands, Migration: A historical perspective, 2004/03/23, [www.bbc.com](http://www.bbc.com)

Of course the crucial mass of the Muslim immigrant communities, which makes it easier for individuals to survive unintegrated, is a serious impediment. At present moment unintegrated ethnic communities are believed to be the main push factor of social tensions. But conflict is natural and inevitable, and the only way to minimise it is to iron out the extreme elements of all religions, and find the common ground where they can all thrive.

Yet some aspects of Islam do reinforce the isolation of Muslims in Western Europe.

The main obstacle western societies stumble over when dealing with the integration of Muslim immigrants is that Islam is not a religion in the limited sense of the word, but it is rather a complete and comprehensive code of life and a culture producing factor. The Islamic world is basically different from the rest of the world and from the West in particular. «Muslim culture profits from all available sources, local and international, but its unique characteristic is that it has grown from the foundation of the Quran and Sunnah».<sup>61</sup>

What we see nowadays in the western countries is the marginalisation of the role of religion. Today in the West religion is more associated with historical and cultural identity and has less to do with development and progress. It is firmly believed that only scientific knowledge, economic development and technological progress are related to the advancement of the society. Moreover, certain scholars believe that Western Civilisation witnesses «the rise of a new and fundamentally deformed religion – expressive individualism – the glorification neither of God nor of country but of self».<sup>62</sup>

However many religions, including Islam, in other parts of the world do not share such approach. In their understanding religion is far from being only a personal matter and that the actions are separate from beliefs. «Unlike Christianity Islam has never limited itself to the realm of personal faith and private life. Rather, it was concerned with politics and governance from the very beginning in seeking the just society and political order».<sup>63</sup> Philosophically, Islam considers religion integral to the state and society.

Given this fact it would be idle to pretend that Muslim religious visions do not present some problems in the democratic West, yet one should avoid demonising the issue. «Islam does, of course, impose certain obligations and zealots say they include outright hostility to the tenets of western society».<sup>64</sup> But that is not the point, and the vast majority of Muslims find they can follow their religion in the West without serious difficulty. When speaking of Islam one needs to differentiate between political Islam, cultural Islam and true Islam. Their cultural and national background, which vary enormously, may play a bigger part in their ability to integrate than their religion.

So, in one respect, it is the strength of Islam, as a religion, that brings several benefits. Muslims are generally good, law-abiding citizens, they tend to have strong family values. But Islam is a religion that is readily open to extremist distortion, as all religions are in some extent. That is why when tackling the issue of Muslim integration and fulfilling the demands of ethnic and religious minorities Western authorities should distinguish between religious radicalism – Islamism (that has to do more with politics than religion itself) and Islam.

*“It is not normal that islamistes eventually obtain so much in the host countries, while in the countries of their origin they are rightly tracked down for similar activities”.*<sup>65</sup>

In this respect European governments should build sensible and prompt politics in order to provide peace and stability in the region and fight racism and xenophobia. Fearing and demonising other groups, a growing belief that they want to set themselves aside, above and different from the others is the first step toward the intolerance and closed minded idealism that leads to injustice, repression and finally violence. Of course in order to stop bigotry, racism and planned segregation, this politics should begin at grass roots levels as mutual understanding – the prerequisite of a successful ethnic or religious politics – can be hindered by the prejudices we harbour in our minds. Then perhaps intolerance would evaporate and Islam would be seen as a wonderful and truly peaceful religion with great leaders and potential. But one needs to separate fact from fiction in order to understand the actual state of things.

Unfortunately as humans we seek to highlight the few differences rather than the many similarities. And in many cases this thinking is promoted by politicians and clergy on all sides who prefer a “divide and rule” approach, in order to keep their agendas alive. «Government itself sometimes encourages negative images of immigration and uses

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<sup>61</sup> S. Vertigans, P. Sutton, Globalisation Theory and Islamic Praxis, Global Society, Vol.16, No. 1. 2002, p. 40

<sup>62</sup> Xing Li, Dichotomies and Paradoxes: the West and Islam, Global Society, Vol. 16, No. 4, 2002, p. 409

<sup>63</sup> *ibid.*, p. 410

<sup>64</sup> Europe's Muslims, The Economist, August 10th 2002, p. 11

<sup>65</sup> Samia Labidi, Dossier, La laïcité face à l'Islam, L'Express, 18/9/2002, p. 52

<sup>66</sup> Immigrants are political scapegoats, 2002/05/20, www.bbc.com

refugees or immigrants as a scapegoat for its failed policies".<sup>66</sup> If only we all had the resolve, desire and wisdom to seek to understand our own and the others' faith better.

Nowadays the local paper death announcements speak of "Pierre" and "Charle"; the birth are of "Moussa" and "Fath".<sup>67</sup> These simple indices of the changing face of Europe indicate that Islam has its place here now. Whether we like it or not this evolution is irreversible. Of course the major difference of the present immigration wave from many others that flooded Europe in the past is connected with its Islamic nature. Since the Pope Urban II's sermon in Clermont (1095) which blessed the Crusades the Christian and Muslim world have always been in a clash. Even in today's globalised world the memory of the past feud is slow to die. But this is a thing of the past.

Not cultural differences but trivial lack of mutual understanding generates cultural tension inside the host countries, which tend to translate even into international tensions. "Internationally, problems stemming from immigration tend to give cultural factors in undesired weight and lend credibility to doctrines like "clash of civilisations".<sup>68</sup> Perhaps, that is where a thrilling myth of unprecedented threat to the European Civilisation stems from. History needs time to unravel it. By now immigration presents European societies with thorny adjustments and cultural dilemmas.

But as Antonio Vitorino put it immigration is neither a problem nor a solution of numerous European problems "it is a reality that has to be properly managed".<sup>69</sup>

*The key to success in today's time is creating a vibrant multicultural environment. Differences can only be reconciled through mutual acceptance. Cooperation in the areas of culture and civilisation becomes an important instrument bringing people closer to each other, one of the prerequisites for effective development of integration process. "The final objective of those activities is the creation of a single European cultural space, a single European communal identity, while preserving in full cultural identity of countries and regions – it is this kind of unification that is regarded as the most durable and stable foundation of a "Big Europe".*<sup>70</sup>

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# INTERACTION OF THE EDUCATIONAL POLICY OF UKRAINE WITH THE EU NEIGHBOURHOOD POLICY IN THE CONTEXT OF THE BOLOGNA PROCESS

Olena SHESTAVINA

## *Introduction*

Ukraine's development is analyzed in a general context of European integration that supports adoption of values such as: human rights, minorities' rights, liberalization, freedom of movement, freedom to receive education at every level. They are all considered integral attributes of a civil democratic society.

Integration process consists in introducing European norms and standards in education, science and engineering, in sharing scientific and technical achievements throughout the Union. Such steps will result in Ukraine's increase of European cultural identity with particular regard to education and science.

This goal requires mutual removal of any restrictions on contacts, exchanges and distribution of the information.

The basic purpose of Ukrainian's reforms is the increase of population vital level, guaranteeing civil rights protection and expansion of individual freedoms. Labour market and social policy are the most important components, because they are necessary for maintaining modern economy efficiency.

In this context, reforming higher education and science in Ukraine means:

- Transition to a dynamic system of preparation of experts, that will satisfy citizens' right to receive concrete educational and qualifying skills, according to their abilities and to ensure their mobility in the labour market;
- Formation of a network of higher educational institutions, which under the forms, programmes, terms of training and sources of financing would satisfy requirement of each man;
- Increase in educational and cultural level of society, creation of conditions for training during all life;
- Introduction of higher experience gained from the advanced countries, and its integration in the international scientific and educational community.

## *1. History of development of European educational policy*

Many inconsistent opinions have been expressed with regard to the kind of participation of Ukraine in Bologna process. The main concern is an increasing dynamics of the process and cooperation between the European Union (EU) and Ukraine.

First of all, it should be useful to provide a clear understanding of the variety of processes supported by the EU since 1984, when the European Commission launched different tools to increase the mobility of human capital in the European labour market.

**The first tool**, the Network of National Information Centres: the EU provides citizens and universities with the competent information on opportunities and requirements on an academic recognition of the diplomas and separate courses of training at foreign universities.

**The second tool**, European Credits Transfer System (ECTS), that aims at ensuring transparency, comparison of volume of the investigated material and academic recognition of qualifications and competences. It has arisen originally within the framework of the European programme ERASMUS in 1988, and now includes more than 1100 universities and network "lines of the help" (ECTS Helplines). Comparability of educational plans allows the students to choose the programmes appropriate to qualification. Credits reflect volume of works required for ending each course, in relation to total amount of work necessary for completing academic year at university (including lectures, seminars, practical employment, independent work, examinations and tests). In ECTS 60 credits on volume of loading represent one academic year, 30 - semester, 20 - trimester. For participation in ECTS universities are prepared by annually updated information packages with the complete description of courses, their contents, requirements for preparation, system of estimation, training techniques, structure, faculties conducting preparation. Besides, information should include the complete educational plan on a given level of preparation, general information on university, infrastructure, and administrative procedures for registration of the program and academic calendar. The information package is distributed on all to universities - partners.

**The third tool**, Appendix to the Diploma, is prepared by universities on a model developed jointly by a working group constituted by the experts of the European Commission, Council of Europe and UNESCO. The pattern exists in 11 languages and gives the complete description of a subject, level, context, contents of the received preparation. The appendix consists of eight sections: information on received qualification, skill level, contents of the programme and results, information on functional purpose of qualification, additional information, information on national

system of education. The Appendix to the Diploma raises a level of academic mobility and mobility of the graduates in the market of employment. Simultaneously with it, protecting an autonomy of universities, it offers a general framework of interaction, provides with the high-grade information on the university programmes partners - educational organizations and citizens, promotes progress of universities abroad.

**Fourth tool**, a supporting element of system, is the network EURYDICE, within which reliable and comparable information on national systems of education in the countries of the EU are provided. EURYDICE has arisen in 1980 on the basis of Ministerial Council conclusion on Education accepted in 1976, about the first programme of cooperation in sphere of education. Now that network unites 30 countries (country - members of the EU and country of the European zone of free trade). The divisions in Brussels and countries - participants of system carry out the comparative analyses of policy and organization of national educational systems, reviews and statistical indicators on special themes.

Resuming, the process of formation of an all-European educational space goes back twenty years ago. It evolved on the basis of the political will of participants, on the legal basis of process (Article 149 and 150 Treaty on European Union), on socio-economic provisions. Nevertheless, the process is far from being completed. In achieving the creation of an all-European educational space, main concerns regard maintenance of quality, preservation of national values, formation of trust, autonomy and role of universities.

In June 1999, 29 European Ministers of Education signed the so-called "Declaration on the European space for higher education" (Bologna Declaration, 1999). The Conference and the Declaration are the key documents of a new stage in the process of harmonizing different European educational systems. The long-term objective of the action program is the "creation of the all-European educational space with the purpose of increase of mobility of the citizens in the market of employment and amplification competitive of ability of the European higher education". The basic tasks, which should be executed till 2010, include:

- Introduction of a system ensuring comparability of the diplomas, including the introduction of the above described tool "Appendix to the Diploma";
- Introduction of a two-level system of preparation in all countries, first step of the bachelor not less than three years, and second step master and - or of a doctor's degree;
- Creation of a system of credits, ECTS, as a mean to increase students, teachers, researchers and administrative personnel mobility.
- Creation of a complete system preserving educational quality (European Network of Quality Assurance in Higher Education);
- Increase of students, teachers and researchers' mobility;
- Development of cooperation in sphere of maintenance of quality of education with the purpose of creating of comparable criteria and methodology;
- Amplification of "European measurement" in higher education.

Bologna Process involves national Ministries of Education, Network of national information centres, the European Commission, EU universities, Confederation of the Rectors and Associations of European Universities.

In May 2001, in Prague, 32 ministers of Education accepted the final Communiqué, in which have been fixed the goals for creating the all-European space within 2010. Working groups were created, that up to the Berlin conference, lead researches and seminars in the field of cooperation concerning accreditation and maintenance of quality; creation of joint diplomas; description of degrees and qualifications; social aspects of process; problems of barriers to mobility: Even tasks regarding the expansion of Bologna process were discussed, in particular an all-life training of pupils. (Shestavin and Yepik, 2003)

## *2. The Essence of the Bologna process*

6 key positions can be outlined in the framework of the Bologna Process:

### 1) Introduction of two-cycles training:

1-st - before reception of the first academic degree and 2 - after reception of the first academic degree. Thus, the continuation of training on first cycle should be not less than 3 and no more than 4 years. Training during the second cycle can conduct to reception of a degree master (in 1-2 years of training after reception of 1-st degree) and - or to a doctor's degree (at general duration of training 7-8 years).

### 2) Introduction of credit system:

It is the account of labour input of educational work. It is based on the ECTS (European Credit Transfer System - test units of labour input), having made its memory system capable to work within the framework of the concept

“training during all life”.

3) Quality surveillance of education

Establishment of Agencies for Accreditation, independent from national governments and international organizations. Estimation will be based not on training duration or contents, but on knowledge and skills, graduates got during their career. Standards will be simultaneously established.

4) Expansion of mobility

First students' mobility is stressed. Then mobility even regards teachers and other personnel. National acts are supposed to change in the field of foreigner employment.

5) Maintenance of employment of the graduates

One of the most important assumption on which the Bologna process is based is the final goal higher education must pursue: graduates should be able to use knowledge acquired all over Europe. The European market of work should recognize academic degrees and other qualifications useful, and professional recognition of qualifications should be facilitated. For assuring a mutual recognition of qualifications, use of the Appendix to the Diploma recommended by UNESCO is planned.

6) Maintenance of appeal of the European system of education

One of the main tasks that should be solved in the frameworks of Bologna process is making Europe attractive for those who study abroad. It is considered that the introduction of the all-European system of education will increase the appeal of European higher education.

Up to the present 45 states referred to the European region, and Bologna Declaration was signed by more than 30 countries. Taking into account States having very small quantity of educational establishments, (Andorra, Vatican, Monaco, etc.), the share of the European States that have joined in Bologna process is 81 %.

European experts will carry out intensive researches of systems of education, conditions of admission and transfer, application of credit systems, structure of awarded degrees, organization of educational process in Albania, Bosnia and Herzegovina, Macedonia, Russia and Yugoslavia. These 5 countries have joined Bologna Process in October 2003 in Berlin. It means that more than 90 % of European states participate in the creation of an integrated system of education.

Actually only Belarus, Moldova, Russia and Ukraine are out of the process. (MESU, 2004)

Ukraine did not determine yet concerning the participation in Bologna process. Ukrainian representatives were present, as full participants, only at some meetings. Questions concerning the process basic rules are not discussed in the Ukrainian press or at seminars and conferences. Ukraine's position can be explained thanks to the following considerations:

- It is difficult to begin a process of modernization of Ukrainian system of education yet is not already completed;
- Ukraine economic situation, despite any efforts towards stabilization, does not allow to hope for increase in financing of higher education, innovation and research;
- Ukrainian educational community is very conservative, because since the late 80s professor-teaching structure promptly grew old, and this process has not stopped yet;
- in Ukraine, many Bologna targets are already executed: the two-level system of academic degrees is entered; there is a national system of accreditation of educational establishments, all qualifications received by the graduates are claimed by the national market of work. Thus can create deceptive impression about an easy achievement of other purposes highlighted in the Bologna process.

Essential to acceptance of the decision about inclusion in Bologna process is the ambiguous attitude to offered innovations in Europe. Debate about feasibility of Bologna purposes is ongoing. However, it is necessary to note, that in many countries (Austria, Germany, Italy, Netherlands, Norway, Switzerland, Sweden) intensive legislation changes are going. Simultaneously, participants in ENIC and NARIC networks develop forms of simplification in the process of mutual recognition of documents about education.

Purposes set out in Sorbonne and Bologna Declarations, will be hardly achieved by 2010. Probably we can imagine a situation similar to EURO introduction: I mean some countries will take part to an integrated Zone of higher education since its inception, others will join it later.

Harmonization and variety of higher education

Presence, and in some cases introduction (for example, in Austria) of a binary system, and also the introduction in some countries of masters and bachelors in addition to the already existing courses, mean a considerable growth in the number of higher education offers. This growth is supported by the development of additional education

(education for the adult). This process, apparently, will enter contradiction on harmonization. Hence, the problem is the simultaneous maintenance of various educational needs inside the-national level. The problem of compatibility demonstrates importance of cooperation at national and European levels.

#### Socio-economic context and role of various subjects in educational process

It is important to realize that the basic purpose of the envisaged integrated educational system is the increase in the opportunity of employment for European citizens. Nowadays in the European Union a 10-percentage of unemployment is running, and the low level of mobility of the market of employment reduces competitiveness of Europe within the framework of the global economy.

One of the basic obstacles in mobility stands in education. The potential employers, which are ready to accept a work in another EU country seldom have an opportunity to carry out competent comparison of qualifications. Existing conventions on recognition of academic degrees, national information centres and European network on academic recognition and mobility (NARIC and ÅNIC) are completely inefficient. Therefore, Bologna goals can well be considered of primary importance to measure how instruction becomes fundamental in developing a competitive Europe. Thus will require EU countries, employers and professional organizations, and students' active participation. Only such wide involving of experts can bring the initiative to success.

#### Increase of competitiveness in the global market

The second purpose of new system of reception of academic degrees is the increase of competitiveness of the European system of higher education. The given task is dictated by two circumstances: 1) Europe lost its position as a provider of education for foreigners; 2) European education is confronted with non conventional and not European providers of higher education penetrated on the European market through branches campuses, virtual universities and other organizations.

The simplified procedure of access to education would strengthen positions of Europe in the global market of higher education. However for the present it is not clear up to what degree it really is a subject of anxiety for Europe. The European Commission till now did not show steady interest to a problem of researches concerning parity of number of the students decreasing from the countries of the European Union and arriving on training. The appropriate statistics is absent. At the centre of attention till now remained in the basic questions of mobility of the students aspiring to be trained in Europe. (COM-58, 2003)

The activity in the given question will also strongly depend on interest and initiatives of single European states. Some of them have already shown interest in attracting non-EU students (Great Britain, Netherlands, Germany and France, for example). Other countries, unfortunately, still collide with lack of places for the own students. These countries (for example, Greece) are students "exporters".

Another important aspect concerning the attraction of foreign students is the language utilized to carry out teaching.

The success of Bologna initiative as concerns the increase of competitiveness of European higher education, with a major attraction of foreign students, will depend from the convergence of national educational programmes and initiatives.

#### The warranties and accreditation of educational institutions

Bologna Declaration includes a phrase: "assistance to development of criteria and methodology for an estimation of quality of education". In the recent past, the European Commission intended to initiate cooperation in this area, as it took place in a line of the countries of the EU. In some of them the systems of an estimation of quality were developed, while in other countries the advanced systems were already used. At the same time State's activity did not become enough successful. Alongside with cultural and system distinctions national governments consider quality estimation as a basic sphere of responsibility. The introduction of convergent academic degrees, however, would immediately result in the necessity to elaborate coordinated criteria of quality estimation and, according to many experts opinion, to the establishment of minimum standards. Therefore it is possible to expect that Bologna initiative will enter questions of accreditation into the centre of discussions about higher education in Europe.

At present initiatives going "from below" push development of this question. The introduction in Germany of the programmes providing reception of a degree of the bachelor/master, initiated the establishment of Accreditation Council. Similar offers now are developed in the Netherlands. The government is considering possible aspects of cooperation with Germany and Great Britain. Other initiatives "from below" come from the European professional organizations and from a network of establishments of the European higher education. In addition, in Europe lays the way the international accreditation. Therefore it is possible to make the conclusion: numerous accreditations are becoming a widespread phenomenon in Europe.

Thus, in questions of accreditation students and employers will play an important role. It is important to mention that the first European conference to debate the influence of Bologna Declaration on the process of accreditation in Europe was organized Association of National Unions of the Students in Europe (ESIB). Conference participants focussed on the importance of cooperation between governments, on the establishment of system of higher education. (Council of Europe, 04.2003)

Ukraine's participation in the Bologna process is a difficult matter.

### *3. The characteristic of the Ukrainian educational system*

INSTITUTION TYPES & CREDENTIALS (IAU, 2004)

#### **Types of higher education institutions (HEIs):**

- Uniwersytet (University)
- Akademia (Academy)
- Instytut (Istitute)
- Konservatoria (Conservatoire)
- Koledge (College)

#### **School leaving and higher education credentials:**

- Atestat/Matriculation School Certificate
- Dyplom Molodshogo Spetsialista
- Dyplom Bakalavra
- Dyplom Spetsialista
- Master
- Dyplom Magistra
- Internatura
- Kandydat Nauk
- Doktor Nauk

STRUCTURE OF EDUCATION SYSTEM

#### **Pre-higher education:**

Duration of compulsory education:

- Age of entry: 6
- Age of exit: 15

Structure of school system:

- *Elementary*
  - o Type of school providing this education: Elementary School
  - o Length of program in years: 4
  - o Age level from: 6 to: 10
- *Lower Secondary*
  - o Type of school providing this education: Lower Secondary (Osnowna Serednia Shkola)
  - o Length of program in years: 5
  - o Age level from: 10 to: 15
  - o Certificate/diploma awarded: Swidoctwo Pro Nepownu Seredniu Oswitu/Lower Secondary School Leaving Certificate
- *Upper Secondary*
  - o Type of school providing this education: Upper Secondary Special School (Licei)
  - o Length of program in years: 3
  - o Age level from: 15 to: 18
  - o Certificate/diploma awarded: Atestat/Matriculation School Certificate
- *Upper Secondary*
  - o Type of school providing this education: Upper Secondary School (Starsha Serednia Shkola)
  - o Length of program in years: 2
  - o Age level from: 15 to: 17
  - o Certificate/diploma awarded: Atestat/Matriculation School Certificate
- *Special Education*
  - o Type of school providing this education: Upper Secondary Special School (Gimnazia)

- o Length of program in years: 3
- o Age level from: 15 to: 18
- o Certificate/diploma awarded: Atestat/Matriculation School Certificate
- *Vocational*
  - o Type of school providing this education: Vocational Secondary School (Technikum)
  - o Length of program in years: 5
  - o Age level from: 15 to: 20
  - o Certificate/diploma awarded: Atestat, Diplom Technika/Matriculation School Certificate, Professional Secondary School Leaving Diploma, Junior Specialist
- *Vocational*
  - o Type of school providing this education: Vocational School (Profesijno-Tecnichne Uchylyshche)
  - o Length of program in years: 4
  - o Age level from: 15 to: 20
  - o Certificate/diploma awarded: Atestat, Swidoctwo Pro Zakinchennia Uchylyshcha/Matriculation School Certificate, Vocational School Leaving Certificate

#### **School education:**

All children 7 to 15 years old attend the nine year compulsory school. If parents so wish, the child may start from the age of six. Options after the comprehensive school are upper secondary school or vocational education. Upper secondary school: 2-year general school leading to the Matriculation Examination, giving successful students access to university and other higher education schools. The present vocational education system covers both general secondary and vocational programmes, with separate tracks for comprehensive school leavers and matriculated students. The system is being reformed.

#### **Higher education:**

The Ministry of Education that coordinates and supervises the activities of higher schools administers higher education in Ukraine. According to the "Law on Education", higher education includes the following levels and categories of establishment: level I - vocational schools and other HEIs of a corresponding level; level II - colleges and other HEIs of a corresponding level which teach Bachelor and junior specialist courses; level III - institutes, conservatories, academies and universities that teach Bachelor's and Specialist, as well as junior specialist courses and ; level IV - institutes, conservatories, academies and universities which teach Bachelor's, Master's and Specialist courses. The degree system is under reform: The old system had only one stage of undergraduate studies, the degree of "Specialist", awarded after 5 years of study. The new system comprises two stages: undergraduate and graduate, with several degree levels. A Union of Rectors was created in 1993.

#### **Stages of studies:**

Post-secondary studies (technical/vocational type):

Non-university level:

Since 1992 the whole system of Ukrainian postsecondary education is considered "higher education". According to the "Law on Education", the following levels and categories of establishments offer higher vocational education: level I - technical and vocational schools; level II - technicums and colleges. They award the qualification of Junior Specialist. Level III institutes are university-level institutions. Graduates from post-secondary vocational schools must sit for final examinations and defend a graduation thesis/work. The Diploma confers a right to employment at a pre-set level or the right to continue training in institutions of a higher level.

*University level studies:*

*University level first stage: Bakalavr, Specialist:*

The academic and professional diploma of Bakalavr (BA, BEd., BMed.) is generally awarded after four years of successful study (six years for Medicine). The Bakalavr programme comprises basic higher education and professional training in a given professional field. It is an intermediate degree. The degree (Diplom) of Specialist is awarded after five or six years of study, depending on the type of institution.

*University level second stage: Magister:*

The Magister (Master's Degree) is awarded on the basis of a Bachelor's Degree or Specialist's qualification generally one to two years after the first degree. Students must pass final examinations and defend a thesis.

*University level third stage: Doctoral Degree-1:*

Ukraine keeps a two-degree system at doctoral level: Kandydat nauk (Candidate of Sciences, comparable to the Ph.D.), and Doctor nauk. The first qualification is obtained after three or four years of study by submitting and

publicly defending a thesis and passing the required examinations. The candidate's thesis can be prepared while following various forms of post-graduate studies.

University level fourth stage: Doctoral Degree-2:

The "Doctor nauk" is the highest scientific degree in Ukraine, comparable to "Habilitation" in some Western countries. It is awarded to candidates already holding a "Kandidat nauk", on the successful presentation and defence of the "Doctor nauk" (habilitation) dissertation. The Habilitation dissertation should represent a major contribution to the development of a given field or branch of learning, and has to be published entirely or at least its main parts.

Teacher education:

Training of pre-primary and primary/basic school teachers

Pre-primary and primary school teachers are trained in teacher-training institutions of Levels I, II, and III of accreditation (vocational schools, technikums, and colleges). Practical training at kindergarten and primary schools are part of the teacher training programme.

Training of secondary school teachers

Training is provided by higher education institutions of Levels III and IV of accreditation (institutes and universities), in different faculties (Education, Mathematics and Natural Sciences, Physical Education, etc.). The programme for teachers includes standard topics of education and psychology. Teachers of practical/vocational courses are trained in the technical education institutes.

Training of higher education teachers

There are no special forms of training for higher education teachers. Teachers of higher education are recruited among university graduates holding a Magister or Kandidat Nauk Degree who have followed special education courses through various types of assistance.

Non-traditional studies:

Distance higher education

A network of correspondence and evening courses is intended for persons who are already employed. Candidates for such courses must not only pass an entrance examination, but also prove they effectively worked for a certain time.

Lifelong higher education

Some institutions of higher education (mostly private) have departments of continuing education providing teaching based on the principles of general higher education. Obtaining Diplomas depends on credits obtained in required topics, as well as on the presentation of a memoire.

Higher education training in industry

A certain number of higher education institutions organize evening classes in industry that are of the same level as full-time studies.

Other forms of non-formal higher education

The television of Ukraine broadcasts educational programmes of different levels for students and teachers in schools ranging from primary to upper secondary. These programmes are designed to introduce teachers to new pedagogical methods.

ADMISSIONS TO HIGHER EDUCATION

**Admission to non-university higher education studies**

- Name of secondary school credential required: Atestat/Matriculation School Certificate
- Minimum score/requirement: satisfactory
- For entry to: all higher technical/vocational and professional non-university studies
- Alternatives to credentials: none
- Numerus clausus/restrictions: These studies are intended for graduates of general secondary schools holding the Matriculation School Certificate. However, graduates with other secondary school certificates may be accepted.

**Admission to university-level studies**

Name of secondary school credential required: Atestat/Matriculation School Certificate

Minimum score/requirement: satisfactory

For entry to: all institutions of higher education

Alternatives to credentials: none

Entrance exams required: Entrance examination, qualification test or qualifying interview for some university level studies. Each institution or department determines marks.

Numerous clausus/restrictions: Specific ability requirements are set for artistic studies, physical education and

architectural preservation studies. A certain age limit is also set.

Other admission requirements: Physical and mental predisposition of candidates to work in a certain professional field must first be ascertained

#### **Foreign students admission**

Definition of foreign student: A person not having Ukrainian citizenship.

Admission requirements: Students must hold a secondary school leaving certificate giving access to higher education.

Entry regulations: The possession of a student visa is necessary. The Rector of the chosen institution must officially admit students.

Health requirements: Candidates seeking admission to higher studies should submit a health certificate.

Language requirements: Students must be proficient in Ukrainian or Russian. A 9 to 10 month course is offered in each university or institution. They then sit for an examination that gives entry to the institution.

#### **Recognition of studies & qualifications:**

Studies pursued in home country (System of recognition/accreditation): Institutions award degrees according to the decision of the authority appointed by the Ministry of Education

Deals with credential recognition for entry to: University and Profession

Services provided & students dealt with: Information and guidance.

Other information sources on recognition of foreign studies: Ministry of Agriculture and Food, Ministry of Transport/Division of Education, The Vice-Rector for International Affairs of the higher education institutions

#### *4. Steps of Ukraine in a direction Bologna process*

With the purpose of realizing Bologna Declaration goals, Ukraine Ministry of Education and Sciences (Orders <sup>1</sup> 48 and 49, 23.01.2004) in January 2004 accepted the appropriate Action Program for 2004-2005 and began the realization of pedagogical experiment on credit-modular system of organization of educational process. (MESU, 2004)

The overall objective of the Action Program is the integration of the national system of education into the European space. Thus requires the realization of the following criteria and standards:

- constant training during all life;
- students' attraction to training;
- competitiveness of European space of higher education and science for other regions of the world.

For realizing Bologna process' objectives in Ukraine it is necessary:

- to improve two-step structure of higher education;
- to accept transparent and clear gradation of the diplomas, degrees and qualifications;
- to use uniform system of credit units and Appendices to the Diploma;
- to take into account European practice of organization of accreditation and quality surveillance of education;
- to support and to develop the European quality standards;
- to liquidate obstacles for students, teachers and researchers' mobility;
- to introduce a modern approach of integration of higher education and sciences with business, preparing masters and post-graduate students;
- to ensure the further development of autonomy and self-management of higher education and science.

The realization of this Action Program will give an opportunity:

- to lead the national educational system to modernization;
- to improve quality of education, through the adoption of standards, which will be developed by the European Community by 2010;
- to introduce in Ukraine the all-European system of scientific degrees;
- to introduce system of credits compatible with ECTS;
- to promote Ukrainian citizens' (which receive education or give educational services) mobility.

These results are planned to be reached by pedagogical experiments on the introduction of credit-modular system of organization of educational process in higher educational institutions III-IV levels of accreditation.

A first stage of experiment (2003-2004 years) regards the development of educational-methodical materials, contents of education, forms of educational process organization, approbation in experimental groups, definition of directions of preparation, specialities.

The second stage (2005-2008 years) aims at entering corrective amendments into experimental materials and their

approbation on the large file of the experiment participants.

Ukraine needs to fulfil conditions allowing it to take part in the uniform European educational and scientific space, introducing the basic ideas generated from the Bologna Declaration and other documents that constitute the Bologna process:

- construction of the European zone of higher education so as to develop citizens' mobility increasing their employment chances;
- formation and strengthening of Ukrainian intellectual, cultural, social and scientific and technical potentials;
- international and national competitiveness increase;
- competition with other systems of higher education, for influence and prestige;
- increased role of higher educational institutions in development national and European cultural values.

59 state and not state higher educational institutions have been indicated to participate in experiment that allow to reach the following results:

- increase of higher education quality, graduates competitiveness and national higher education prestige ;
- introduction of the standards higher education in view of specificity of credit-modular system;
- creation of a system of quality estimation of students' education, which is most adapted to the requirements Bologna Declaration;
- creation of normative-methodical maintenance of academic students' mobility in domestic and European educational space;
- creation of a mutual recognition of the diplomas of a state sample about higher education on principles stipulated ECTS.

Among the participants of this experiment, there is also Donetsk National University.

#### *5. Educational aspects of the European Neighbourhood Policy*

The European Neighbourhood Policy pays little attention to education. EU and Ukraine educational cooperation will be actively carried out within the framework of the special EU Programs: TEMPUS, Erasmus Mundus, Jean Monnet Project and others. The basic ENP documents provides us with not too much information on the education issue. (COM-104, 2003; COM-393, 2003; COM-373, 2004)

Spreading the benefits of increased economic growth to all sectors of society requires positive action to promote social inclusion via mutually reinforcing economic, employment and social policies. Attention to areas including education, health, training and housing is equally important.

EU programmes and activities in research, education, culture and bilateral visitor programmes should be expanded. Exchange programmes between youth and universities, the creation of European studies courses and the opening of new Euroinformation centres, 'people-to-people' activities, including professional exchange/visit programmes, activities in the field of media, training and journalists exchanges merit close consideration.

Ideas circulated by the new member states should be looked upon favourably. Exchanges on a regional level regarding governance and human rights training issues have proven beneficial and should be explored further.

For Russia and the WNIS, community, EBRD and EIB supported initiatives should be further developed. While the central role played by the EBRD should continue to be supported, the EU could also consider the progressive and targeted increase of EIB lending to Russia, and its extension to Ukraine, Moldova and, eventually, Belarus. The EU should ensure the IFIs take adequate account of the importance of spending on education, health and social safety net provisions in their policies towards the neighbouring countries.

Promoting local, "people-to-people" type actions bearing in mind the long-standing social and cultural links across the external borders of the Union, it is important that the new external EU border is not seen as a barrier to existing contact and co-operation at the local level. This type of cooperation has a long-standing tradition in particular on the land borders of the enlarged Union. Therefore, cross-border contacts at regional and local level should be encouraged, enhancing exchanges and deepening economic, social, cultural and educational co-operation between local communities.

The Neighbourhood Programmes will cover a broad range of actions flowing from the objectives in point above and may include, for example, infrastructure in the sectors of transport, environment, energy, border crossings, electronic communications; investments in economic and social cohesion (productive investments, human resource development, business-related infrastructure, cooperation in the fields of research and technology and innovation); people-to-people actions (like cultural and educational exchanges and co-operation); promoting the management of the movement of people and support to institution building (including justice and home affairs, border and customs

management and meeting other common challenges).

#### **Added value**

The ENP brings added value, going beyond existing cooperation, both to partner countries and to the EU. This added value takes a number of forms:

The Commission is examining the possibilities of gradual opening of certain Community programmes, promoting cultural, educational, environmental, technical and scientific links.

#### **People-to-people, programmes and agencies**

An effective means to achieve the ENP's main objectives is to connect the peoples of the Union and its neighbours, to enhance mutual understanding of each others' cultures, history, attitudes and values, and to eliminate distorted perceptions. Thus, in addition to contacts between public bodies or businesses, the ENP will promote cultural, educational and more general societal links between the Union and its neighbourhood.

The European Neighbourhood Policy envisages the gradual opening of certain Community programmes, based on mutual interests and available resources. Areas to be explored include education, training and youth, research, environment, as well as culture and audio-visual. The YOUTH programme, which already promotes people-to-people contacts and co-operation between civil society actors in the youth field, should be further enhanced. The Tempus and Erasmus Mundus programmes offer possibilities to strengthen contacts between students and teachers. The Action Plans will identify concrete opportunities for partners to participate in such programmes.

As participation in programmes designed for Member States can pose practical difficulties to third countries, the creation of dedicated programmes geared specifically to meeting partner countries' needs should also be explored. For instance, the Commission has proposed to create "Tempus Plus", a dedicated programme addressing the education and training needs of the countries covered by the ENP (COM-156, 2004). The reform and modernisation of learning systems is a *sine qua non* condition for the economic competitiveness and the social and political stability of partner countries and Tempus Plus could play a crucial role in this respect.

#### *Regional cooperation on the EU eastern borders*

Initiatives should focus on issues of common concern, which would benefit from a multilateral approach. As shown by the experience in other geographical contexts (including the Northern Dimension area), regional fora could in many cases offer substantial added value to bilateral efforts. Priority cooperation sectors include:

- People-to-people issues, including civil society development, activities in the fields of media and journalists' exchanges, promotion of good governance and respect for human rights, professional, academic and youth exchanges, visit schemes, cooperation in the sectors of education, training, science and culture, twinning between local and regional administrations as well as civil society organisations. Due attention should be paid to public health issues and to tackling effectively the spread of communicable diseases such as HIV/AIDS and TB.

In the Report on Ukraine (COM-SEC-566, 2004) some attention to the system of education and its development opportunities is also given at the expense of cooperation with EU universities. Some fragments of this report are reported below (they deal with the Ukrainian educational system project of reform).

Ukraine participates in the YOUTH programme which promotes people-to-people contacts and co-operation between actors of civil society, such as associations and NGOs in the youth field. Regarding higher education, Ukraine is eligible for participation in the Community programmes Tempus and Erasmus Mundus.

Ukraine's **female labour force participation** rate is high (64% compared with 73% for men). Despite similar education levels, women tend to have lower-paid jobs and there are slightly more poor female-headed households than poor male-headed households.

In recent years, Ukraine has made significant efforts in developing reform strategies and undertaking reform policies in the human development sector. The country continues to face challenges, however, and in the education sector these translate into unequal access, eroding quality and low efficiency in the use of resources.

A Law on Education (2001) increased compulsory education to twelve years. A Government education reform strategy (the "National Doctrine for Development of Education in Ukraine in the XXIst Century") approved in 2001, included redefined priorities for the sector and improved strategies for service delivery from preschool to tertiary education. Vocational education and training reform is based on a law passed in February 1998 which aims at the decentralisation of a system still heavily oriented towards training specialists in industry and agriculture. Eradicating outdated specialisations and attracting private sector support are among other government aims for Vocational and Educational Training reform.

6. *Facts in issue of development of education of the European countries and cooperation with Ukraine*

- 1) According to 2000 data, in EU countries more than 75 % of young people has successfully finished secondary education. As a result of 70 % of the representatives of age group 25-34 years had, at least, complete secondary education. Data about previous generation, (age group 55-64 years) is 50 %. (Council of Europe, 02.2003)
- 2) Unemployment among owners of complete secondary education is **twice lower** than among young people which received incomplete secondary education. Graduates in schools with professional training detain an even better position in the labour market. Practically in all countries educational system provide with both fundamental general educational preparation and opportunity to receive secondary educational professional training.
- 3) In 2000, in 30 countries of Europe **16670 thousand** students were trained. Among them more than 78 % are educated in EU countries. The average parameter of students in structures of tertiary education is 15 %.
- 4) Great Britain, Germany and France have the most advanced systems of tertiary education with a number of students exceeding of 2 million and approximately by identical proportions of representation of the students in total of learning youth: 13 %, 12 % and 14 % accordingly. Spain and Italy have a quota of students of 1,8 million, but with higher proportions of representation of the students in structure all learning, accordingly 21 % and 17 %.
- 5) The number of students in EU countries has grown **more than twice**. In Greece, Spain, Ireland, Finland and Portugal it has even **trebled**. The lowest growth in the number of students was observed in Germany - 50 %.
- 6) The average age of students in tertiary education is **22 years** and changes from country to country within the limits of 20 - 25 years. The basic reasons that explain the students' population "aging" are: à) excess of normative terms of training; á) extensive courses duration (till 13-14 of years), and tertiary education. A conspicuous part of the students' population do not finish their programmes 5-6 years of tertiary education, because of financial difficulties. They are compelled to work, and come back to study later. (Zgaga, 2003)
- 7) Introduction of new national structures of education aiming at the reduction of "student's career", providing students with the appropriate professional qualifications, after **3 years** of training.
- 8) **2 %** of European students in tertiary education and 5 % of university students participate in the Trans-European academic mobility. Bologna process supports the measures to stimulate further growth of academic mobility. In particular, in EU countries teachers' preparation programme provides obligatory training in another European country for one semester. This programme pursues the following goals: reception of thorough language knowledge and achievement of mutual understanding, formatting the all-European market of work. Adaptation of educational courses, mutual recognition of results of intermediate examinations and all kinds of diplomas/qualifications, are called to stimulate movement of the students through borders. Transition by all European countries to comparable structures of higher education, acceptance of the systems of educational credits (test units) will strengthen these tendencies. (Council of Europe, 04.2003)
- 9) According to 2000 data, the average parameter of the governmental charges on education (all steps) in EU countries is **5,5%** of the Total Internal Product. There is, however, a great degree of differentiation. Denmark, Sweden, Norway and the Estonia show the best percentages- 8,1 %; 7,7 %, 7,6 % and 7,4 % respectively. In Romania, Greece, and Bulgaria percentages are: 3,4 %; 3,6 % and 3,8 %. Among the conducting countries only France reaches 6% of the Total Internal Product. Great Britain, Germany, Spain and Italy run from 4,5 % up to 4,7 %.
- 10) For the period **since 1995**, when in EU countries the historical maximum of an average parameter of a share of expenses in Total Internal Product was fixed, for 2000 the steady tendency to its decrease is observed. The insignificant gain of a parameter (5 %) was marked in Denmark, Portugal and Sweden. The gain of the given parameter on 25 % in Greece has allowed this country to reduce sharp backlog from other members of EU. Was characteristic for other countries of EU the reduction of a parameter on 10 %, and in Great Britain even on 15 %. Economic recession has fixed this tendency.
- 11) Budget charges on education differ strongly from country to country: in Denmark - 14,5 %, in Greece - 6,4 %. In 2000 the average parameter has been **11,2 %**, but was a little bit lower in Germany, Italy and Netherlands, accordingly: 9,5 %, 9,3 % and 10,2 %. Except for Cyprus (15,6 %) and Denmark (14,5 %), budget charges on education are above the average of the European level in Austria, Finland and Sweden (11,7 %, 11,9 %, 12,9 %).
- 12) On the basis of data collected in 30 countries, the structure of charges on education is characterized by the following proportions: **28 %** - initial education, **48 %** - secondary education, **24 %** - tertiary education.

Ukraine Ministry of Education and Sciences carries out cooperation with EU within the framework of the Programme of the Trans-European Cooperation (Higher Education - TEMPUS (TACIS) and on a bilateral basis with

EU countries' higher educational institutions. EU invested in Ukraine, within the framework of the Programme TEMPUS, more than 35 millions EURO in the process of reforming national higher education. 126 projects in 40 higher educational institutions were launched. Since 2003, 14 projects have been realized in Ukrainian universities. Within the realization of the Programme TEMPUS (9 years) 500 applications for projects were sent which included more than 1000 Ukrainian higher educational institutions and EU countries.

Projects address the following objectives: introduction of modern educational technologies, creation and use of the newest methods of management of educational process, restoration of close joint work between universities and industry.

The project TEMPUS "European economic studies and relation in sphere of business" resulted in the creation of the Centre of the European and International Studies. It is start preparing, for the first time in Ukraine, masters on European studies, on a speciality "State service" (specialization "Global and European Integration"), "International Economy" (specialization "European economy"), "Finance" (specialization "European finance").

The Ministry intends to consider Ukraine's opportunities of participation in joint programmes and projects with the EU, such as SOCRATES (European programme of education directed at development of European increase of quality of education by encouragement of cooperation between the countries- participants); Leonardo da Vinci (programme in the sphere of vocational training and improvement of professional skills directed at developing opportunities for training in the European companies). The program Youth-mobility and informal education directed to youth from 15 till 25 years is an interesting opportunity for young people to take part in group and individual educational programs and voluntary works. (COM-156, 2004)

### *7. Strategic directions of modernization of education of Ukraine*

The strategic directions of modernization of education, which are of primary importance for Ukraine public development, define both objective tendencies of general educational development and state processes closely connected to them. (Kuchma, 2002).

Transition of mankind from industrial manufacture to scientific - information technologies, and then to a community of knowledge objectively put forward a science as the greatest priority. Any industrial activity, and in general any sphere of ability to live, will depend on the level of human development.

Taking into account the growth of globalization, which means an aggravation of competition between states-nations, it is obvious that only those countries able to develop education and sciences can hope for a worthy place in the world.

The first strategic purpose in reorganizing education and science is to develop societal understanding of their relevance. Last years data showed a growth of workers' wages with better education and science only in 2003 - in the beginning of 2004 on 44 % and in unknown, not only for years of independence, and willows the Soviet period to increase twice since July 1, 2004 of the grants to the students.

But all these actions can be considered only as first steps. In the coming years it will be necessary to finance scientific and technical sphere up to 1,7 % of the Total Internal Product, so as to come closer to the EU countries expenditure levels. They fixed, in fact, for 2010, a total expenditure of 3 % of the Total Internal Product. In education, we should practically double present 4,3 % Total Internal Product to be competitive with the countries of EU.

The second strategic purpose consists in modernizing educational activity to provide those necessary capabilities to live in XXI century. On this basis the National doctrine of development of education was approved by congress of the workers of education and was authorized by Decree of the President of Ukraine two years ago. (MESU, 2004)

What tasks is it going to address?

1) It is essential to correct an orientation of educational process. The world has entered in a period in which change of ideas, technologies and knowledge occurs faster than change of generations. Therefore it is impossible to reduce training only to the development by a schoolboy sum of knowledge. Except for this function of educational process there is a task to learn independently to study, to take possession of the new information.

Education should prepare men to perceive changes, to create changes, to estimate variability as an organic component of their own way of life. Modern civilization and modern economy requires an innovation in men, which can be brought up only by education.

On this basis, practical changes in education are also addressed.

2) Modernization of education. Globalization links each man to the incomparably large, complex system of mutual relation, that essentially complicates vital behaviour of man.

Therefore education should prepare advanced, independent, self-sufficient persons, which are guided not by fear, but by their own beliefs and independent conscious analysis. That is why we carry out transition from authoritarian

pedagogic to pedagogic of tolerance, which implies respect for each student's natural abilities and psychological features.

We can talk of a democratization of school life.

Without forming self-sufficient persons it is not possible neither stable and democratic society, nor effective market economy, which requires active and responsible person.

3) The third task in modernizing education consists in translation of material base of educational process on a modern level. School, which has in a class only board, tables and textbooks departs in the past. Today's education is impossible without modern computers, electronic textbooks, modern physical, chemical, biological studies with the evident equipment.

During last year an essential shifts in computerization has been registered: at the expense of the central budget 1835 computer classes have been realized. Today 54 % of high schools in the country are computer aided, village - 45 %. Government fixed the objective to provide each school I - III levels with a computer class.

Ukrainian Ministry of Education and Sciences finished the program "Educational equipment" to adjust manufacture and deliver modern devices for study in educational institutions.

4) The fourth task consists in realizing language break in education, and then in the Ukrainian society. Here two questions. One consists in maintenance of knowledge of the state language. Today 75 % of children at schools are trained in the Ukrainian language. Though it is a lot of problems here in a line of regions of Ukraine. The problems are caused first of all by absence of environment, talking on the Ukrainian language.

And second, in the globalized world man cannot work effectively if he can not support his professional competence with a wide dialogue. Therefore, near to thorough study of Ukrainian language, steps on maintenance the study of foreign languages are carried out.

The study of foreign language begins with 2 class. According to the new educational plans there will be an opportunity to study from 5-th class one more foreign language, or language of national minority. It creates a relevant opportunity to learn Russian, a knowledge that Ukrainian society should not lose.

**About higher education.** The strategic purposes of its development are caused by its new functions in the modern world. It not only way of preparation of the experts, as spoke earlier, for a national economy. The reception of higher education, besides, becomes a more and more obligatory stage in the development of man. In a society, intellectual potentials are necessary conditions for introducing scientific and information technologies.

In Ukraine last years essential parameters have been achieved. In 1990 in Ukrainian SSR 176 students on 10 thousand population were trained. Today they are 385. An important problem is higher education quality. Ukraine Ministry of Education and Sciences stopped the activity of 60 separate divisions of higher educational institutions. During its last session, State Accreditation Commission decided to enter the moratorium not only on opening of new branches, but on licensing those already existing.

The works on optimization of a parity of preparation of the experts are continued. All additional places of the state order, and for last 3 years their number has grown on 15 %, are allocated for specialities connected to scientific and information technologies and real manufacture. Development of technical education was discussed during the recent meeting of rectors of technical universities and during the meeting of directors of technical schools and colleges.

One of the important task to carry out is the connection with the Bologna process, which aims at the creation of a single European educational space within 2010. 40 countries participate in the process, including Russia. There is no choice but to join the process if we do not want to become educational farms on borders of Europe.

Bologna process and national interests push for an increased role of a university science. Its financing is linked to financial maintenance of other scientific structures.

Inclusion of technical schools in the structure of higher education has resulted, on one hand, in self-discredit of domestic higher education. On the other hand, it has reduced opportunities for successful work of technical schools. Therefore Ministry of Education is going to bring to Government the offer of withdrawal of technical schools from the structure of higher education, giving them an independent status - probably it is necessary to name them as base vocational training. In this framework preparation of young experts will be between professional technical education and higher education.

There many problems concerning an innovative development of economy in a context of scientific and technical activity:

- Low demand on scientific - capacious domestic production both on internal, and in the external markets;
- Both state, and non-state financial institutions are very poorly focused on investment innovation;
- Insufficient experience of effective protection of intellectual property;
- No system of improvement of professional skills, which would react to the modern requirements, strengthe-

ning the ability of introducing innovation.

In order to attract domestic and foreign investors in scientific researches, it is particularly important to introduce new scientific production and technologies in manufacture. They are necessary for improving legislative base, preferential taxation, transfer of technologies, intellectual property.

New efforts for integration of education and science are certainly required. There is a good level of cooperation between Ukrainian Ministry of Education and National Academy of Sciences. But it is not enough: cooperation of different research institutes and other higher educational institutions is required.

These and other actions will certainly promote an increase of the contribution of education and science in the structural economy reorganization of they will ensure Ukrainian society's sustainable development.

#### Conclusions

After having compared Ukrainian systems of higher education to EU countries systems, and after having estimated progress made by Ukraine in the framework of educational European integration, it is possible to make the following conclusions:

- It will be difficult for Ukrainian education to proceed from a multilevel system (younger expert - bachelor - expert - magister - candidate of sciences - doctor of sciences) to the European integrated system, which is envisaged by the Bologna process (bachelor - master - doctor of philosophy);

- Transition to the European system of higher education should be supported by the European Commission, opening access of Ukraine universities to a line of new programmes of cooperation between universities, and expanding students, teachers and researchers support;

- Realization of Ukrainian plans of participation in Bologna process will allow Ukraine to more widely use opportunities provided by the new European Neighbourhood Policy.

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# TOWARDS A EUROPEAN PERSPECTIVE FOR THE COMMON MEDITERRANEAN HOUSE AND THE POSITIVE SOCIAL DEVELOPMENT CAPABILITY OF ISLAMIC COUNTRIES

Arno TAUSCH

## *Introduction*

Ever more explosive conflicts seem to surround the European continent. The past war in Iraq, the conflict over Palestine, the welfare border at the Straits of Gibraltar are just examples. At the same time, and seemingly against all odds of the '*conflict between the civilizations*', the European Union continues its policy of the Mediterranean partnership<sup>1</sup>. The European Commission considers Turkey – a secular country with an overwhelming Muslim population majority, with good reason as candidate for membership in the European Union, all the more so since the far-reaching reforms enacted by the Turkish Parliament in Summer 2002.

It will be shown in this essay that summarized research on the theme of the European Neighborhood policy over the last years and presents new results on the issue of South-North migrations, featuring so prominently in the essays by Haffad and Kudrina in this volume that not a Huntingtonian development failure of "Muslim culture" is to blame for many of the ills of the region, but that policies, based on the "Washington Consensus", have reached their limit.

When Boabdil, the last Muslim ruler of Spain, handed over the keys of the city of Granada to the Catholic rulers in 1492, it was perhaps for the first time in history that the keys to the European common house figured prominently. Are we Europeans entitled to keep these keys in our hands forever, and to exclude the neighboring world of Islam?

Europeans should remember that the keys of the 'common European house' do not belong to one cultural tradition only. The world of Islam was pivotal to the European path to the Renaissance and to the re-discovery of classic Greek philosophy. Muslim tolerance and knowledge enabled us Europeans to develop. While there were terrible persecutions of Jewry in Europe, the world of Islam was generally tolerant towards Jewry and to Oriental Christianity, and even provided a safe heaven of refuge for the Sepharadic refugees, expelled from Spain in 1492.

An EU-25-Europe, comprising now 25 states, and stretching from the doors of Saint Petersburg to the Straits of Gibraltar, and from the western shores of Ireland to Cyprus, Crete, and Sicily, not too many miles away from major population centers of the Arab world, has to systematically think about its long-term neighborhood and its relations to the "outside world" (see especially the contribution by Manuela Moschella to this volume). This essay now systematically tries to link results, presented in this volume, to ongoing debates in the empirical world system debate<sup>2</sup>.

A successful integration of the Mediterranean South would have tremendous and positive repercussions for regional and world peace. And this question is made all the more relevant by the expected demographic shifts in the vicinity of Europe until 2050.

## *A brief look at the multivariate results that justify a certain optimism*

Many authors would agree on the hypothesis that development in the Muslim world is deficient. However, various factors insufficiently understood by existing theory combine to explain why pessimistic visions do not correspond to the complete reality.

Well, first of all, with rising levels of purchasing power parity gross domestic product, the today existing world of Muslim countries had much a higher positive correlation with rising income levels than the entire world economy (n = 174 countries with UNDP data) for the following indicators:

- growth of female economic activity (1975=100)
- female tertiary students as % of males
- % immunization against TB
- % female administrators and managers
- % immunization against measles
- gender empowerment
- % female professional and technical workers

<sup>1</sup> See also: The Barcelona process and Euro-Mediterranean issues from Stuttgart to Marseille / edited by Fulvio Attinà and Stelios Stavridis. Milano : Giuffrè, 2001, and Manuela Moschella's paper in this volume

<sup>2</sup> See also: Il sistema politico globale : introduzione alle relazioni internazionali / Fulvio Attinà, Roma: Laterza, 2003, and Peter Herrmann and Arno Tausch (Eds) "Dar al Islam" at: [http://www.gallileus.info/gallileus/members/m\\_TAUSCH/publications/107892609054/107892622908/](http://www.gallileus.info/gallileus/members/m_TAUSCH/publications/107892609054/107892622908/)

- male life expectancy
- female life expectancy

With rising income levels, the world of Islam also much better avoided the following negative phenomena of the development process than the entire world economy:

- divorce rate as % of marriages
- % population, aged >65y, 1998
- male suicide rate per 100.000 inhabitants
- female suicide rate per 100.000 inhabitants
- juvenile convictions as % of all convictions
- % population, aged >65y, 2015
- HIV rate
- maternal mortality ratio
- central government expenditures as % of GDP
- infant mortality rate
- % people not expected to survive age 60
- rapes per 100.000 women aged >15 y.

With that methodology, it is also possible to indicate along which indicators the UNDP considers to be positive performance criteria the Muslim nations were outperformed by the rest of the world:

- % parliamentary seats held by women
- % women in government, ministerial level
- % women in government, all levels
- economic growth, 1975-98
- female economic activity rate as % of male economic activity rate
- public health expenditure per GDP
- % women in government, subministerial level
- contraceptive prevalence rate
- maastricht budget criteria
- daily supply of calories, 1998
- female economic activity rate
- male literacy
- gross domestic savings rate
- human development index
- female literacy
- gross domestic investment
- doctors per 100.000 people
- women's GDP per capita

The UNDP philosophy would expect that with rising per capita income levels, certain negative social phenomena disappear. However, the member states of the Islamic Conference reduced more slowly than the entire 'world control group' (n = 174 countries) the following social deficits:

- injuries and deaths from road accidents per 100.000 inhabitants and year
- average cigarette consumption per adult and year
- teen-age mothers as % of all mothers
- TBC cases per 100.000 inhabitants
- % infants with low birth-weight
- female unpaid family workers as % of all unpaid family workers

Several of the negative effects which we above described, and which the UNDP Arab Human Development Report 2002 calls the three deficits of human development in the region, might still be caused by other influences, and not the status of a country as an Muslim nation.

*Questions of measurement of the multivariate analysis*

The choice of the 109 countries for our multivariate analysis<sup>3</sup> was determined by the availability of a complete data series for the independent variables (if not mentioned otherwise, UNDP data):

- % population, aged >65y, 1998
- % women in government, ministerial level
- (I-S)/GDP (calculated from UNDP)
- state interventionism (absence of economic freedom; Heritage Foundation and Wall Street Journal website for economic freedom<sup>4</sup>, 2000)
- EU-membership
- Islamic Conference membership (OIC website<sup>5</sup>)
- ln (GDP PPP pc)<sup>2</sup>
- ln(GDP PPP pc)
- military expenditure as % of GDP

<sup>3</sup> As to the analysis with 109 countries, see the complete download at:  
[http://www.gallileus.info/gallileus/members/m\\_TAUSCH/publications/107885009366/107885016639/](http://www.gallileus.info/gallileus/members/m_TAUSCH/publications/107885009366/107885016639/) interpretation) and

[http://www.gallileus.info/gallileus/members/m\\_TAUSCH/publications/107900624503/10790063671/](http://www.gallileus.info/gallileus/members/m_TAUSCH/publications/107900624503/10790063671/) (EXCEL data file)

<sup>4</sup> <http://www.freetheworld.com/>; also: <http://www.heritage.org/research/features/index/>. We used the latter website as the source of our data. It has to be kept in mind, that the “worst” countries on the economic freedom scale have the numerically highest values, while the best countries have the numerically lowest values. Lao People’s Dem. Rep. – the economically “unfreest” country in our sample - has the numerical value 4.6, while the economically freest country, Singapore, scores 1.45. We thus decided to call our indicator “state interventionism”

<sup>5</sup> <http://www.oic-oci.org/> there the icon “members”

<sup>6</sup> A rising degree of monopolization in the leading center countries over time determines that, in order to keep the share of wages at least constant, a rising exploitation of the raw material producers sets in to offset the balance. There is a massive, internationally published evidence that speaks in favor of dependency theory. However, it would be wrong to portray dependency simply in terms of MNC penetration, and to neglect other aspects of that relationship. Such authors as Singer and Tausch have put emphasis on the **resource balance** as an indicator of the weight of **foreign saving**. Other formulations of dependency insisted on **‘unequal exchange’** which, according to one such formulation, hampers development (i.e. double factorial terms of trade of the respective country are < 1.0; see Raffer, 1987, Amin, 1975). Labor in the export sectors of the periphery is being exploited, while monopolistic structures of international trade let the centers profit from the high prices of their exports to the world markets in comparison to their labor productivity. Since double factorial terms of trade are simply net barter terms of trade weighted by productivities (F) of X, exports, and M, imports, the formula

$((PX * FX)/(PM*FM)) = 1$  denotes the conditions of ‘equal’ exchange as opposed to unequal exchange:

$((PX * FX)/(PM*FM)) = < 1.0$

Nations with

$((PX * FX)/(PM*FM)) = > 1.0$

are the countries that benefited from unequal exchange.

Empirical support for Raffer’s and Gernot Kohler’s reformulation of the theory of unequal exchange is overwhelming. Losses or gains from unequal exchange are calculated as the difference between a “fair value” of exports/imports and the “actual (unfair) value” of exports/imports. The estimation formula is:

$T = d * X - X$

where

d = the exchange rate deviation index (also designated as “ERD” or “ERDI” in the literature)

X = the volume of exports from a low- or middle-income country to high-income countries (valued at the actual exchange rate)

T = the unrecorded transfer of value (gain or loss) resulting from unequal exchange

The transfer of value from the peripheries to the center, according to this reasoning, is gigantic:

Unequal Exchange 1965 and 1995, by Center/Periphery

Unequal Exchange

Gain (+)

Loss (-)

CENTER      PERIPHERY

(% of OECD GDP)    (% of NON-OECD GDP)

1965    +1.4%            - 1.8 %

1995    +8 %                -24 %

(Number of countries: OECD N=19 (1965) and N=22 (1995); NON-OECD N=88 (1965) and N=97 (1995)) (see Kohler/ Tausch, 2002). As the data series by Kohler and Tausch shows, unequal exchange especially negatively affected the countries of Eastern Europe outside the EU-25 and the countries of the Arab world.

- MNC PEN 1995 (UNCTAD)
- public education expenditure per GDP
- unequal exchange (calculated from UNDP, concept: 1/ERDI<sup>6</sup>)

The following dependent variables were used; with pair wise deletion of missing values each time determining the number of countries entering into the 14 final regression equations:

- % people not expected to survive age 60
- CO2 emissions per capita
- development stability (year with highest real income minus year with lowest real income) since 1975 (calculated from UNDP)
- ESI-Index (Yale/Columbia environment sustainability index project website<sup>7</sup>)
- Factor Social Development (Tausch, 2001b, calculated from 35 UNDP social indicators, SPSS factor analysis<sup>8</sup>)
- female economic activity rate as % of male economic activity rate
- female share in total life years (calculated from UNDP – share of female life expectancy in the sum of male and female life expectancy)
- GDP output per kg energy use (“*eco-social market economy*”<sup>9</sup>)
- GDP per capita annual growth rate, 1990-98
- human development index
- life expectancy, 1995-2000
- Political rights violations (Freedom House, 2000<sup>10</sup>)
- share of income/consumption richest 20% to poorest 20%
- unemployment (UN social indicators website)

The following countries featured in the analysis: Albania; Algeria; Argentina; Armenia; Australia; Austria; Azerbaijan; Bahrain; Bangladesh; Belarus; Belgium; Belize; Bolivia; Botswana; Brazil; Bulgaria; Burkina Faso; Burundi; Cambodia; Chad; Chile; China; Colombia; Costa Rica; Côte d’Ivoire; Croatia; Cyprus; Czech Republic; Denmark; Egypt; El Salvador; Estonia; Ethiopia; Fiji; Finland; France; Gabon; Gambia; Georgia; Germany; Ghana; Greece; Guatemala; Guyana; Honduras; Hungary; India; Indonesia; Iran, Islamic Rep. of; Ireland; Israel; Italy; Japan; Jordan; Kazakhstan; Kenya; Kyrgyzstan; Lao People’s Dem. Rep.; Latvia; Lebanon; Lesotho; Lithuania; Luxembourg; Madagascar; Malawi; Malaysia; Mali; Malta; Mauritania; Mexico; Moldova, Rep. of; Mongolia; Namibia; Nepal; Netherlands; New Zealand; Nicaragua; Nigeria; Norway; Pakistan; Panama; Philippines; Poland; Portugal; Romania;

<sup>7</sup> <http://www.ciesin.org/indicators/ESI/> We have chosen the 2001 data series at <http://www.ciesin.org/indicators/ESI/archive.html>. The general description of this indicator says that the ‘Environmental Sustainability Index (ESI) is a measure of overall progress towards environmental sustainability, developed for 142 countries. The ESI scores are based upon a set of 20 core “indicators,” each of which combines two to eight variables for a total of 68 underlying variables. The ESI permits cross-national comparisons of environmental progress in a systematic and quantitative fashion. It represents a first step towards a more analytically driven approach to environmental decision making.’

<sup>8</sup> Female life expectancy; life expectancy, 1995-2000; life expectancy, 1970-75; male life expectancy; human development index; female literacy; male literacy; contraceptive prevalence; daily supply of calories; immunization against measles; public health expenditure; doctors per inhabitants; average cigarette consumption; female tertiary students as % of male tertiary students; parliamentary seats held by women; gender empowerment; women’s GDP per capita in purchasing power; growth of female economic activity; public education expenditure; women in government, ministerial level; women in government, all levels; female share in professional and technical workforce; women in government, sub-ministerial level; female share in administrative and managerial workforce; female economic activity rate as % of male economic activity rate; teen-age mothers; food import dependence; share of top 20% compared to bottom 20% in income distribution; female economic activity rate; TBC cases per 100,000 inhabitants; HIV rate; infants with low birth-weight; maternal mortality rate; infant mortality rate; % of people not expected to survive age 60.

<sup>9</sup> This term is most probably an Austrian invention. The governing Conservative People’s Party – to be precise, its former Chairman Dr. Josef Riegler – seems to have invented this term in the late 1980s. For more on that debate: <http://www.nachhaltigkeit.at/bibliothek/pdf/Factsheet11OekosozMarktw.pdf>; and Michael Rösch, Tübingen University at [http://tiss.zdv.uni-tuebingen.de/webroot/sp/spsba01\\_W98\\_1/germany1b.htm](http://tiss.zdv.uni-tuebingen.de/webroot/sp/spsba01_W98_1/germany1b.htm). As an indicator of the reconciliation between the price mechanism and the environment we propose the indicator GDP output per kg energy use; the term ‘eco-social market economy’ neatly grasps all the aspects of this empirical formulation

<sup>10</sup> Taken here from Stiftung Entwicklung und Frieden, edition 2002. The political freedom data referring to the year 2000 can also be downloaded at: <http://www.freedomhouse.org/ratings/index.htm>

Russian Federation; Saudi Arabia; Senegal; Singapore; Slovakia; Slovenia; South Africa; Spain; Sri Lanka; Sweden; Switzerland; Syrian Arab Republic; Tajikistan; Thailand; Tunisia; Turkey; Uganda; United Kingdom; United States; Uzbekistan; Venezuela; Yemen; Zambia; Zimbabwe

We have to start here from the assumption that the basic tools of multivariate macro-quantitative analysis in political science and sociology are known to the audience of this article (for further literature on the subject, see Achen; Clauss and Ebner; Huang; Jackman; Kriz; Krzysztofiak. and Luszniwicz; Lewis - Beck; Microsoft Excel; Opp and Schmidt).

A sophisticated re-analysis of the tendencies of world development in the 1990s should start from the assumption that the development level has a decisive, non-linear trade-off with subsequent development performance: poor countries increase rapidly their average life expectancy or economic growth and they quickly reduce their income inequality etc.

Social scientists interpreted this effect mainly in view of an acceleration of economic growth in middle-income countries *vis-à-vis* the poor countries and in view of the still widening gap between the poorest periphery nations ('*have-nots*') and the '*haves*' among the former Second and Third World (Tausch/Herrmann, 2002):

$$\text{(Equation ) development performance} = a_1 + b_1 * \ln(\text{PCI}_{\text{m}}) - b_2 * (\ln(\text{PCI}_{\text{m}}))^2$$

The same function is also applied to income inequality and the rest of our 14 indicators, following a famous essay published by S. Kuznets in 1955. Growth and development accelerate with redistribution, and then stagnate. In general terms, we explain development performance by the following standard multiple cross-national development research equation:

$$\text{(Equation ) development performance}_{1990 - \text{end } 1990\text{s}} = a_1 + b_1 * \text{first part curvilinear function of development level} + b_2 * \text{second part curvilinear function of development level} + b_3 * \text{transnational investment per GDP (UNCTAD)}_{\text{mid } 1990\text{s}} + b_4 * \text{unequal exchange (1/ERDI)} + b_5 * \text{foreign saving} + b_6 * \text{military expenditures per GDP} + b_7 * \text{aging} + b_8 * \text{public education expenditures per GDP} + b_9 * \text{membership in the Islamic Conference} + b_{10} * \text{European Union membership} + b_{11} * \text{absence of economic freedom (state interventionism)}$$

In the following, we will present our results about the effects of globalization in a multi-variate perspective. We are then able to tell, whether "Muslim culture" or "dependency" or the absence of "economic freedom" are to be blamed for the lack of growth, for inequality and deficient human development in the countries of the Mediterranean and in the world system in general.

#### *The final results for 109 countries*

In general terms, several but not all aspects of the presented theories are confirmed, while other central assumptions of both the "*Washington Consensus*" and of its dependency theory counterpart are rejected<sup>11</sup>. Also, theories about aging; feminist theories; human resource theories; military Keynesian theories/peace theories (i.e. theories maintaining that militarism has a very bad effect on long-run development); globalization critique and international economic integration theories have to tally with both positive and negative effects of their key indicators on different measurements of social, environmental and economic welfare, indicating that the time of the "quick fixes" has definitely gone and that contemporary development realities are very complex indeed. It should be noted that in this and in the following presentations, we already considered duly that "good effects" are "good effects" and that "bad effects" are "bad effects" when presenting our results; i.e. a development strategy that **increases**, say, under 60 **mortality** rates, is a **bad** strategy and thus has "**negative**" effects.

Our results can now be summarized briefly as follows:

**Aging** is part and parcel of the structure of industrialized societies, East and West. Aging contributes to a generalized scarcity of labor, which in turn leads to improved distributive relationships between the rich and the poor. However, several negative effects must also be considered properly – especially the negative effects of an aging

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<sup>11</sup> presentations are rather brief here, since downloadable results are available from:  
[http://www.galileus.info/galileus/members/m\\_TAUSCH/publications/107892609054/107892622908/](http://www.galileus.info/galileus/members/m_TAUSCH/publications/107892609054/107892622908/)  
The book by Peter Herrmann and Arno Tausch (Eds.) should be available in print by fall 2004.

population structure on the process of human development, which is basically the dire consequence of unreformed pension systems (Tausch, 2003).

	aging % population, aged >65y, 1998
GDP output per kg energy use (eco-social market economy)	positive
female economic activity rate as % of male economic activity rate	positive
share of income/consumption richest 20% to poorest 20% (income redistribution)	positive
unemployment (UN) (employment)	positive
CO2 emissions per capita (Kyoto)	negative
female share in total life years	negative
% people not expected to survive age 60 (survival)	negative
life expectancy, 1995-2000	negative
Factor Social Development	negative
human development index	negative

**Political feminism** has an aggregate positive effect on many phenomena of human and ecological development, but it fails to transform political power into improved employment and distribution structures. This is due mainly to the process of distribution coalition formation, featuring so prominently in neo-liberal theories of economic growth (see especially, the writings of Weede).

	political feminism % women in government, ministerial level
CO2 emissions per capita (Kyoto)	positive
female share in total life years	positive
% people not expected to survive age 60 (survival)	positive
life expectancy, 1995-2000	positive
Factor Social Development	positive
human development index	positive
GDP output per kg energy use (eco-social market economy)	negative
female economic activity rate as % of male economic activity rate	negative
share of income/consumption richest 20% to poorest 20% (income redistribution)	negative
unemployment (UN) (employment)	negative

As one of the three main indicators of dependency, the reliance on **foreign savings** eases the distribution burden against the poorer segments of society during the accumulation process, but it has several negative effects on a variety of other development processes, including the environment and political democracy.

	foreign saving (I-S)/GDP
share of income/consumption richest 20% to poorest 20% (income redistribution)	positive
CO2 emissions per capita (Kyoto)	negative
human development index	negative
ESI-Index (sustainability)	negative
Political rights	negative

**Absence of economic freedom (state interventionsim)**, paradoxically enough, increases the rationality of the societal resource allocation and leads towards an improved development stability but it fails to resolve two basic issues: overall environmental stress and societal sexism in the employment sphere. State interventionism has negative consequences for women as the more vulnerable group in society.

	absence of economic freedom (state interventionsim)
CO2 emissions per capita (Kyoto)	positive
GDP output per kg energy use (eco-social market economy)	positive
development stability (year with highest real income minus year with lowest real income) since 1975	positive
ESI-Index (sustainability)	negative
female share in total life years	negative
female economic activity rate as % of male economic activity rate	negative

**Military expenditures** have a certain Keynesian effect but they contribute towards a worse environmental balance. Military expenditures lead towards a drying up of what Marxists term “the reserve army of labor”, which, in turn, leads to a certain better social cohesion and employment gender balance. But militarized structures consume large amounts of fossil fuel, with advanced air forces especially contributing to that process.

female economic activity rate as % of male economic activity rate	positive
share of income/consumption richest 20% to poorest 20% (income redistribution)	positive
CO2 emissions per capita (Kyoto)	negative
GDP output per kg energy use (eco-social market economy)	negative

**MNC penetration** contributes to an improved ESI Index and towards better female employment, but it has negative consequences for human survival and life expectancy. In addition, an interesting phenomenon worthy of further research is the interconnection between decaying public services, decaying public transport and decaying public health services in the host countries of transnational investment on the one hand and the strategic policies of transnational corporations on the other hand, concentrated on the private sector, private transport, private medical services and the private automobile. The strengthening triple alliance between the MNCs, local capital and the state is a net result of the globalization process, and it still has dire social consequences as well.

	dependency on foreign capital MNC PEN 1995
female economic activity rate as % of male economic activity rate	positive
ESI-Index (sustainability)	positive
% people not expected to survive age 60 (survival)	negative
life expectancy, 1995-2000	negative

Human resources and human development investments ever since the publication of the first United Nations Human Development Reports in the early 1990s are regarded as the key towards a socially equitable and sustainable development. However, as often happens in development theory, the early optimism regarding the effects of one variable has soon to be qualified.

In our sample, the countries with the best **public education expenditure** record were: Namibia Botswana Lesotho Sweden Denmark South Africa Jordan Tunisia Uzbekistan Israel Finland Poland Saudi Arabia Norway New Zealand Estonia Zimbabwe Yemen Kenya Latvia France Ireland-

There are very surprising clear-cut negative interactions between public education expenditure and an eco-social market economy and political democracy. Positive effects exist as well, but they are not statistically significant. A plausible intervening variable, which we did not as yet consider in our investigation, could be the years of experience of a country as a centrally planned economy.

	public education expenditure per GDP
GDP output per kg energy use (eco-social market economy)	negative
Political rights	negative

**Unequal exchange** has the most clear-cut negative results of all dependency indicators on the process of development, as understood in this investigation; especially on democracy, the environment, gender justice and employment. The positive effect on income redistribution has to be seen in the context of the siphoning-off of the surplus value from periphery countries that reduces the share of the richest 20 % in total income distribution.

	unequal exchange
share of income/consumption richest 20% to poorest 20% (income redistribution)	positive
GDP output per kg energy use (eco-social market economy)	negative
Political rights	negative
female economic activity rate as % of male economic activity rate	negative
ESI-Index (sustainability)	negative
CO2 emissions per capita (Kyoto)	negative
female share in total life years	negative
unemployment (UN) (employment)	negative

There are very diverse views nowadays on the **European Union**. As a recent paper, published in the journal "Parameters" of the US Army maintains (Wilkie, 2003): "Still, there are those on both sides of the Atlantic who believe that the European Union, as an old-fashioned socialist bureaucracy, is "fundamentally unreformable" and also culturally hostile to the United States" (Wilkie, 2003: 46)<sup>12</sup>

<sup>12</sup> <http://carlisle-www.army.mil/usawc/Parameters/02winter/wilkie.htm>

There is a wide range of literature now available that highlights the negative effects of European integration in a globalized world economy (for a survey of the literature and politometric evidence, see Tausch and Herrmann, 2002; for a detailed discussion about the Freedom House Indicators and East Central Europe, see Elena Baracani's paper in this volume; for a debate on the external economic relationships of greater Europe with Russia, see Oleg Akatov's essay to this volume). In the present research design, the most considerable effect is the negative trade-off between EU membership and political democracy, once you control for the other intervening variables that together explain jointly 66.1 % of political rights violations.

	EU-membership
Political rights	negative

Our results about the European Union might be considered more provocative still, when we also consider that – contrary to popular assumptions – membership in the **Islamic Conference** is not an impediment against political democracy. Our results clearly contradict many of the expectations inherent in the writings of Professor Samuel Huntington. 4 development indicators – 2 for the environment, 1 on human development, and 1 on democracy – are positively and significantly determined by membership in the Islamic Conference, once you properly control for the effects of the other influencing variables. However, gender justice and redistribution remain the “Achilles heel” of today's members in the Islamic Conference, strengthening the cause of those who advocate – like in the *United Nations Arab Human Development Report* – more social inclusion and more gender justice in the region.

	Islamic Conference membership
Political rights	positive
GDP output per kg energy use (eco-social market economy)	positive
CO2 emissions per capita (Kyoto)	positive
life expectancy, 1995-2000	positive
share of income/consumption richest 20% to poorest 20% (income redistribution)	negative
female economic activity rate as % of male economic activity rate	negative

The well-known **acceleration** and **maturity** effects of development have to be qualified in an important way. Ever since the days of Simon **Kuznets**, development researchers have applied curve-linear formulations in order to capture these effects. However, the results for our equation above are not as clear-cut as one might have expected; and – in addition – the direction of the influence does hardly correspond with the equation. The curve-linear function of **growth**, being regressed on the natural logarithm of development level and its square, is sometimes called the ‘Matthew's effect’ following Matthew's (13, 12): *‘For whosoever hath, to him shall be given, and he shall have more abundance: but whosoever hath not, for him shall be taken away even that he hath’*

Social scientists interpreted this effect mainly in view of an acceleration of economic growth in middle-income countries vis-à-vis the poor countries and in view of the still widening gap between the poorest periphery nations (‘have-nots’) and the ‘haves’ among the semi-periphery countries (Jackman, 1982). Their hypothesis is only partially confirmed here – there is no significant acceleration at low levels of development, but a significant economic growth stagnation/saturation effect. The first expression -  $+ b1 * \ln(PCItm)$  – yields the following results:

	acceleration effects development $\ln(\text{GDP PPP pc})$
female economic activity rate as % of male economic activity rate	positive

The second part of the “Kuznets-curve” -  $b_2 * (\ln(\text{PCIn}))^2$  - has today the following results:

	maturity effects development $\ln(\text{GDP PPP pc})^2$
female economic activity rate as % of male economic activity rate	positive
life expectancy, 1995-2000	positive
share of income/consumption richest 20% to poorest 20% (income redistribution)	positive
ESI-Index (sustainability)	positive
female share in total life years	positive
human development index	positive
Factor Social Development	positive
GNP per capita annual growth rate, 1990-98	negative

*Implications for policy in the Euro-Med region*

By far the **most negative influence** on development is wielded by **unequal exchange**, followed by the **aging process** (especially without **pension reform**) and certain negative aspects of **feminist distribution coalitions** in society:

	% negative effects	% positive effects	% insignificant effects
unequal exchange	50,0	7,1	42,9
aging % population, aged >65y, 1998	42,9	28,6	35,7
political feminism % women in government, ministerial level	28,6	42,9	28,6
foreign saving (I-S)/GDP	28,6	7,1	64,3
absence of economic freedom (state interventionsim)	21,4	21,4	57,1
military expenditure as % of GDP	14,3	14,3	71,4
dependency on foreign capital MNC PEN 1995	14,3	14,3	71,4
public education expenditure per GDP	14,3	0,0	85,7
Islamic Conference membership	14,3	28,6	57,1
EU-membership	7,1	0,0	92,9
maturity effects development $\ln(\text{GDP PPP pc})^2$	7,1	50	42,9
acceleration effects development $\ln(\text{GDP PPP pc})$	0,0	7,1	92,9

By far the most **positive effects** on social, ecological and economic development come about by the **maturity effects** of development, followed by the **positive aspects of feminism**, the **aging process** and **membership** in the **Islamic Conference**:

	% negative effects	% positive effects	% insignificant effects
maturity effects development ln (GDP PPP pc) <sup>2</sup>	7,1	50,0	42,9
political feminism % women in government, ministerial level	28,6	42,9	28,6
aging % population, aged >65y, 1998	42,9	28,6	35,7
Islamic Conference membership	14,3	28,6	57,1
absence of economic freedom (state interventionsim)	21,4	21,4	57,1
military expenditure as % of GDP	14,3	14,3	71,4
dependency on foreign capital MNC PEN 1995	14,3	14,3	71,4
unequal exchange	50,0	7,1	42,9
foreign saving (I-S)/GDP	28,6	7,1	64,3
acceleration effects development ln(GDP PPP pc)	0,0	7,1	92,9
public education expenditure per GDP	14,3	0,0	85,7
EU-membership	7,1	0,0	92,9

With all the talk about dependency, globalization or the “*Washington Consensus*” notwithstanding, it is shown that **feminism**, **pension reform**, the **maturity effects of capitalism** as well as **unequal exchange** open up new horizons of future development debates. The variables

- political feminism % women in government, ministerial level
- aging % population, aged >65y, 1998
- maturity effects development ln (GDP PPP pc)<sup>2</sup>
- unequal exchange

are far more relevant in explaining our 14 development dimensions than the traditional “stars” of the debate, the political and left and right, pro- and anti-globalization movements, culturalist development theories etc. notwithstanding. The variables

- Islamic Conference membership
- absence of economic freedom (state interventionsim)

- foreign saving (I-S)/GDP
- military expenditure as % of GDP
- dependency on foreign capital MNC PEN 1995
- public education expenditure per GDP
- acceleration effects development  $\ln(\text{GDP PPP pc})$
- EU-membership

on the other hand do not have so many significant effects (insignificant effects > 50 %) as the “new” variables (insignificant effects < 50 %), which were analyzed in this article and which will determine future development outcomes in a decisive way:

	% negative effects	% positive effects	% insignificant effects
political feminism % women in government, ministerial level	28,6	42,9	28,6
aging % population, aged >65y, 1998	42,9	28,6	35,7
maturity effects development $\ln$ $(\text{GDP PPP pc})^2$	7,1	50,0	42,9
unequal exchange	50,0	7,1	42,9
Islamic Conference membership	14,3	28,6	<b>57,1</b>
absence of economic freedom (state interventionsim)	21,4	21,4	<b>57,1</b>
foreign saving (I- S)/GDP	28,6	7,1	<b>64,3</b>
military expenditure as % of GDP	14,3	14,3	<b>71,4</b>
dependency on foreign capital MNC PEN 1995	14,3	14,3	<b>71,4</b>
public education expenditure per GDP	14,3	0,0	<b>85,7</b>
acceleration effects development $\ln(\text{GDP PPP pc})$	0,0	7,1	<b>92,9</b>
EU-membership	7,1	0,0	<b>92,9</b>

The (meager) effects of the “Washington Consensus” variables on development are the following. Relationships, contradicting the basic assumptions of the theory, are printed in bold letters:

	absence of economic freedom (state interventionsim)	dependency on foreign capital MNC PEN 1995
% people not expected to survive age 60 (survival)	..	<b>negative</b>
CO2 emissions per capita (Kyoto)	<b>positive</b>	..
development stability (year with highest real income minus year with lowest real income) since 1975	<b>positive</b>	..
ESI-Index (sustainability)	negative	positive
Factor Social Development	..	..
female economic activity rate as % of male economic activity rate	negative	positive
female share in total life years	negative	..
GDP output per kg energy use (eco-social market economy)	<b>positive</b>	..
GNP per capita annual growth rate, 1990-98	..	
human development index	..	..
life expectancy, 1995-2000	..	<b>negative</b>
Political rights	..	..
share of income/consumption richest 20% to poorest 20% (income redistribution)	..	..
unemployment (UN) (employment)	..	..

In addition, it should be noted that a central assumption of the “*Washington Consensus*” – competitive exchange rates – could be operationalized by “1/ERDI” and amounts to “unequal exchange”.

The results for the **dependency explanation** of world development are the following. Relationships contradicting the theory are printed in bold letters:

	foreign saving (I-S)/GDP	dependency on foreign capital MNC PEN 1995	unequal exchange
% people not expected to survive age 60 (survival)	..	negative	..
CO2 emissions per capita (Kyoto)	negative	..	negative
development stability (year with highest real income minus year with lowest real income) since 1975	..	..	..
ESI-Index (sustainability)	negative	<b>positive</b>	negative
Factor Social Development	..	..	..
female economic activity rate as % of male economic activity rate	..	<b>positive</b>	negative
female share in total life years	..	..	negative
GDP output per kg energy use (eco-social market economy)	..	..	negative
GNP per capita annual growth rate, 1990-98	..		..
human development index	negative	..	..
life expectancy, 1995-2000	..	negative	..
Political rights	negative	..	negative
share of income/consumption richest 20% to poorest 20% (income redistribution)	<b>positive</b>	..	<b>positive</b>
unemployment (UN) (employment)	..	..	negative

Let us turn to issue of Islamic development efficiency. The empirical record, presented in this essay, speaks a clear language in favor of Islamic democracy and against those in the West that attempt to treat Islamic cultural heritage as a general development burden. A careful reading of what theologians – most notably, also leading Christian experts on Islam among them – positively have to say on Islamic humanism and its interesting institutions of *zakat* and *sadaqat*<sup>13</sup> is in stark contrast to the contemporary rhetoric of cultural warfare; basic Islamic institutions have enormously many aspects to offer to world development. A glance at the literature could easily convince anyone about the richness of Islamic social doctrine and Islamic social philosophy (Abdullah and Khoury, 1984; Armstrong, 2001; Khoury, 1980, 1981, 1991; Kunzmann and associates, 1996; Russell, 1999; Tibi, 1985, 1992, 2001). *Zakat* is the first institution of social security in the world system. Payment of 2 ½ percent of savings of the *zakat* fund is one of the fundamental duties of a Muslim. The State is responsible to collect *zakat* and makes arrangements for its distribution; while *sadaqat* is paid at no fixed rate (see also: The Light of Islam website at <http://home.swipnet.se/islam/articles/Non-Muslim.htm>).

Our evidence shows that the majority of Islamic countries transformed their “growth” much better to the benefit of “life quality” (average life expectancy) than most other societies around the globe.

At the same time, the UNDP data set shows that life expectancy as the most direct indicator of life quality in the world system has dramatically increased in the regions of the Middle East and in the Andean countries of Latin America, while in Southern Africa and in Eastern Europe there was a stagnation over the long period 1970 – 2000.

Seen in such a way, the contrary of common beliefs is true: “Kemalism”, “Arab socialism” and other “isms” were quite successful, while the “Washington Consensus” strategies put in place after 1989 in Eastern Europe and the former USSR proved to be one of the utmost development failures in human history.

The following graph shows that a non-linear formulation for the trade-off between historic life expectancy levels and subsequent life expectancy increases is more adequate than a linear one:

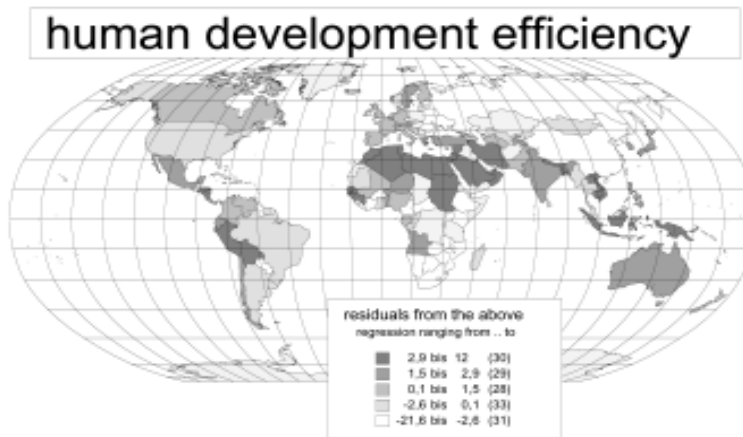
Graph : life expectancy levels in 1970/75 and life expectancy increases 1970 - 2000



It emerges that the **Islamic countries** are among the **best** performers on this scale (i.e. as measured by the residuals from the non-linear equation in the entire world system). The countries in the Map marked in dark colors are really those where growth (or stagnation) was in benefit for the poor, while the countries, marked in white colors, are the ones where growth (or stagnation) did not benefit the poor, irrespective of life expectancy levels reached back in 1970.

<sup>13</sup> In the framework of the ecumenical dialogue between Christianity and Islam the prayer meeting of His Holiness the Pope at the Omayyad Mosque in Damascus on the 6th of May, 2001 should be especially mentioned: [http://www.kuftaro.org/English/wot/on\\_the\\_occasion\\_of\\_the\\_visit\\_of\\_.htm](http://www.kuftaro.org/English/wot/on_the_occasion_of_the_visit_of_.htm); <http://www.catholic-forum.com/saints/pope0264qr.htm>

**Map : human development efficiency in the world system**



Legend: there are missing data for Greenland, Cuba, Dominica, Guatemala, Poland, West Sahara, Chad, the Czech Republic, Croatia, Bosnia and Herzegovina, Macedonia, Serbia, Montenegro, the Congo, Eritrea, Tanzania, Yemen, Qatar, Afghanistan, and Kazakhstan

**Development is a contradictory and dialectical process.** There is no single strategy, that has only positive results, and there is no strategy, that has only negative results. No single development theory today captures all these negative and positive effects that interact together. At this stage, perhaps, the question will arise – what are the **real policy implications**, then, of this kind of analysis for the Mediterranean region? It should be clear that a reliance on the “*Washington Consensus*” alone will not “fix” the performance of countries beyond a better and more predictable “development stability”. The most consistent consequence of the “**dependency**” analysis of this essay is the realization that a reliance on foreign capital in the short term might bring about positive consequences for employment – especially female employment – but that the long-term negative consequences of dependence in the social sphere, but also for sustainable development, outweigh the immediate, positive effects. Our three-fold empirical understanding of the process of globalization – reliance on foreign savings, MNC penetration and unequal exchange, - goes beyond the average analysis of the workings of dependency structures and shows how different aspects of dependency negatively affect development performance. The **integration of the countries of the periphery into larger currency blocs** – quite contrary to what the “*Washington Consensus*” has to say about “*competitive currencies*” - **will be one of the most important tasks for international development strategies for years to come.** Left for themselves in the capitalist world economy, the countries of the periphery and semi-periphery will always be victims of international currency instabilities. In the light of earlier published analyses, it is no surprise that “*unequal exchange*” (1/ERDI; ERDI being the exchange rate deviation index) is again established to be the **most important dependency variable**, far more important in its negative effects on social and sustainable development than the UNCTAD data series on MNC penetration. **European Union integration**, this analysis again shows, on the other hand is not a quick fix for many of the social ills of the periphery and semi-periphery. The EU under present conditions fails to have sufficiently enough dynamic effects and its **democratic deficits** become ever more clear. In terms of the size of the quantitative effects on the 14 dimensions of development under investigation here, it is shown that the new political structures associated with **political feminism** that substituted patriarchic structures inherent in practically all world regions for much of the 19<sup>th</sup> and the early 20<sup>th</sup> Century have a very considerable effect on the development outcomes of today. As we have outlined above, feminism in power – i.e. the share of women in positions of political decision making - achieves to transform many aspects of development, but, as other “distribution coalitions” before it, creates certain aspects of stagnation as well and thus is not free from the effects of the logic of “*collective action*” that is at the heart of the neo-liberal doctrine of today (see especially the works Olson and Weede). In the 21<sup>st</sup> Century, the **process of aging** and the necessity of pension reform, closely linked to that process, also cannot be overlooked anymore. In our analysis, unequal exchange, aging, and political feminism achieve the majority

of the significant effects on the 14 development dimensions under investigation here, i.e. far more than the “master” variables of earlier debates, like “economic freedom” versus “MNC penetration”. As has been argued elsewhere, globalization critics especially must start to look at pensions and pension funds seriously – because the way, in which you manage the savings of society for old age, you also manage technological innovation and world systems position in general (Tausch, 2003). It is also evident from the analysis presented in this article that **Islamic culture** is not a development blockade; on the contrary. Membership in the Islamic Conference has – ceteris paribus – a very positive effect on political democracy, on life expectancy, and on our indicators of the Kyoto-process and the eco-social market economy. Far from being a “religion of the Middle Ages” Islam has an important message for the 21<sup>st</sup> Century. It is to be hoped that socially progressive forces in the MENA countries will achieve a better monetary distribution of incomes and a better gender distribution of work in the societies concerned in the future.

*Looking back on short-run dynamics and long-term stagnation*

There is a considerable interest in the research literature on FDI’s in the lesser developed regions of our globe (see Ali Hemal’s contribution to this volume). As we said, a constant feature of the world system approach, and in particular Volker Borschier’s development theory, is his idea that penetration by transnational capital causes short-term dynamism but long-term stagnation. Transnational capital decreased its MNC penetration in the Muslim host countries considerably since the mid 1990s. The long-term negative effects of MNC penetration, the empirical world systems argument goes, should be felt however in the region. Now this is what exactly happened in the Mediterranean world in the 1970s and 1980s, with the effects still being relevant today. In general terms, we observed at the beginning and in the mid 1990s high levels of existing penetration in the “dominion economies” like Australia and Canada, in Western Europe, in many parts of Latin America, Southern and Western Africa, in Egypt, in Tunisia and on the Arab Peninsula, and in China and Southeast Asia.

In order to test the relevance of the dependency model proposed by Volker Borschier and his associates, based on MNC penetration and its increases over time, with the new data series provided by UNCTAD (independent variables MNC penetration 1995 and increases of MNC penetration 1995 - 2000) and the UNDP (HDR, 2000; independent variables: development level and all dependent variables), we calculated the multiple regressions for 14 development dimensions:

$$\text{development performance} = a_1 + b_1 * \text{first part curvilinear function of development level} + b_2 * \text{second part curvilinear function of development level} + b_3 * \text{transnational investment per GDP (UNCTAD)}_{\text{mid 1990s}} + b_4 * \text{DYN transnational investment per GDP (UNCTAD)}_{1995-2000}$$

**n = 164 countries<sup>14</sup> complete data for GDP PPP, MNC Penetration, DYN MNC Penetration, unequal exchange**

This leads to the following results. Borschier’s theory receives only partially a standard 5 % error probability confirmation by the reported dynamic performance of the human development indicator and the growth of female economic activity indicator, and the economic growth theory is also only partially confirmed here as well.

	T-value and direction of effect by DYN MNC PEN	T-value and direction of effect by MNC PEN	shape of original Borschier/Chase-Dunn assumptions confirmed/rejected	results significant at 5 % level yes
change in human development index, 1990-98	0,1104156	-0,049958	confirmed	no
GNP per capita annual growth rate, 1990-98	0,4226642	-0,200435	confirmed	no
growth of female economic activity (1975=100)	-2,494461	2,8265732	long term good effect by transnational penetration, stagnation is short-term	yes

<sup>14</sup> The countries with complete data were: Albania; Algeria; Angola; Antigua and Barbuda; Argentina; Armenia; Australia; Austria; Azerbaijan; Bahamas; Bahrain; Bangladesh; Barbados; Belarus; Belgium; Belize; Benin; Bhutan; Bolivia; Botswana; Brazil; Brunei Darussalam; Bulgaria; Burkina Faso; Burundi; Cambodia; Cameroon; Canada; Cape Verde; Central African Republic; Chad; Chile; China; Colombia; Comoros; Congo; Congo, Dem. Rep. of the; Costa Rica; Côte d’Ivoire; Croatia; Cyprus; Czech Republic; Denmark; Dominica; Dominican Republic; Ecuador; Egypt; El Salvador; Equatorial Guinea; Estonia; Ethiopia; Fiji; Finland; France; Gabon; Gambia; Georgia; Germany; Ghana; Greece; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; Hong Kong, China (SAR); Hungary; Iceland; India; Indonesia;

*A world system view on South-North migration and the Barcelona process*

In this book, two authors, Tahar Haffad, and Liudmila Kurdina, look at the issue of South-North migration in the framework of the Mediterranean region. Most neo-classical economists regard migration as a process of poverty reduction in the migration sending countries. A prominent econometric and politometric analysis to maintain such a hypothesis is the work of Adams and Page<sup>15</sup>, published by the World Bank.

In this contribution, we re-analyze the Adams and Page paper and apply their data set on worker remittances per GNP as a main indicator of dependency of a country on migration with our 109 country analysis, presented earlier.

Historical data compiled by Aghion and Williamson<sup>16</sup>, re-analyzed in Kohler and Tausch, highlight the importance of the Adams and Page approach, which maintains that the freedom of migration is an important element in poverty reduction. From 1870 to 1995, the European South had a divergent development path that would at least justify certain optimism regarding the Mediterranean partner countries. Williamson shows on the basis of large scale historical evidence that Atlantic migration reduced the poverty gap between Europe and North America, while barriers to South-North migration in Europe maintained what there remained in terms of the welfare gap between Northern and Southern Europe:

	Real GDP per head 1870	Real GDP per head (Europe = 100)	Real GDP per head, 1995 Value	Europe = 100	Gain/loss in relative position, 125 years of development
<b>PORTUGAL</b>	793	<b>44</b>	12674	<b>64</b>	<b>20</b>
FINLAND	1095	60	18547	93	33
NORWAY	1229	67	22427	113	46
<b>SPAIN</b>	1338	<b>73</b>	14789	<b>74</b>	<b>1</b>
ITALY	1568	86	20174	101	15
SWEDEN	1596	88	19297	97	9
GERMANY	1619	89	20370	102	13
AUSTRIA	1847	101	21322	107	6
DENMARK	1836	101	21983	111	10
FRANCE	1935	106	21176	107	1
SWITZERLAND	2476	136	24881	125	-11
NETHERLANDS	2490	137	19876	100	-37
BELGIUM	2572	141	21548	108	-33
GB	3115	171	19302	97	-74

*Köhler G. and Tausch A. (2001) 'Studies on Unequal Exchange' Huntington, NY: Nova Science*

World system researchers take a more pessimistic view. They would tend to take a sober view of the process of convergence and migration in Europe. Regional data<sup>17</sup> for the Single European Market with its 4 freedoms show that many of the Southern member regions of the EU-15 that were poor in the mid 1990s, i.e. with a per capita income of less than 80 % of the EU-15 average, had no convergence of incomes or no falling unemployment – or even worse, they faced decreasing incomes and rising unemployment rates, although the 4 freedoms were implemented on a continental scale. In Italy, which is a member of the European Union since the very beginning, the Southern *Mezzogiorno* regions – with the exception of Molise and Basilicate -, experienced no real double convergence of incomes and employment with the European centers.

Iran, Islamic Rep. of; Ireland; Israel; Italy; Jamaica; Japan; Jordan; Kazakhstan; Kenya; Korea, Rep. of; Kyrgyzstan; Lao People's Dem. Rep.; Latvia; Lebanon; Lesotho; Lithuania; Luxembourg; Macedonia, TFYR; Madagascar; Malawi; Malaysia; Maldives; Mali; Malta; Mauritania; Mauritius; Mexico; Moldova, Rep. of; Mongolia; Morocco; Mozambique; Namibia; Nepal; Netherlands; New Zealand; Nicaragua; Niger; Nigeria; Norway; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russian Federation; Rwanda; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Samoa (Western); Saudi Arabia; Senegal; Seychelles; Singapore; Slovakia; Slovenia; Solomon Islands; South Africa; Spain; Sri Lanka; Sudan; Swaziland; Sweden; Switzerland; Syrian Arab Republic; Tajikistan; Tanzania, U. Rep. of; Thailand; Togo; Trinidad and Tobago; Tunisia; Turkey; Turkmenistan; Uganda; Ukraine; United Arab Emirates; United Kingdom; United States; Uruguay; Uzbekistan; Vanuatu; Venezuela; Viet Nam; Yemen; Zambia; Zimbabwe

<sup>15</sup> [http://econ.worldbank.org/files/31999\\_wps3179.pdf](http://econ.worldbank.org/files/31999_wps3179.pdf)

<sup>16</sup> see also <http://post.economics.harvard.edu/faculty/jwilliam/>

<sup>17</sup> [http://www.galileus.info/galileus/members/m\\_TAUSCH/publications/107883913831/108996532111/?msg=2](http://www.galileus.info/galileus/members/m_TAUSCH/publications/107883913831/108996532111/?msg=2) with the entire freely available EXCEL file of the European regional data, based on [http://europa.eu.int/comm/regional\\_policy/sources/docoffic/official/repor\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/docoffic/official/repor_en.htm)

**Poor regions** in the EU-15 that even saw their **meager relative incomes diminished** between 1995 and 1999 were:

France Guyane

Belgium Hainaut

UK Tees Valley&Durham, Highlands&Islands, NorthEast, Northern Ireland

Germany Dresden, Sachsen, Brandenburg, Mecklenburg-Vorpommern, Dessau, Halle

France, Réunion, Départementsd'Outre-Mer

Portugal Alentejo

Finland Itä-Suomi

**Rising unemployment** between 1990 and 2000 was experienced in the following European Union (EU-15) periphery regions:

Austria Burgenland

Belgium Hainaut

Finland Itä-Suomi

France Corse

Greece Attiki, Dytiki Ellada, Dytiki Macedonia, Ionia Nisia, Ipeiros, Kriti, Notio Ai gaio, Peloponnisos, Thessalia, Voreia Ellada, Voreio Aigaio

Italy Calabria, Campania, Molise, Puglia, Sardegna, Sicilia

Portugal Açores

Spain Galicia, Principado de Asturias

A number of authors from the dependency/world system tradition observed dramatic shifts in the location and organization of international production since the mid 1960s. While the traditional division of labor between the center and the periphery implied industrial production in the centers and raw material production in the peripheries, linked to each other via the mechanism of unequal exchange and oligopolistic competition, these structures began to change, the argument of Froebel *et al.* and Ross goes, in favor of global shifts of the sites and organization of production: the old, classic working class of the centers is 'substituted' by a) the re-location of industrial production to the semi-periphery and b) by the massive process of migration of peripheral labor that set in North America and Western Europe since the 1960s. Although there are quite a number of systematic studies on the impact of capital penetration on the host countries in the periphery, the impact of migration on the development process of the sending and recipient countries has been less at the center of attention of world-system and dependency-oriented development research. Our hypotheses are more pessimistic than usual neo-classical models of growth suggest.

Mass migration, as Amin (1997) reminded us, is part and parcel of the process of transnational capitalism. The market economies of western Europe first imported labor; now, with the transfer of production away from the European central zones, second generation foreigners become increasingly marginalized. In the inner cities of countries like France, Germany, and Britain, real '*ghettos*' develop, a process that began in the United States of America three or two decades ago. Women also have to suffer from these tendencies, as their jobs are being exported away to the still much-lower paid labor power of the periphery and the semi-periphery (as already predicted by Stiftung Entwicklung und Frieden, 1993). Migration is even part of the *five pillars of international inequality* (Amin, 1997):

- i. unequal exchange: the gaps in wages are much greater than the gaps in productivities
- ii. capital flight from the peripheries to the centers
- iii. selective migration from the peripheries into the centers
- iv. the monopoly position of the centers in the international division of labor
- v. the control of the centers over the earth's natural resources

Following research contributions, which linked the patterns of international migration to the overall patterns of the center-periphery relationship, we try to develop here some hypotheses in the framework of the larger Mediterranean. For several scholars in the world systems tradition, the impact of migration on the sending countries under such conditions will be increasing the patterns of unequal exchange and the peripheral role in the world economy. It might be that income distribution, the argument goes, will become perhaps less unequal under the impact of the absence of millions of unskilled laborers from their home countries, but many other phenomena of peripheral development will be intensified; such as the deficient structures of agriculture and the dependent character of accumulation, leading to slower economic growth and increased capital imports. World system oriented empirical research on migration confirmed, by and large, such a somber perspective (Amankwaa, 1995; Arrighi/Silver, 1984; Boehning and Schloeter-Paredes, 1994; Elsenhans, 1978; Parnreiter,

1994; Stalker, 1994; Stark and Taylor, 1991; Tausch, 1997).

Semi-peripheral and peripheral decision makers, world system scholars further maintained, largely representing the import-dependent, urban elites, - and here, they say, there is no basic difference between the Philippines and Poland, Morocco or Egypt - demand semi-peripheral or peripheral access to the labor markets of the centers, but they overlook the dire sociological implications of mass migration on the sending countries (Tausch, 1997, with a detailed debate about mainly ILO research). Econometric models, reviewed by Breuss (1997), could show that, in the case of EU-recipient countries with relatively high rigidities, immigration leads in turn to higher unemployment, lower wage growth, but also a slightly lower inflation rate. Wage '*dumping*' indeed is a problem on a European scale. These tendencies could even increase in the 21<sup>st</sup> Century, basically because the problem of millions of small-scale peasants in East-Central Europe and the Mediterranean is unresolved. Unimpeded competition by high-tech and high-subsvention Western agriculture will ruin millions of jobs in the peripheral rural structures of the East (Tausch, 1997).

In the centers, inequality will increase under the impact of mass migration, while at the same time, mass demand and technical progress, the 'twin engines' of auto-centered development, will suffer under the impact of the evolution of an unequal "2/3-society" in the center countries.

It is, world system scholars argue, the case that world capitalism is on its way towards an anti-egalitarian, and de-regulatory phase which will do away with many of the social advances that characterized the corporatist economic cycle of the post-World-War-II period. South Asia's and Latin America's inequality will decline, while in Sub-Saharan Africa, in the industrialized countries, and in Eastern Europe inequalities will increase considerably, and in the Middle East and North Africa there will be only a slight reduction of inequality rates (Tausch and Herrmann, 2002). The growth of inequality in Eastern Europe, in Sub-Saharan Africa and in the industrial countries might herald the advent of a 'Latin-American'-style capitalism of the Southern Cone in Latin America during the 1960s, 1970s and 1980s that goes hand in hand with mass migration, the growth of transnational corporations penetration, short-term spurts of growth and long-term stagnation, and protected markets and economic distortions. The imperative of '*balanced budgets*', '*financial markets*' and '*de-regulation*' in the European center might, in the end, undermine the very logic of economic growth that the anti-Keynesianism of the 1990s maintains to uphold.

Samir Amin and Giovanni Arrighi most vocally proclaimed today the idea that there has never been any '*catching up*' of the semi-peripheries and peripheries, and that there is a fairly constant real gap between the rich and the poor regions in the world system. Passive, selective migration increases, rather than decreases, the argument goes, the wealth gap between rich and poor lands.

The hope of many semi-periphery and periphery nations to change their weak position in the world-wide structure of the division of labor by mass migration to the developed countries is also, world system researchers hold, not realistic. Migration greatly increases, the argument runs, inequality in the migration recipient countries, without really solving the long-run weak position of the sending countries in the international economy. If the 'migration industry' were right, then Jordan, Mexico, Jamaica, ex-Yugoslavia, Greece, Portugal and other highly migration-dependent countries would be 'economic miracles'. In the migration recipient countries, environmental decay increases as one of the main consequences of the process of international migration, due to mass traffic and the consumption model that mass migration induces. For most world systems thinkers migration is - above all - an expression of a peripheral position in the world economy. At first sight, migration has practically no positive or negative effect on economic growth (Tausch, 1998).

The dominant countries, like Japan or the United States, send their managers abroad, but never, the world system argument runs, their workforce (Tausch and Herrmann, 2002). It is a sign of world economic weakness, they say, to be a net exporter of labor force. Poor and peripheral countries, like Jordan, Pakistan, Ireland, Portugal, or nowadays Poland, send their workers abroad, and import their managers, and never the other way around. In the old colonial days, priests and soldiers were imported, timber, ivory, copper, slaves and bananas were exported. Still, the structure exists, but at a much higher level, with a lot of '*soft body*' components as well. Interestingly enough, the effect of government size on growth becomes significantly and highly negative, once we consider the effect of migration on development.

Commenting on politometric results, presented in Tausch/Herrmann, it was said that **migration conserves economic structures that inhibit world economic adjustment**. The greatest proponents of mass migration, it was further argued, from the semi-periphery and periphery are in reality those very social strata, **that represent the powerful urban power monopolies at home: instead of bringing their monopolies under the discipline of the market and allowing their agricultural regions to prosper under a system of export-led growth and mass-demand at home, they are inclined to send a considerable part of their talented work-force abroad so that it does not constitute any threat to the elites' privileged social position at home**. State sector expenditures and a reliance on foreign aid will be part and parcel of a such a migration-driven development model.

Well, the empirical evidence that was achieved by combining available data for worker remittances in over 60 countries with our 109 country sample with complete data for other background variables produced the following results for exactly 59 countries with complete data for worker remittances and the other explanatory variables of the general model, mentioned earlier that do confirm some of the neo-classical arguments and some of the world system arguments:

1. **dependency on worker remittances** of a country is in turn highly influenced by the supply of **free** and relatively high standard **education** in many of the semi-periphery countries, that is reflected in the public education expenditure per GDP indicator. This argument would tend to be compatible with standard neo-classical analysis. But the status of a country as a guest worker economy is also greatly influenced by the “**flows of unequal exchange**”, or – **to put it in the language of the neo-classics, exchange rate under-valuation**; and *ceteris paribus* **Muslim nations** have a significantly **higher propensity for a dependency of their economies on outward migration**. It should be emphasized however, that also a neoclassical interpretation could explain the phenomenon. For the neoclassic school, the ERDI index of unequal exchange is nothing bit a reflection of the role of non-tradables and thus, general market failure, in the economy<sup>18</sup>. Labor scarcities in the center, that drain up the “industrial reserve army”, like those induced by high military expenditures, certainly contribute significantly towards the status of a country a net s a labor importer. The push and pull factors of migration in the world system are:

	t-Test: the pull (negative signs, negative relation with worker remittances) and push factors of migration (positive signs, positive relationship with worker remittances)
military expenditure as % of GDP	-1,65
% women in government, ministerial level	-1,26
ln(GDP PPP pc)	-0,64
(I-S)/GNP	-0,40
MNC PEN 1995	-0,27
Economic freedom	0,17
EU-membership	0,26
ln (GDP PPP pc)^2	0,29
% population, aged >65y, 1998	1,06
constant	1,44
public education expenditure per GNP	3,05
unequal exchange	3,80
Islamic Conference	5,77

2. **outward migration eases** to a great extent the national sending country **gap between rich and poor**, but it **significantly** (5 % level) is **associated with slow economic growth**. Outward migration **reduces unemployment** in the sending countries, but the effect is **not significant**. There are **very significant** positive effects on **female shares** in total life years and **female economic activity rates** (very well explainable by arising scarcities on the labor market caused by massive male outward migration), as well as on combined indices of development (the *Human Development Index* and our own “*Factor Social Development*”). There is also a 12.5 % significant positive effect on **female life expectancy**. The effect of migration on the **environment** is contradictory: on the one hand, outward migration increases the transport intensity of a country, and thus reduces the GDP output

<sup>18</sup> see also <http://www.american.edu/cas/econ/faculty/isaac/wp/rprpe0009.yotopoulos.htm>. As Professor Alan G. Isaac from American University quite correctly remarks on the path-breaking book by Professor Pan J. Yotopoulos from Università degli Studi in Firenze (retired from Stanford): “*Exchange Rate Parity for Trade and Development: Theory, Tests, and Case Studies*. “ Cambridge, UK: Cambridge University Press, 1996. 323 pp. +xvii, \$54.95 hb., the core argument of Yotopoulos as the “main prophet” of the I/ERDI “school” is that apparent exchange-rate overvaluation is often good for efficiency and for growth in developing countries. Professor Isaac says: “*Conversely, free currency markets are argued to distort resource allocation in developing countries. Yotopoulos’s core econometric finding is that the real*

efficiency of energy use (significant at the 12.5 % level). Outward migration is therefore also associated with **higher CO<sub>2</sub> emissions per capita** (not significant at the 12.5 % level), but the Yale/Columbia overall environment sustainability index is significantly better at the 12.5 % level (most probably, because the pressure on farm land and other resources, especially in the rural regions, decreases with massive outward migration). Interestingly enough, also the other conjecture is of course true: countries at the **receiving end of international migration flows** will be tending **towards unequal growth**, with **deficient gender development and human development**. They will experience a **socially polarized development pattern**, characterized by **high gaps between rich and poor**, but by a **rapid rate of economic growth**. Although the present paper cannot analyze these trends in more detail, it might be sufficient to mention here the works by the California economist Deborah Reed on conditions of poverty and income polarization in the state of California, which is most probably the region of the world economy with the most massive long-term inflows of migration today<sup>19</sup>.

3. The comparison with the effects of **EU membership** and **Islamic Conference** membership can only be partial. The 109 country analysis above has to be given preference to the 59 nation comparison on the effects of Islamic Conference, EU-membership and worker remittances. *Ceteris paribus*, it emerges that under due consideration of the effects of migration, the EU has **positive effect on growth and income re-distribution**, but the **gender balance** as well as the **environmental balance** (ESI-Index, CO<sub>2</sub>, GDP per energy use) is **problematic**. Under due consideration of the effects of migration, it also emerges that **Islamic Conference** even reduces unemployment, while the effect on political rights violations is contradicted by results from the larger sample of 109 countries, and hence, the results reported here are not considered to be final ones.

Table::The multivariate influence of worker remittances per GDP (t-values and the direction of the influence in multiple regression)<sup>20</sup> in comparison to Islamic Conference and European Union membership

	Islamic Conference		EU-membership		worker remittances per GNP
Political rights violations	4,085	economic growth, 1975-98	1,663	female share in total life years	4,252
CO2 emissions per capita	1,307	unemployment (UN)	1,557	female economic activity rate as % of male economic activity rate	2,813
human development index	0,732	development stability (year with highest real income minus year with lowest real income) since 1975	1,373	human development index	2,730
% people not expected to survive age 60	0,545	male life expectancy	1,210	Factor Social Development	2,440
infant mortality rate	0,406	GNP per capita annual growth rate, 1990-98	1,163	female life expectancy	1,505
share of income/consumption richest 20% to poorest 20%	0,363	life expectancy, 1995-2000	1,069	ESI-Index	1,149
development stability (year with highest real income minus year with lowest real income) since 1975	0,018	CO2 emissions per capita	0,958	CO2 emissions per capita	0,998
female share in total life years	-0,247	Factor Social Development	0,607	life expectancy, 1995-2000	0,937
GNP per capita annual growth rate, 1990-98	-0,360	female life expectancy	0,558	male life expectancy	0,176
Factor Social Development	-0,393	human development index	0,263	development stability (year with highest real income minus year with lowest real income) since 1975	-0,397
male life expectancy	-0,515	Political rights violations	0,102	Political rights violations	-0,601
life expectancy, 1995-2000	-0,538	GDP output per kg energy use	-0,961	infant mortality rate	-0,653
female life expectancy	-0,564	% people not expected to survive age 60	-1,051	economic growth, 1975-98	-0,780
economic growth, 1975-98	-0,636	infant mortality rate	-1,351	% people not expected to survive age 60	-0,903
ESI-index	-0,709	ESI-Index	-1,503	unemployment (UN)	-1,062
GDP output per kg energy use	-1,355	share of income/consumption richest 20% to poorest 20%	-1,550	GDP output per kg energy use	-1,400
female economic activity rate as % of male economic activity rate	-1,391	female share in total life years	-1,949	GNP per capita annual growth rate, 1990-98	-3,735
unemployment (UN)	-1,742	female economic activity rate as % of male economic activity rate	-2,301	share of income/consumption richest 20% to poorest 20%	-4,194

*exchange rate—defined as the price of tradables relative to nontradables – is negatively correlated with the growth rate of income as well as with the level of income. Yotopoulos argues that undervaluation causes slower growth. Additionally, Yotopoulos finds that openness reduces growth (inward looking strategies are more successful), that rising inflation is negatively correlated with growth, and that nominal devaluations have only partial and short-lived effects on the real exchange rate. In addition to his econometric work, Yotopoulos supports his case with a sequence of short case studies. He begins with Japan, arguing that prescient, inward looking government intervention and institutions that limited rent*

Without doubt, migration propensity is highest at a human development level that corresponds to the value 0.6 to 0.7 of the HDI (Human Development Index); i.e. countries like the Ukraine, the Philippines, Indonesia, Mongolia, Albania, Armenia, China, Egypt, El Salvador, Morocco, Vietnam. Countries in the vicinity of HDI = 0.900 or more, like Portugal, Chile, Singapore, Italy, or Greece, cease to be the source of mass migration. The three-layer structure, reported in Tausch and Herrmann corresponds also to careful interpretation of different migration ‘waves’: the migration of rural laborers, the migration of industrial workers, the migration of service-personnel, and the migration of intellectuals at all three phases. Instead of leveling-off international hierarchies, migration is indeed, as Samir Amin foresees it, one of the 5 pillars of international inequality, cementing the unequal positions in the world system instead of leveling them off. It was shown in our analyses (Tausch and Herrmann, 2002) that a large number of the new EU members already fulfill the conditions of the West European countries by 1980.



Legend: Human Development Index by 2000, as expressed in a percentage of the level Human Development Index = 0.900, which can be regarded as a level, beyond which hardly any significant net outward migration takes place. The map shows that the Ukraine, Albania, the FYR of Macedonia, Turkey, and the EU-Mediterranean partner countries will be significant sources of outward migration to Europe for years to come, while the new member countries of the EU, the candidate countries Romania and Bulgaria, and Russia will be less significant sources of net outward migration in the early parts of the 21<sup>st</sup> Century for the EU. No data for Greenland, West Sahara, Bosnia and Hercegowina, Iraq and several African countries. Source: our own compilations from *UNDP HDR 2002*.

Both in demographic as well as in sociological terms, much of West European fears about East European migration at least conceal the real issues of the future migration processes. An analysis of world population growth trends shows that **Africa, West Asia and Southeast-Asia** become the real future sending countries, while the demographic structure of East Central Europe more and more resembles the countries of Western Europe. The enlarged Europe becomes California, and the Mediterranean countries become “our” Mexico. That is the structure of the 21<sup>st</sup> Century.

*seeking combined to produce the “miracle” of Japan’s development. Yotopoulos argues that Japan’s early industrialization was extremely inward looking, and that it was supported by an apparently overvalued exchange rate (...) Yotopoulos picks the Philippines for his case study of a development failure. The Philippines is particularly interesting, since it looked so promising from the end of World War II to the time of the second oil price shock. (...) The most important suggestion is that undervaluation of the Philippine peso proved an important barrier to growth. “ The work of Professor Yotopoulos is at the basis of the development of the theory of unequal exchange by Professor Gernot Kohler, see also Kohler/Tausch, 2001*

<sup>19</sup> [http://www.ppic.org/content/pubs/CC\\_204DRCC.pdf](http://www.ppic.org/content/pubs/CC_204DRCC.pdf)

<sup>20</sup> for 30 degrees of freedom, significance at the 5 % level is reached at a t-value of > 1.70, for 40 degrees of freedom the t-value has to be > 1.68, and for 60 degrees of freedom > 1.67.

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