



# EUROPEAN POLICY BRIEF

 <p><b>GR: EEN</b> Global Re-ordering: Evolution through European Networks</p>	<p><b>Can the crisis unlock Euro-Mediterranean relations?</b></p> <p>Kristina Kausch, senior researcher and research coordinator at FRIDE</p> <p>This research acknowledges the support of the EU FP7 large-scale integrated research project, GR: EEN-Global Re-ordering: Evolution through European Networks (European Commission Project Number: 266809).</p> <p><b>November 2012</b></p>
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## INTRODUCTION

### Policy context

The EU's economic and governance crisis is widely regarded as harming Euro-Mediterranean relations precisely at a time of unprecedented opportunity. This is true in many ways, but perhaps less so in others. The need to make EU foreign policy more effective amidst budget cuts and dwindling influence should be made a virtue. The EU should beef up the inert, heavily institutionalised structures of Euro-Mediterranean relations with a set of more agile, targeted and effective partnerships. Starting from specific shared goals rather than from institutions and instruments, such flexible cooperation schemes should not marginalise EU institutions but help to create new dynamics to revive momentum for deeper integration and institutionalised multilateralism in the Mediterranean further down the road.

## KEY OBSERVATIONS

### Policy context

The need to make EU foreign policy more effective amidst budget cuts and dwindling influence offers an opportunity for recasting Euro-Mediterranean relations in ways that seek to make virtue out of necessity.

Over the past decade EU-Med policies have been covering the region with technocratic institutional structures with insufficient political backing for their lofty mandates.

Developing more flexible, tailor-made cooperation schemes for relations with Southern partners should not marginalise EU institutions but help to create new dynamics to revive momentum for deeper integration and institutionalised multilateralism in the Mediterranean.

## EVIDENCE & ANALYSIS

In times of crisis, the EU has less money for aid, while European investment and tourism to the Middle East and North Africa (MENA) have slumped as political unrest has curbed both investors' and travellers' confidence. Bilateralism and geo-economic zero-sum behaviour among EU member states have been on the rise. Inward-looking policy making on both shores of the Mediterranean has increased populism, decreased strategic foresight in foreign relations and lessened policymakers' preparedness to invest in long-term cooperation schemes. At a time when increasing political pluralism at home leads Arab governments to demand a more balanced, reciprocal relationship with their European partners, the crisis in Europe makes meaningful progress on some of the most delicate Euro-Med dossiers (including trade and visa liberalisation) highly unlikely. Paired with increasing competition by non-Western actors in the region, the ensuing deadlock is slowly but steadily eroding the viability of conditionality based policies.

If the EU is to preserve its influence in the MENA over the coming decade, it must come up with something qualitatively new. Yet, at a moment of uncertainty for both Mediterranean shores, political momentum to launch grand new strategies is arguably low. Despite the existence of solid consensus on the need for a fundamental rethink, policy development remains stalled. However, the multiple constraints emanating from the crisis should not justify inertia. Beyond patching up existing policy frameworks, EU policymakers need to ponder what kind of relationship Europe can realistically aspire to have with the MENA region in the years and decades to come and which is the best policy mix to get there. This implies questioning the validity of the basic assumptions on which EU policies were built, the feasibility of the EU's proclaimed goals in the region, and the appropriateness of its current instruments and institutions.

The crisis offers an opportunity for recasting Euro-Mediterranean relations (understood here as Europe's relations with North Africa, the Levant and the Gulf) in ways that seek to make virtue out of necessity.

### Breaking deadlock flexible alliances

Given the region's manifold interdependencies, institutionalised multilateralism would appear a natural framework to manage Euro-Med relations. In the early 1990s, the enthusiastic, collaborative spirit of the post-Cold War era gave birth to the Barcelona Process – a visionary ideal of comprehensive institutionalised multilateralism in the Mediterranean basin. But it was short-lived, as the unresolved Arab-Israeli conflict continued to block trans-Mediterranean multilateral aspirations and the attacks of 11 September 2011 securitised Europe's approach to its Arab neighbours. Member states' tacit security alliances eroded the logic of conditionality and set EU-MENA relations on an unhealthy double track. This largely undermined the consistency and effectiveness of EU sectoral policies. A more recent attempt to make Euro-Mediterranean multilateralism work by voiding it of politically contentious issues – the creation of the Union for the Mediterranean (UfM) – has also failed. Unfortunately, today there is no momentum for comprehensive, institutionalised multilateralism across the Mediterranean.

The UfM now represents like no other institution the EU's deadlocked approach to its Southern neighbourhood. The birth pains of the UfM exposed a recurrent flaw of EU foreign policy: creating institutional structures in the hope that a technocratic network will in time generate the necessary political drive. This is a misinterpretation of the successful genesis of the European project masterminded by Jean Monnet, in which institutions in fact served to implement a larger political narrative, not to create it. Like the building of the EU as a peace-making project, any holistic Euro-Mediterranean integration policy needs to start from shared political ambitions. But over the past decade EU-Med policies have been littering the region with technocratic institutional structures and instruments with insufficient political backing for their lofty mandates.

Today the EU's idea of a homogeneous 'neighbourhood' is increasingly losing traction, especially as the region becomes more diverse and less politically malleable neatly to fit Brussels' policy patterns. It is time for the EU to start questioning knee-jerk habits and the basic conceptual assumptions on which EU-MENA relations are currently based, and adopt a more nuanced take on the merits of institutionalised integration with its Southern neighbours. Both European and Arab governments increasingly seem to favour bilateral relationships and ad hoc multinational alliances over rigid multilateral frameworks under the umbrella of the EU. The electorates in the crisis-ridden North and the revolution-ridden South demand quick delivery from their governments. In this context, the tandem of the bilateral (but highly bureaucratic) European Neighbourhood Policy (ENP) and the multilateral Euro-Mediterranean Partnership (EMP, turned UfM) as the main vehicle of EU policy looks like a technocratic straightjacket.

In the immediate future, EU-MENA relations must be articulated through more agile bi- and multilateral tailor-made partnerships and ad hoc alliances, set up to target specific goals. This is not to argue that the two main institutional pillars of the EU's MENA policy should be abolished. The UfM can add value in fostering multilateral sectoral cooperation projects, performing as a kind of Euro-Mediterranean development agency. Similarly, the ENP

should continue doing a solid job promoting systematic integration with those countries that still regard the cost-benefit balance of this deal as beneficial, such as Morocco or (for the time being) Tunisia. However, wherever it cannot deliver, the ENP-EMP tandem should be complemented by more flexible cooperation schemes to tackle shared interests.

Initiatives to complement the EU's heavy regulatory approach to the MENA region with a more nimble and effective multinational cooperation could take various forms. In terms of immediate security threats, ad hoc coalitions of key EU member states and institutions, Arab partner states and relevant extra-regional players have already proven useful to help master the fast, co-ordinated response required in such cases. The Libya Contact Group is a major example, as is, in principle, the six-nation group on Iran.

Sectoral cooperation in priority areas (such as employment, energy, migration, trade, investment and transport) could gain greater political impetus via regular but non-institutionalised inter-governmental conferences or dialogues. The recent boost to the 5+5 dialogue and its thematic expansion from security to a set of tangible economic and social concerns are a step in the right direction. Based explicitly on non-institutionalised, interest-based cooperation among the participating states (Spain, France, Portugal, Italy, Malta, Morocco, Tunisia, Libya, Algeria and Mauretania), the 5+5 dialogue is well-placed to infuse the UfM with the political drive it has been lacking. Cooperation at variable geometry across the Mediterranean that can fit a net of targeted partnerships to the priorities and capacities of the parties would multiply the opportunities to leverage EU member states' considerable connections and comparative advantages. Germany's role in promoting renewable energy via the Euro-Mediterranean Solar Plan sets a positive example.

However, multiple non-institutionalised partnerships could risk further reducing the overall coherence and clout of EU foreign policy and turn the Mediterranean basin into a zero-sum playing field. There is a need for agility but all the while preserving a degree of unity and coordination at the EU level. Centrifugal dynamics must be prevented by establishing a number of safeguards, including the requirement to consult among all member states, report to the EU Foreign Affairs Council and involve EU bodies in all initiatives. Rather than weakening the role of the Brussels institutions, such agile partnerships would benefit from member states' political clout while involving EU actors at all stages and levels, as relevant. In short, the EU must be more cohesive inside and more agile abroad.

Moreover, the EU should not give up on the prospect of institutionalised multilateralism in the Mediterranean altogether. On the contrary, the approach advocated here could help to overcome some of the deadlocks that currently prevent the emergence of a larger Mediterranean vision. Similar to the Conference for Security and Cooperation in Europe (CSCE) which strengthened trust and momentum for broader multilateralism in the early 1970s leading to the foundation of the OSCE, non-institutionalised partnerships between European and Arab countries that deliver pragmatic solutions for pressing problems could also contribute to renew

ambitions for deeper multilateral cooperation in the future.

### **Stressing interests, upholding values**

The EU's weakened position in the wake of the crisis may provide an opportunity for the Union to frame its relations with Southern partners in ways more consistent with the latter's perceptions and demands. The 2011-12 Arab uprisings have fostered a sense of empowerment in the region and the corresponding rejection of terms of engagement regarded as patronising or hegemonic. While the revolutions in Egypt, Tunisia and Libya have not yet led to major shifts in these countries' foreign policies, it remains to be seen how emerging governments will position themselves regionally once they have made significant headway on the socio-economic problems inherited from decades of autocratic mismanagement. Post-revolutionary countries like Egypt or Tunisia depend on the EU's aid, exports and tourism, but are forcefully pushing to diversify their international ties and 'work in all circles and on all levels, moving dynamically in every direction' (as stated by Egypt's Freedom and Justice Party). This tendency raises questions about future EU leverage. Acknowledging that some Southern partners may simply not be interested in heavy institutional integration with the EU requires developing new, flexible ways of collaboration.

Arguably, a more interest-based approach would require the EU and its member states to articulate economic and security interests more openly, instead of awkwardly hiding them behind often-unsubstantiated normative declarations. Making EU foreign policy more explicit in terms of interests would not only enhance transparency, but would also be appreciated by Southern partners as an honest break with the much-criticised double standards discourse. Complementing the current narrative on partners' 'progress' in EU policy documents with a stronger emphasis on what Europe itself can gain from the relationship and what contribution Southern societies can make to the EU's future would help to phrase the relationship as a win-win pact between equal partners.

Indeed, the widespread misperception that there is a dichotomy between values and interests, in which the pursuit of interests is equated to Machiavellian zero-sum behaviour and the stress on values to lofty, detached idealism, is to blame for much of the EU's foreign policy schizophrenia in the Mediterranean over the past decade. The EU's distinctive added-value in the international arena is indeed its ability to project value-based soft power. But nothing harms this ability more than hypocritical double-speak. Acknowledging the inevitable constraints of a 'normative' foreign policy is the starting point to shape a more credible and effective approach to relations with Southern neighbours, defining EU interests in ways that do not detract from but progressively reinforce EU values.

### The bright side of geo-economics

Over the past few years, the promotion of economic interests has gained in importance in EU member states' foreign relations. This trend makes the case for focusing on shared economic interests with Southern partners as a win-win strategy. Economists agree that unleashing the often-stressed huge economic gains of cross-Mediterranean and intra-Arab economic cooperation would boost both littorals' growth and prosperity. Moreover, while the EU's political influence in the region is in decline, its economic clout remains its greatest comparative advantage. The EU has a window of opportunity to preserve its long-term influence in its immediate neighbourhood and help both shores of the Mediterranean out of their present tight spot.

According to estimates, a functioning scheme jointly to exploit Euro-Mediterranean resources could release sufficient energy supplies as to make the Mediterranean space energy self-sufficient and enhance growth. Similarly, migration among Arab states with different comparative advantages and between the youthful South and the over-aged North has also been widely pointed out as a win-win area. The EU has long recognised the growth potential of regional economic integration, but remains reluctant to give up its defensive approach towards Southern economies, most notably by gradually opening its markets to Southern agricultural products and labour. Moreover, the EU's drive to establish a Euro-Mediterranean free trade area via a hub-and-spoke matrix of 'deep and comprehensive' bilateral free trade agreements is likely to put too heavy a burden on its partners, who would be required to adopt the full EU heavy economic acquis. Unlike Turkey when implementing the successful Customs Union with the EU, Arab partner states lack the incentive of accession to adopt the EU's heavy rulebook, and need to deliver economic promises quickly if momentum for democratisation is to be maintained. So, while there is broad consensus on the benefits of enhanced economic cooperation, the EU must make an effort to better adapt its policies to Southern partners' capacities and priorities.

## CONCLUSION

### From gravity to multipolarity

The so-called Arab spring led to laudable attempts by the EU to respond via a change in tone, propping up aid and patching up policy frameworks. It failed, however, to generate the political will among EU member states to embark on a qualitatively different kind of relationship with Arab countries, since it coincided with the EU's greatest political and identity crisis since its creation. The larger deficits of EU governance laid bare in the euro crisis have been most evident in the area of foreign relations. However, this economic and governance crisis offers a chance for the EU to make a courageous strategic investment in its own political and economic future by unleashing the win-win potential of the Mediterranean space.

While it would be mistaken to write off Europe's continued appeal and influence in the Southern neighbourhood, Javier Solana was right in pointing out that the Union's 'unipolar moment of the 1990s has come to an end'. Turkey's creeping estrangement from the Union should offer valuable lessons for the EU to frame its relations with Arab neighbours more strategically. Other actors, both traditional and emerging ones, are more selective and pragmatic in their foreign policy ambitions. The EU's challenge now lies in transitioning from a Europe-centred perspective to a more balanced vision of interdependence in which Europe can preserve influence based on its economic strength and normative appeal.

In the emerging regional setting, the EU must change its chip in three ways: adapt its self-perception from rule-setter to negotiator, its view of Arab partners from dependent clients to equal partners, and its take on the Mediterranean from threat to opportunity. So far, the EU's approach to the region remains euro-centric in a way that looks increasingly detached from the fast-changing realities on the ground.