
**OTHER MEDITERRANEAN INITIATIVES:
STATUS AND OUTLOOK**

NATO's Initiative is one of several frameworks that seek to enhance cooperation in the Mediterranean. The recent experience of other regional initiatives—including the EU's Barcelona Process, the Mediterranean Forum, the Middle East and North Africa (MENA) summits, the Organization for Security and Cooperation in Europe's (OSCE) Mediterranean Contact Group, and the WEU's Mediterranean Dialogue—offers useful insights into the dilemmas of Mediterranean cooperation.¹

This chapter provides a brief update on these Mediterranean cooperation frameworks by examining their progress, limitations, and future prospects. It concludes by discussing some lessons to be learned, and how the NATO Dialogue fits in the broader context of Mediterranean cooperation.

THE EU'S BARCELONA PROCESS

The EU Mediterranean Partnership, launched in Barcelona in late 1995, remains the most ambitious cooperation framework in the region. It can boast the largest membership—all EU countries as well as Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey, and the Palestinian National Authority—and

¹To these initiatives one could also add the "Five-plus-Five" Dialogue, the proposal for a CSCM, and the ACRS Working Group. These frameworks have either never been implemented or have been suspended for several years, and are therefore not covered here.

the widest scope of cooperation, including free-trade agreements, security discussions, and cultural and civil society dialogues.² The large number of Euro-Mediterranean seminars, conferences, and research institute networks are coordinated during regular meetings of government representatives and official foreign ministerial summits. Activities have included expert discussions on issues such as energy trade. While the Mediterranean partnership has evolved in all cooperation "baskets," developments in the fields of security and economic cooperation carry the greatest implications for the future of the Barcelona Process. Each is briefly examined below.

Security Cooperation

The most significant project undertaken by the EU's Mediterranean security dialogue has been the drafting of a security charter. After two years of negotiations, the ambitious set of confidence-building measures expected to be included in the charter (such as a code of good neighborly conduct, a framework for search-and-rescue exercises and military information exchanges) has yet to gain the approval of all Dialogue members.³

The delay in obtaining consensus stems in part from partner suspicion that the EU will use the charter to impose its own Mediterranean security agenda.⁴ However, the state of the Middle East peace process has proven to be the most critical stumbling block, since continuing Arab-Israeli tension precludes the necessary consensus for the document's approval. This impediment was particularly evident during the 1997 Malta summit and the 1998 Palermo informal meeting of foreign ministers, where Arab-Israeli frictions were all too evident.⁵

²At the Stuttgart Summit of April 1999, Libya was invited to participate as an observer. Tripoli probably will join the Barcelona Process as a full member in the foreseeable future.

³Only a set of broad guidelines, approved at the Stuttgart Summit in April 1999, has so far gained the approval of all participants.

⁴George Joffé, "The Euro-Mediterranean Partnership: Two Years After Barcelona."

⁵"Arabs vow to thwart Israel at Euro-Med meeting," *The Jerusalem Post*, June 3, 1998, p. 2.

Despite the slow pace of charter negotiations, less politically charged elements of the security dialogue are continuing, including regular meetings of security officials and plans to organize a series of seminars on disaster mitigation and management. The security partnership is also supported by a 34-member network of international affairs and strategic studies institutes, EuroMeSCo.⁶ EuroMeSCo's most significant advantage lies in its formal link to key Barcelona Process decisionmakers, including European Commission officials.⁷

Economic Cooperation

The Euro-Mediterranean partnership in economic affairs is less affected by the vicissitudes of the peace process—economic cooperation focuses mainly on technical issues, and usually takes place in a bilateral setting between the EU and each Mediterranean partner. The ultimate goal of economic cooperation is the establishment of a free trade area, backed by a series of trade liberalization protocols (association agreements) between the EU and each Mediterranean partner. Association agreements have so far been signed with Tunisia, Israel, Morocco, Jordan, and Egypt. The EU has negotiated a similar free-trade pact with the Palestinian Authority. Progress has been slower in negotiating association agreements with Algeria, Lebanon, and Syria.⁸

Free trade may well bring long-term benefits to participating countries as a result of faster economic growth and greater government accountability and transparency.⁹ However, the economic partnership will have to confront a series of unresolved issues.

⁶European Commission, "EuroMesco: The Network of Foreign Policy Institutes," *Euro-Mediterranean Partnership Information Note*, Number 30, June 1998.

⁷Joffé, "The Euro-Mediterranean Partnership: Two Years After Barcelona."

⁸"Free Trade Accords with EU Heighten Need for Tax Reform in Southern Mediterranean Region," *IMF Survey*, vol. 27, no. 16, August 17, 1998, p. 266.

⁹According to studies on the long-term implications of Euro-Mediterranean association agreements for those partners that have already concluded such agreements, Morocco and Tunisia are likely to benefit from welfare gains equivalent to around 1.5 percent and 4.5 percent of their Gross Domestic Product (GDP) per year, respectively. See Peter A. Petri, "Trade Strategies for the Southern Mediterranean," OECD Development Center, *Technical Paper No. 127*, December 1997.

Mediterranean partners will face significant short-term losses; the benefits will be reaped mostly in the long term. In the short run, association agreements are unlikely to improve market access dramatically for southern Mediterranean products.¹⁰ Removal of import tariffs on EU goods will instead reduce government revenues, especially in countries highly dependent on import duties such as Lebanon.¹¹ The MEDA program—the Barcelona Initiative's principal economic aid instrument—probably will be unable to provide a financial cushion during structural adjustment.¹²

The association agreements could create a “hub-and-spoke” system of relationships with Europe, stifling new foreign direct investment in partner economies. A hub-and-spoke system is encouraged by lack of economic integration among partner countries. This reality would prompt companies serving several regional markets to locate in Europe instead of in the region itself, to take advantage of bilateral free-trade agreements.¹³

Even with greater regional integration, intra-regional trade is unlikely to increase significantly. The limited prospects for intra-regional integration—with the possible exception of Israeli-Arab trade—are determined by the small size of the region's economies, their similar industrial composition, and their proximity to the large and complementary economies of Europe.¹⁴

Harmful trade diversion may occur in those countries with diversified trade patterns, including Egypt, Jordan, and Lebanon.¹⁵ The

¹⁰Bernard Hoekman and Simeon Djankov, “The European Union's Mediterranean Free Trade Initiative,” *The World Economy*, vol. 19, no. 4, July 1996; and Petri, p. 45.

¹¹“Free Trade Accords with EU Heighten Need for Tax Reform in Southern Mediterranean Region,” p. 266.

¹²The performance record of the MEDA assistance program has been mixed at best, and marred by a scandal over the management of its financial resources. See the report prepared by COWI Consulting Engineers and Planners, *Evaluation of Aspects of EU Development Aid to the MED Region*, available on the internet at: <http://www.euromed.net>. See also “Audit Office Report Reveals EU Fraud, Mismanagement,” *Brussels De Morgen*, November 17, 1998, pp. 1–10, Foreign Broadcast Information Service (FBIS) WEU-98-321.

¹³Petri, pp. 45–46.

¹⁴See Petri, p. 30, and “Arab trade. With whom?,” *The Economist*, October 10, 1998.

¹⁵Petri, p. 46.

EU's ability to stimulate higher growth in the southern Mediterranean also depends on a number of factors external to the Barcelona Process. On the positive side, the likely increase in the Gross Domestic Product (GDP) of the Euro zone following the introduction of the single currency could stimulate the growth of Mediterranean partner economies.¹⁶ On the negative side, such growth will be hampered by the continuing lull in world oil prices and the persistent foreign debt problem.¹⁷

Above all, the aid and investment aspects of the Barcelona Process—always modest in comparison to programs aimed eastward and the EU's own “cohesion” spending—will face new pressures as EU budgets come under greater scrutiny. The political-economic landscape in Europe over the next decade seems unlikely to support high levels of assistance across the Mediterranean.

Future Prospects

The Barcelona Process is a long-term framework, and European Commission officials argue that its benefits will become increasingly apparent in the coming years. However, until the peace process moves beyond the current impasse, there are definite limits to how far the Euro-Mediterranean partnership can advance in the security arena. To be sure, low-profile activities such as seminars, periodic meetings of senior officials, and EuroMeSCo meetings are useful ways of keeping the Dialogue alive, but they are unlikely to spark qualitative leaps forward. For similar reasons, a shift in the EU's Mediterranean security agenda from “soft” to defense-related issues remains improbable for the foreseeable future.

The exposure of the Euro-Mediterranean partnership to the vagaries of the peace process highlights the current inability of this initiative to serve as a forum for conflict resolution. Neither the EU nor its southern partners wish to expand the Dialogue to include issues

¹⁶“Economic Policy Challenges Facing the Euro Area and External Implications of EMU,” *IMF World Economic Outlook*, September 1998, p. 108.

¹⁷Oil prices have obvious implications for the energy-exporting economies such as Algeria, Egypt, Syria, and Tunisia. They also have an impact on those Mediterranean countries with significant trade relations with Gulf states. See Petri.

directly pertaining to the peace process. The fact that the region's most controversial disputes will need to be settled elsewhere imposes definite limits on the partnership's ability to pursue an independent Mediterranean cooperation agenda.

EU economic leverage on Mediterranean partners remains significant. Economic integration between Europe and the southern Mediterranean is likely to continue, but more attention needs to be paid to the short-term costs of structural adjustment in the south. The EU will need a careful approach to the transition of partner countries, with special attention to the distributional implications of liberalization—both within partner countries and between the partners and the EU. Europe's failure to yield on some sensitive economic issues, such as the liberalization of agricultural goods, may eventually have negative and significant political ramifications.

OTHER INITIATIVES

Beyond the Barcelona Process, other initiatives have played a role in Mediterranean cooperation. As argued below, these frameworks vary in their nature and goals, but all operate within strict limits that constrain their ability to change the environment for confidence building and foster practical security cooperation.

The Forum for Dialogue and Cooperation in the Mediterranean (Mediterranean Forum)

The eleven members of the Mediterranean Forum—Algeria, Egypt, France, Greece, Italy, Malta, Morocco, Portugal, Spain, Tunisia, and Turkey—continue to hold regular ministerial meetings on regional issues. Foreign ministerial summits are supported by working groups on political, economic, and cultural dialogue. In its sessions the forum has discussed the Middle East peace process, terrorism, and organized crime, as well as economic and cultural cooperation. The major weakness of the Mediterranean Forum is its lack of substantive discussion and concrete cooperation activities. Despite its limitations, the forum continues to be useful as an informal grouping with an open agenda.

MENA Summits

Between 1994 and 1997, the World Economic Forum organized four yearly summits to encourage private sector investment in the MENA region. Conferences were supported by a permanent secretariat, and the establishment of a MENA development bank was agreed to in principle. The last MENA Summit was held in Doha, Qatar, at the end of 1997. Continuing tension in the Middle East has prompted the World Economic Forum to shelve plans for a 1998 conference, and to postpone all MENA activities indefinitely.¹⁸ The process began to unravel in earnest in Doha when all major Arab states—including Algeria, Egypt, Lebanon, Morocco, Saudi Arabia, and Syria—boycotted the summit to protest Israeli policies on the West Bank. The fate of the secretariat, the MENA development bank, and indeed of the entire initiative remains unclear. Although not a security initiative per se, the MENA Summits are security-related to the extent that they are aimed at expanding the constituency for peace in the region, as well as fostering stability through development. The summits have also suffered from the perception in some quarters that they are competitive with EU Mediterranean initiatives.

The OSCE's Mediterranean Dialogue

The OSCE established an informal contact group with representatives from Algeria, Egypt, Israel, Morocco, and Tunisia at the 1994 Budapest Review Conference. Jordan has recently joined this group. The OSCE organizes yearly summits for its Mediterranean partners—the latest was held in October 1998 in Malta and focused on the human dimension of security, the promotion of democracy, and the rule of law.¹⁹ OSCE Mediterranean partners also attend other OSCE seminars and the yearly ministerial meetings.

OSCE can play a role in fostering Mediterranean cooperation. But the OSCE's principal focus is elsewhere, and the organization is unlikely to substantially increase its involvement in the Mediterranean. However, the OSCE's relatively low profile has allowed this ini-

¹⁸World Economic Council Yearly Report, 1997.

¹⁹“Mediterranean Seminar Looks at the Human Dimension, Democracy and the Rule of Law,” *OSCE Newsletter*, vol. 5, no. 10, October 1998.

tiative to continue despite persistent tensions in the Middle East. The OSCE model has also been influential in discussions surrounding ACRS (the multilateral regional security talks within the peace process), and carries forward some of the ideas associated with the CSCM proposal.

The WEU's Mediterranean Dialogue

The WEU Dialogue began in 1992 in order to exchange views on Mediterranean security and defense issues. Jordan has recently joined Algeria, Egypt, Israel, Mauritania, Morocco, and Tunisia in the WEU initiative. Dialogue takes place between WEU representatives and officials and Mediterranean partner ambassadors in Brussels. Political talks are supported by a series of activities, including seminars on Mediterranean security, occasional briefings by the WEU military staff and planning cells, information seminars involving military staff from WEU and Mediterranean partner countries, and visits to the WEU satellite center. Mediterranean partner representatives were also invited to observe the WEU's recent CRISEX crisis management exercise.

The WEU would like to couple its Mediterranean Dialogue with the EU's Barcelona Process.²⁰ Such moves have been resisted by some Barcelona Process members who do not wish to see the EU Dialogue take on a military dimension. Moreover, Mediterranean partners remain skeptical about EUROFOR and EUROMARFOR, two WEU-related multinational military formations with a power-projection focus.²¹ These formations figure to a remarkable degree in North African critiques of Western security policy, and are often described as emblematic of a growing European interest in military intervention across the Mediterranean.²²

²⁰To this end, the WEU Institute for Security Studies and Italy's Istituto Affari Internazionali recently organized a seminar on the WEU's role in the Mediterranean and the Euro-Mediterranean partnership.

²¹"Spain: EUROFOR Chief: Force Operational, No Threat to North Africa," Madrid *ABC* (Internet version) December 27, 1997, FBIS-WEU-97-361.

²²To reduce partner suspicion of European military formations, the French invited Moroccan planes to participate in the air portion (ODAX) of the large EUROFOR and EUROMARFOR exercise in 1998 (Eole '98). Mediterranean partner officials have also been invited to visit EUROFOR headquarters in Florence.

More fundamentally, the Cologne Summit decisions taken by the European Council in June 1999 call into question not only the future of the WEU Dialogue but the fate of the WEU itself. European leaders agreed to transfer the essential functions of the WEU to the EU. This transfer will eventually lead to the termination of the WEU as an independent institution. Elements of the Dialogue are likely to be incorporated in the EU's Barcelona Process. However, some Barcelona Process partners will continue to resist discussion of military issues for the foreseeable future.

IMPLICATIONS FOR THE NATO DIALOGUE

The Barcelona Process remains the pivotal Mediterranean initiative. Together with the existing network of bilateral relations, it is the critical vehicle for north-south relations in the Mediterranean. In essence, it is Europe's mechanism for addressing the underlying issues of stability on its underdeveloped periphery. Failure of the economic or political components of the EU's Mediterranean partnership would have negative repercussions for all other cooperation initiatives. Barcelona is the natural political-economic counterpart for a NATO Mediterranean Initiative that focuses to a growing extent on defense cooperation.

The state of the Middle East peace process will continue to be the barometer for Mediterranean cooperation. This connection will be especially valid for those initiatives that have a high political profile and are based on multilateral dialogue, such as the Barcelona Process.

No single initiative can address the longer-term and proximate sources of instability in the region—but now a number of overlapping (and in some cases, moribund) cooperation frameworks are in place. Some rationalization and specialization is in order. In this regard, Barcelona and the NATO Initiative are emerging as complementary frameworks with the most to offer, although other initiatives may play useful niche roles (e.g., the OSCE on civil-military relations).

The key role played by the Barcelona Process makes informal coordination between NATO and the EU necessary, especially in light of the EU-WEU merger. Further development of the EU's CFSP and the

European Security and Defense Identity (ESDI) within NATO may also make such coordination more useful and acceptable.