

THE NEW MEDITERRANEAN POLICY OF THE EUROPEAN COMMUNITY

*Roderick Pace**

1. Introduction

In 1989 the EC announced its so called "New Mediterranean Policy". This article seeks to identify the main challenges which the European Community and the non-Member states of the Mediterranean region face and whether the policy as announced is capable of achieving meaningful results. The Mediterranean is perhaps ranked second in the league of importance for the European Community, after Central and Eastern Europe. However, the dangers that still lurk in the *mare nostrum* could still have sizeable negative effects on the Community. While attention has been riveted on Central and Eastern Europe the Mediterranean cannot be ignored. This paper will argue that all the initiatives taken in the Mediterranean by the Community from the launching of the so called global approach in around 1972, have regularly been overtaken by events and that the same has happened in the case of the so called *New Mediterranean Policy*.

2. Background

In November 1989, the Commission of the European Communities (EC) sent a communication to the Council in which it proposed an outline plan of an overall strategy which it considered the Community should adopt in its relations with the non-member Mediterranean countries (NMCs). The stated aim of the communication was to "redirect" the EC's so called

* B.A. (Hons), Dip.I.A., M.A. (Johns Hopkins). Heads the European Documentation and Research Centre at the University of Malta.

Global Mediterranean Policy (GMP). The Commission proposed the stepping up of external financing to the region, including negotiated reductions in debt servicing of the NMCs, EC aid to help the development of human resources, the development of small businesses and financial institutions, additional investment targeted at increasing the region's food self-sufficiency, action in the field of the environment and last but not least, support for regional integration schemes.

The communication based its proposed action on the economic importance of the Mediterranean to the Community, as well as the potentially destabilizing trends in the region arising from the demographic explosion and the continued sluggish economic growth on its southern shores, which, coupled with low oil prices since mid-1985, causes balance of payments difficulties in many of the NMCs not to mention high unemployment and migratory pressures on Europe, already host to some five million legal immigrants largely from the Maghreb countries and countless illegal ones as well. Debt problems and lack of finance present insurmountable difficulties to many of the governments of the region in their attempt to implement economic reforms and carry out their development plans. In some of the NMCs, food deficits have become endemic.¹ Social backwardness, runaway population growth and falling GNP per capita in the key countries of the southern Mediterranean has facilitated the advance of Islamic Fundamentalist movements, which are considered by increasing majorities in these countries as the progressive wave of the future, but are viewed suspiciously by Europe and the West as well as the reigning political elites in the countries concerned. By and large a consensus has built up amongst these and ironically their opposition forces which are keen on introducing western style democracies, that they must push on towards modernization, both on the economic as well as the political front. The main dilemma which these governments and their allies in the West face, as was amply shown by events in Algeria, is how to bring about this transformation while keeping fundamentalism at bay.

The European Community has in the past sought to deal with these problems under its so called "Global Mediterranean Policy" (GMP). This policy has in turn been a favoured object of criticism ever since it was

1. For details of the EC's proposals for the New Mediterranean Policy see *Commission Documents*, sec. (90) 812 final, Brussels, June 1st, 1990.

launched in 1972, both within and outside the Community.² Its launching came on the eve of the first enlargement of the Community when Europe was in the grips of a general sense of optimism. However, the economic situation in Europe was soon to turn dismally black, when small but already apparent negative economic trends were magnified into full blown depression by the first oil shock and later deepened by the second oil shock of 1979. From its very birth, the GMP was destined always to be overtaken by rapid historic events that each time made it look grossly out of tune with reality. Life was indeed made more difficult by the countries it was supposed to benefit who, turning a full blind eye to their own inefficiencies, at times mistaken choice of policies, bureaucratic bottle necks and inward looking economic policies, criticized the EC throughout the seventies and eighties for not being generous enough with them and for turning protectionist against them especially in industrial sectors such as textiles and clothing in which they felt that they had a comparative advantage in the international trade system. The second enlargement of the EC to include Greece (1981) and Spain and Portugal (1986) led to the further erosion of the privileges granted to the NMCs. Despite the vociferous complaints of the NMCs, it took the EC three years after the second enlargement to turn its attention once more to the Mediterranean and to attempt to reinvigorate its GMP with fresh impetus.

Again, in 1989 the international environment held promising prospects for a fresh European attempt to sort out its relations with the countries of the region. The NMCs in general desired the strengthening of relations with the Community. On the southern littoral the removal of Bourguiba from power in Tunisia in November 1987, the apparent softening of Libya's radicalism and moves towards democracy in Algeria provided fertile ground for the countries of the Maghreb to try their hands once again at integrating their region; this time round they extended the frontiers of the Maghreb Union to include Libya and Mauritania, aptly naming the union the Greater Arab Maghreb Union. Furthermore, the

2. For summary of criticism of the Mediterranean non-member countries see Commission Communication to Council of the EC of March 28th, 1984, *On The Implementation of A Mediterranean Policy For The Enlarged Community*. See also Tsoukalis Loukas, "The EEC and the Mediterranean: Is Global Policy a Misnomer?", *International Affairs*, Vol 53, No 3, 1977 and Kahler Miles, "Europe and Its Privileged Partners in Africa and the Middle East", *Journal of Common Market Studies*, Vol XXI, Nos 1 and 2, Sept/Dec 1982.

launching of the **New Mediterranean Policy** in 1989 occurring roughly four years from Gorbachev's assumption of power in Moscow and two years from the start of the Soviet reforms initiated by him, coincided with a new era opening up in Europe when it was already becoming apparent that the situation in Eastern and Central Europe was changing substantially, though nobody predicted that change would cascade in a year or two the way it did. The EC which was increasingly being sucked in the problems of that part of the European continent, meant the new Mediterranean policy to serve in part as a signal to the Mediterranean non-members that they were not being forgotten or even worse, being forced to play second fiddle to the Central and East European countries.

The iron laws of the omen which seems to have enclapsed the GMP ever since its birth, dictated that soon after 1989, when the "New Mediterranean Policy" was still half baked, the EC was once again overtaken by new events, this time the democratic revolutions in Central and Eastern Europe, the unification of Germany and the dissolution of the USSR. Becoming deeper and deeper enmeshed in the new conjecture created in Europe, the EC once again was constrained to turn its back on the Mediterranean which from a European point of view, became once more a peripheral area of concern in comparison to the economic and political challenges it faced to the East of the European Continent, and the possible dangers and destabilizing effects that would spill over into the EC itself in the event of a sudden or messy collapse of the old order in that region.

3. Mutations

Other developments in the Mediterranean region were to effect further mutations to the **New Mediterranean Policy**. First came the application made by Turkey in 1987³ to join the European Community which was followed by similar applications by Cyprus and Malta in 1990.⁴ A negative reply to Turkey's application was issued by the Commission in 1989⁵ while the "avis" on the applications made by Cyprus and Malta are

3. April 14th, 1987, *Bulletin of the European Communities*, No 4/1987, point 1.3.1.

4. July 4th, 1990 Cyprus application July 16th, 1990, Malta application *Bulletin of the European Communities*, No 6/7, 1990, points 1.4.24 and 1.4.25.

5. Opinion on Turkey's application was issued on December 20th, 1989. Com (89).

expected later this year⁶, probably after the result of the Danish referendum. What is significant however is that the EC, which has association agreements eventually leading to the formation of a customs union with all three, cannot deal and has never dealt with these countries, which are potential members, as it does with the other non-member states and while it has included them in its current overall financial package to the Mediterranean region, has nevertheless urged them to pursue the customs union with it. Cyprus is already on the way to achieving such a union with the Community on the basis of the agreement signed in 1986 and attached to the 1972 EC-Cyprus Association Agreement. The 1986 agreement provides for a customs union with the EC to be established in two phases: a transitional one lasting ten years and a second stage lasting from four to five years. Malta, which embarked on a gradual market-oriented restructuring program back in 1987, contemplates a customs union only in the context of membership but is however feverishly making preparations to introduce Value Added Tax (VAT) by 1994. This will facilitate the full liberalisation of trade with the EC, within the negotiated transitional arrangements, on being accepted as member.

Turkey, Cyprus and Malta are separately and frantically pushing ahead their membership quest, of course with markedly different and discernable results. The Commission's position on the membership applications of the three Mediterranean countries was indicated in a report presented to the Lisbon European Council held on the 26th and 27th of June 1992.⁷ In this report the Commission dealt with the enlargement question in the context of the two groups of applicants namely the Mediterranean trio and the European Free Trade Area (EFTA) group. However, while by and large it treated the EFTAs as a single group, it clearly decoupled the applications of the Mediterranean states from one another. As regards the EFTAs, the Commission observed that the integration of these states in the Community will not pose any problems, especially since the states in question have already accepted the bulk of the Community's *acquis* via the treaty they signed with the EC for the formation of the European Economic Area (EEA). The ratification process of the EEA treaty has been completed in all the EFTA states save

6. Com (93) 43 final, Legislative Programme of the Commission, point 32 states that the Commission will issue its opinion on the applications of Malta and Cyprus during 1993.

7. *Europe and The Challenge Of Enlargement*, Bulletin of the European Communities, Supplement 3/92.

Switzerland, where its rejection in a referendum on December 6th, 1992 has led to a delay in the Treaty coming into force, though it will certainly do so later this year. The EC and EFTA have meanwhile negotiated and concluded on February 25th, 1993 a new protocol, adjusting the original EEA agreement to make allowance for the Swiss decision to opt out. This agreement is meanwhile going through the ratification process.

While the economic integration of the EFTAs in the EC will not cause substantial problems to the EC because of their high level of development, economic similarity and openness to the EC, for quite different reasons related to their smallness, the economic integration of Cyprus and Malta in the EC poses no major problems. This is amply borne out by the said Commission report to the Lisbon summit which stated that as in the case of the EFTAs,

“the integration of Cyprus and Malta in the Community system would not pose insurmountable problems of an economic nature”.

The report stated further that in the case of these two countries, the adoption of the Community's *acquis* would also appear to pose no insuperable problems.

“However, both are very small states, and the question of their participation in the Community institutions would have to be resolved in the appropriate manner in accession negotiations. The Commission will address this question in its opinions on these countries' applications.”

By contrast, the Commission's position on Turkey was harder, and in line with its opinion of 1989, excluded membership all together in the foreseeable future. It stated that Turkey:

“ would experience serious difficulties in taking on the obligations resulting from the Community's economic and social policies”.⁸

As a sop to the Turks, given the new geopolitical importance of Turkey among the former Soviet republics of central Asia, the Commission proposed stepping up cooperation with Turkey in various sectors as well

8. See report in note 7, pages 13 and 17-18.

as raising the level of the political dialogue.⁹ No doubt the Commission's main concern is to maintain Turkey firmly in the Western camp where it could possibly assume the role of the EC's interlocutor among the ex-Soviet republics of central Asia and Middle Eastern moslem countries. The Commission has proposed that Turkey should meanwhile seek to achieve a customs union with the EC by 1996.¹⁰

On the basis of the same Commission report, the EC leaders agreed at the Lisbon summit that each of the applications submitted by Turkey, Cyprus and Malta **"must be considered on its merits"** and that: "relations with Cyprus and Malta will be developed and strengthened by building on the association agreements and their application for membership and by developing the political dialogue".¹¹

Hence, while the door was slammed on Turkey, membership was not completely ruled out for Malta and Cyprus, however the latter two applications were untwined from one another. In the case of Cyprus, the Commission had stated in its report to the Council that:

"there is inevitably a link between the question of accession and the problem which results from the de facto separation of the island into two entities, between which there is no movement of goods, persons or services. The Community must continue to encourage all efforts to find a solution, in particular through the support for resolutions of the United Nations and the initiatives of its Secretary General."¹²

Not surprisingly the division of Cyprus is also a serious obstacle to membership that is faced by Turkey. In fact at the Dublin Council meeting held in June 1990, the Cyprus problem and Turkey's application were for the first time publicly and firmly linked, when the EC leaders declared

9. See report in note 7, page 17.

10. Customs Union by 1996 was mentioned in the Commission's programme for 1991, *Bulletin of the European Communities*, Supplement 1/91. No mention of target date is found in the Commissions programmes for 1992 and 1993. Turkey however reaffirmed its commitment to the Customs Union at the Council of Association held on November 9th, 1992 [see 26th General Report of the European Communities, pp 281-282. Further measures to liberalize trade with the Community came into effect on January 1st, 1993 [see Europe No 5897, 14/1/1993, p 12.

11. Lisbon Council Declaration, *Bulletin of the European Communities*, No 6, 1992, p.10.

12. Report referred to in note 7, point 30, page 17.

that while they continued to support the unity, independence, sovereignty and territorial integrity of Cyprus,

“the Cyprus problem affects EC-Turkey relations and bearing in mind the importance of these relations, it stresses the need for prompt elimination of the obstacles that are preventing the pursuit of effective intercommunal talks aimed at finding a just and viable solution to the question of Cyprus...”¹³

Lastly, at the Edinburgh summit held in December 1992, Community leaders reiterated that as regards the applicant countries, Council should continue **“developing appropriate and specific links with these countries along the lines set out in Lisbon”**.¹⁴ The outcome of this is that the Edinburgh Council meeting did not change the position adopted in June in Lisbon which effectively hints that out of the three Mediterranean countries eligible for membership, Malta seems to be the best placed for achieving this quest, although the institutional questions posed by the entry of another state the size of Luxembourg will have to be resolved. Support for Malta’s membership in the next first wave of enlargement has come from Chancellor Kohl of Germany¹⁵ and fears that Greece may obstruct Malta’s entry unless similar progress can be made in the case of Cyprus have been set aside by declarations made by Prime Minister Mitsotakis in Athens at the end of an official visit to Athens by Malta’s Prime Minister Dr Eddie Fenech Adami.¹⁶

4. The Balkan States

The other European states that can become members of the EC but only in the distant future are Albania and the republics of former Yugoslavia. Here again the EC is not treating these countries under the aegis of its Mediterranean policy but as part of its policies towards Central and

13. Dublin Council Declaration, 25 and 26 June, 1990, *Europe Documents*, No 1632/1633 of June 29, 1990.

14. Edinburgh Council Declaration, *Bulletin of the European Communities*, No 12, 1992.

15. Returning from an official visit to Germany, where he had talks with Chancellor Kohl, Maltese Prime Minister Eddie Fenech Adami told journalists that Chancellor Kohl had told him that he supports Malta’s entry into the EC in the first wave by 1995. See *The Malta Independent*, December 6th, 1992.

16. Greek Prime Minister, Costantin Mitsotakis and Maltese Prime Minister, Eddie Fenech Adami addressed the press at the end of talks in Athens. Mitsotakis’s support for the Maltese application reported in all Maltese newspapers of March 24th, 1993.

Eastern Europe. The war in former Yugoslavia has led to the end of the long standing EC-Yugoslavia relation, however if peace had to return to that troubled land full, partial or new links with the individual republics could foreseeably be resumed, as happened recently in the case of Slovenia.¹⁷ The economic devastation caused by the war mean that membership for the ex-Yugoslav republics would probably have to be foregone for at least a couple of decades or more, except of course for Slovenia, the most enterprising of the lot and possibly the one with the best chances of rapid economic growth in the future, given that its war of secession had been brief and hardly damaging, and given that throughout the history of Yugoslavia it had always outperformed the other republics economically. As regards Albania, because of the backward state of its economic development, membership is just a distant possibility. However, in the latter's case some progress has been registered in the sense that an agreement establishing for the first time contractual links with the EC has been signed¹⁸, ending Albania's role of Europe's hermit. Provision is made in this agreement for its eventual development into an association agreement on the lines of the "Europe Agreements" concluded with the Visegrad countries.

The sum of all these developments is that the European Community and the European shoreline states of the Mediterranean which are still not members of the EC have placed their relations on a path which by and large (with the exception of ex Yugoslavia) will allow them to close ranks faster than similar links could be enhanced between the EC and the non-European Mediterranean states, with the possible exception of Israel. This trend in the EC's relations is not entirely of the Community's own volition but is largely dictated by developments in central and Eastern Europe as well as the Mediterranean. The Mediterranean scenario in which the Community will have to operate in the future is changing and settling for a clear Euro-Arab distinction for which the New Mediterranean Policy will have to be the basis for ties of mutual interest, in other words provide the bridging link. Yet the recently announced new GMP, touted as the

17. A cooperation agreement was initialled on November 5th, 1992 between the EC and Slovenia restoring relations to a contractual basis and having the same provisions as the 1983 EC-Yugoslavia Cooperation Agreement. Reference is made in this agreement to the possibility that in time it could be elevated to a "Europe Agreement".

18. "Agreement between the EC and the Republic of Albania on Trade and Commercial and Economic Cooperation", OJ L343, 25th November, 1992, pp. 1 ff.

successor of the 1972 GMP, is in a sense a relic of the Community as it was and is over pretentious in its claims to "newness" in so far as it radically changes the Community's approach to the region. In fact after launching the new policy, the EC has found it necessary to launch new complimentary initiatives towards the Mediterranean, as if to show the inadequacy of its new flag ship. Meanwhile the EC itself is changing and in accordance with the Treaty on European Union, it will have to build a foreign policy for the union. Preferential trading arrangements served the EC well in the past while it was an economic giant but still a political pygmy. This however, will not do any more and the EC must seriously launch a proper "New Mediterranean Policy" that would seek more than just preserve old trade links and finance projects, in other words it must seek to do more than just "contain" the challenges. It must include a political dimension that seeks to achieve more than play on human rights issues or consultation with the NMCs at the level of European Political Cooperation (EPC). As the Commission itself declared, once the Treaty on European Union is ratified, it will start

"by putting a common and foreign security policy into effect, eventually leading to the framing of a common defence policy which might in time lead to a common defence, with the objective of safeguarding common values, fundamental interests and independence, strengthening security, preserving international security, and developing and consolidating democracy and the rule of law and respect for human rights and fundamental freedoms"

and further that it will

"exercise its right of initiative to gradually implement common action in those areas where the Member States have substantial interests in common while seeking to ensure coherence between external action, economic policy and development policy".¹⁹

The implications of this are that the present Mediterranean Policy of the EC will have to be armed with a political dimension and that it has to be developed in such a way that the economic and political instruments of such a policy are thoroughly coordinated. Otherwise a European ap-

19. Com (93) 43 final, February 3, 1993, *Legislative Programme of the Commission for 1993*, Brussels, 1993, p 29, point 31.

proach to the Mediterranean on Maastricht principles will be impossible. And here lies the crux of the problem. In the context of economic relations with the Mediterranean, the EC has been able to move as one on the basis of the GMP. As regards the political dimension, where the Community had virtually no competencies, the field was left open to be filled by the Mediterranean states of the Community. This resulted of course in a lot of confusion in which the individual European Mediterranean states fought each other for the honour to exercise preponderance. It also led to an assortment of hastily concocted initiatives some of which have fizzled out while the Treaty on European Union has sounded the death knell for the few which survived. In this context discussion will be limited to the Italo-Spanish proposal for convening a Conference on Security and Cooperation in the Mediterranean (CSCM) and Mitterrand's proposal at Marrakech which led to the "five-plus-five" encounter in the Western Mediterranean.

5. From CSCE to CSCM

In the words of former Spanish foreign minister, Francisco Fernandez-Ordonez who along with former Italian foreign minister Gianni de Michelis championed the idea of a CSCM, the scope of the initiative was to transfer positive European experiences to the Mediterranean in emulation of the model initiated in Helsinki.²⁰ The basic assumption that what was good for the goose was also good for the gander was soon however proved wrong. The fundamental flaw of the proposal was in exaggerating the similarity of the problems which had led to Helsinki process and those existing in the Mediterranean region. It was also wrong to assume that these "similar" problems could be tackled by similar means, without a thought for the difference in context and geopolitical environment. The end of the cold war in Europe did not stem from the Helsinki process but resulted from the collapse of Soviet power and communism in the East. The Italo-Spanish appraisal of the Helsinki process over magnified the real impact of that process on change in Eastern Europe and assumed that a similar process will work miracles in the Mediterranean. Further, while the changes in Eastern Europe had

20. Fernandez-Ordonez Francisco, "The Mediterranean - Devising A Security Structure", *NATO Review*, Vol 38, No 5, October, 1990, p. 7.

also altered the political/strategic context in the Mediterranean and increased the chances of success of security building initiatives in the region, there are still a number of very important obstacles that have to be surmounted before peace begins its march in the region. It is still a far cry to claim that the states of the Mediterranean, while being aware of the changes that have occurred, are prepared to sit together and discuss all the baskets that had formed part of the Helsinki process. Even if CSCM could get off the ground it would soon fall in the quicksand of the Middle East problem. It was after all for that same reason that the states participating in the Helsinki process had rejected and resisted discussion of Mediterranean security²¹ an issue subsequently picked from the gutter by Malta in quasi defiance.²² The CSCM would have suffered the same fate as the Euro-Arab dialogue, which has died an inglorious death. As things stand, the Middle East peace process has been initiated, under American tutelage primarily because Europe cannot be trusted by either of the sides involved, with giving concrete guarantees to any accord eventually reached and multilateral initiatives in the Mediterranean had best wait for that outcome.²³ The Community itself recognizes this fact for it is now concentrating on the Maghreb region as the area where it stands the best chance of improving its links.

The "five-plus-five" encounter in the Western Mediterranean is a positive encounter only to the extent that in the absence of a more coherent approach for the whole of the Mediterranean region, the five Arab and five European states involved can at least fashion out some form of cooperation between them. Yet in future, on the European side, such initiatives must take on a "European" approach, on Maastricht lines, and not be simply marginalised as the preserve of the southern states of Europe. Just as the situation in Eastern Europe concerns the whole of the European Union, so must the Mediterranean region be viewed. It is this

21. Maresca John J., *To Helsinki: The Conference On Security and Cooperation In Europe 1973 - 75*. Duke University, page 189: "...including most of northern, industrialised countries of East and West Europe, the USSR and North Americans, considered that a discussion of Mediterranean issues would lead inexorably to a divisive discussion of the Middle East problem...such a debate would change the focus and character of the CSCE completely, and render it useless as a device for improving East-West relations."

22. See Maresca (op. cit.), pages 189 - 191 for Malta's participation in early phase of Helsinki on the Mediterranean question.

23. Israel's negative attitude towards the EC is best summed up by Shlomo Avineri in Weiler and Greihsammer, *Europe and Israel: Troubled Neighbours*, De Gruyter, 1988.

approach which will guarantee the political strength and economic resources to make it succeed. Besides, in a Europe without frontiers, the negative effects of instability in the Mediterranean region will not be limited to the Community's Mediterranean coastal states and hence what happens in the south does not concern only the southern states.

6. The Economic Aspect

What remains is the economic and trade aspects of the Euro-Mediterranean relationship. Data in this regard appears in the Appendix. The main problems for most of the Mediterranean countries seem to arise from the demographic explosion, debt problems and lack of competitiveness in the EC market. The Mediterranean region is still very important for the European Community and this importance arises from the fact that the EC has traditionally enjoyed a trade surplus with the region, that the bulk of its energy resources originate or pass through the region and that any upheaval in the region could possibly have negative effects on its own underdeveloped Mediterranean regions, the majority of which are developing their economies on the basis of tourist services. The collapse of communism has initiated a trend towards increased EC trade with Central and Eastern Europe, with the latter fastly catching up on the Mediterranean as the EC's third most important export outlet. The Mediterranean's share in extra-EC exports remains however very significant. No doubt, the granting of preferential access to the central and Eastern European countries has eroded the privileges which the NMCs have traditionally enjoyed in the Community.

An issue which seems to be at the heart of the NMCs development problem is the demographic one. Total fertility rates in most of the countries considered are falling but they are still very high by most standards. In between 1980 and 1990, the total population increased by around 50 million in the southern Mediterranean states. At present total fertility rates of population growth, by the year 2020, the population of the non-European Mediterranean states, presently around 140 million could more than double. In addition to this demographic problem there is the other consideration that nearly all the countries of the Mashrek (notably Egypt the most populous Arab state) and Morocco in the Maghreb, have huge external debt problems which are already impinging upon their

fiscal solvency and retarding their economic development plans. The debt problem of the rest of the Mediterranean states is not so alarming, Malta is the least indebted country of the group. In its communication to the Council of June 1990²⁴ the Commission outlined a number of debt relief measures that could be applied to the NMCs.

As regards trade, the Commission suggested that the Community should liberalize trade in textiles with the NMCs under the present cooperation agreements. The EC will have to do that anyhow if the Multifibre Arrangement is abolished as part of a final Uruguay Round accord. The Commission also suggested the granting of cumulative rules of origin to groups of Mediterranean states. Such a concession had already been given to the Maghreb countries in 1978, but these countries were unable to take advantage of it to improve their trade performance in the EC due to the non-existence of integration between their own economies. This is one reason why the Community is keen on the success of the regional integration of the Maghreb for it would stimulate economic growth and possibly reduce migratory pressures in Europe.

Following a communication on future EC-Maghreb relations prepared by the Commission and sent to Council in April 1992²⁵, Community leaders came out in favour of a new EC-Maghreb partnership at Lisbon Council meeting of June 1992. The efforts for the creation of the Greater Arab Maghreb Union have meanwhile stalled and the EC was left no option but to attempt to forge a new, deeper relationship with Morocco, Tunisia and Algeria [relations with Libya are impossible so long as the UN boycott lasts while relations with Mauritania fall under the Lome Convention] through new bilateral agreements.

Negotiations with Morocco have in fact been started and similar talks with Tunisia have been urged. The influential *Telex Mediterranean*, published in Brussels [No 376 February 5, 1993] reported Mr Eberhard Rhein, Director of the Mediterranean Southern Division in the Commission as having had talks in Tunis with Tunisian Foreign Minister, Habib Ben Yahia, about the establishment of an EC-North Africa Free Trade zone by the year 2,000 as the initial deadline of 2007, seemed too far.

24. Document referred to in note 1.

25. Commission of the EC, Spokesman's Service, Press Release P(92) 23.

7. Free Trade

The EC and the Maghreb could eventually achieve a free trade area between them, completely liberalizing trade in industrial goods and perhaps even agricultural products. As regards agricultural goods, these make up only around 11.0 per cent of NMCs' exports to the Community, the rest being made up largely of manufactured goods (53 per cent) and raw materials and fuels. Most Mediterranean agricultural products imported by the EC, are given preferential treatment on entry into the Community and tariffs are being lowered further on the basis of the accord reached with these states in 1986 at the time of the entry of Spain and Portugal in the Community. Of course progress can also be made on the removal of existing ceilings and tariff quotas on these imports.

The free trade area could also include freedom of capital movements. But it is very hard to see the EC agreeing to the creation of an economic area similar to the one created with the EFTA countries, in the foreseeable future. For one thing the EC will be reluctant to concede freedom of movement of persons to the Maghreb or to any other southern Mediterranean country come to that. As regards the Mashrek, the EC will certainly move slower. In this case, everything seems to hinge on the outcome of the present Middle East peace process. In the event of a successful outcome, regional integration in that part of the Mediterranean could be on the cards and the EC could play a role in stabilizing the region by helping with economic aid.

Israel is the only Eastern Mediterranean state which has any hope of improving its economic relations with the Community in the near future. In fact, exploratory negotiations for upgrading the 1974 cooperation agreement recommenced last March.

No matter how sharp the EC's policies towards the Mediterranean turn out to be in future, a lot will still depend on the non-member states ability to carry out market oriented reforms, combat bureaucracy, create stability, contain their debt and integrate amongst themselves. South-south trade in the Mediterranean remains dismally low, less than 5 per cent for the Maghreb and not much better elsewhere, showing the low degree of horizontal integration. The *New Mediterranean Policy*, born out of the best intentions, is a relic of the Community as it were, applying more of

the same medicine to the Mediterranean problems, both old and new. It is an attempt to change the bottle without changing the contents.

This will certainly not do. The Mediterranean has become an area of peripheral concern to the present day Community and no doubt a proper new Mediterranean policy will have to fit the region's importance in the EC's set of priorities. It will most certainly have to accept to stand one step behind Central and Eastern Europe in importance. However, if Europe neglects the region, it will do so at its own peril. It must hammer out a policy for the Mediterranean, one which will be more efficient than its existing one. The present one could nevertheless be acceptable if it sheds all pretensions to novelty and is regarded as a transitional phase to a better policy, a stop gap arrangement in preference to doing nothing at all.

APPENDIX

Some Basic Indicators relating to
Non-Member Mediterranean Countries

Country	Population*	Fertility Rates		GNP Per Capita		
	1990	1985	1990	1988	1989	1990
Malta	354	2.0	2.1	5,170	6,010	6,610
Cyprus	702	2.4	2.3	6,450	7,230	8,020
Turkey	56,098	3.8	3.7	1,280	1,370	1,640
Yugoslavia	23,809	2.1	2.0	2,710	2,940	3,060
Albania	3,300 ¹	--	--	--	--	623 ²
Morocco	25,091	5.1	4.5	830	880	950
Algeria	25,056	5.1	5.8	2,470	2,280	2,060
Tunisia	8,060	4.4	3.6	1,240	1,290	1440
Libya	4,546	7.0	6.7	5,330	5,310	--
Egypt	52,061	4.6	4.0	660	640	610
Lebanon	2,897 ³	--	--	--	--	--
Syria	12,360	7.0	6.5	1,080	880	1,000
Israel	4,659	3.1	2.8	8,970	9,790	10,920
Jordan	3,154	6.5	6.3	2,050	1,630	1,240

* Thousands

Sources: Data, except where superscripted, is derived from World Tables, 1992. The World Bank

1. ABECOR Group of Banks

2. GDP Per Capita

3. Figures for 1989, demographic Yearbook, 1989. UN.

**European Community Imports from
The Mediterranean Countries
Expressed as a Percentage of Total Extra-EC Imports**

Country	1988	1989	1990	1991
Med. Basin Total*	7.78	8.32	9.14	8.80
Central and Eastern Europe	6.10	6.10	6.80	7.00
Malta	0.10	0.13	0.14	0.14
Cyprus	0.10	0.12	0.13	0.13
Turkey	1.12	1.24	1.30	1.30
Yugoslvs	1.52	1.57	1.66	1.52
Albania	0.02	0.02	0.02	0.02
Morocco	0.60	0.60	0.66	0.64
Algeria	1.30	1.30	1.50	1.54
Tunisia	0.39	0.44	0.49	0.47
Libya	1.35	1.41	1.70	1.63
Egypt	0.42	0.55	0.50	0.44
Lebanon	0.03	0.02	0.02	0.02
Syria	0.11	0.17	0.27	0.27
Israel	0.74	0.72	0.75	0.69
Jordan	0.03	0.02	0.02	0.02

**EC Imports from the Mediterranean Countries
Expressed as a Percentage of Total Extra-EC Imports**

1960	6.7
1970	9.4
1980	8.3
1991	8.8

* *Mediterranean Basin Countries also includes Gueta and Melilla and Gibraltar. Percentage may not add up due to rounding.*

Source: External Trade and Balance Of Payments Statistical Yearbook, Eurostat, 1992

Total External Debt of Mediterranean Countries

Country	Total External Debt (Millions of US dollars)			Debt as a Percentage of GNP		
	1989	1990	1991	1989	1990	1991
Malta	410	598	612	20.2	24.0	23.1
Cyprus	2,105	3,023	3,213	46.5	59.6	60.2
Turkey	41,387	49,170	50,250	53.5	46.2	48.1
Yugoslavia ¹	--	551	--	--	--	--
Albania	--	--	--	--	27.6	--
Morocco	21,710	23,620	21,219	100.0	94.6	80.0
Algeria	28,574	29,794	28,636	53.3	51.6	70.4
Tunisia	6,940	7,713	8,296	71.6	64.0	66.2
Libya ²	5,231	--	--	19.7	--	--
Egypt	51,498	40,104	40,571	165.4	126.7	130.2
Lebanon	1,187	1,965	1,858	--	--	--
Syria	16,881	16,446	16,815	169.2	118.1	--
Israel	--	--	--	--	--	--
Jordan	7,395	8,328	8,641	181.5	237.6	225.3

Sources: Except where superscripted, *World Debt Tables, 1992-93, IMF.*

1. ABECOR

2. OECD, *Debt as a % of GDP.*

**Direction of EC Exports as a
Percentage of Total Extra-EC Exports**

	1988	1989	1990	1991
Med.Basin	9.80	9.90	10.90	9.30
ACP Countries	4.30	4.02	3.97	3.80
EFTA	26.60	26.14	26.53	25.70
US and Canada	22.60	21.50	20.45	19.01
Japan	4.60	5.12	5.41	5.23
East & Central Europe	7.30	7.97	8.74	9.14

**Direction of EC Imports as a
Percentage of Total Extra-EC Imports**

	1988	1989	1990	1991
Med.Basin	7.79	8.32	9.14	8.80
ACP Countries	4.52	4.39	4.35	3.87
EFTA	23.37	22.97	23.50	22.42
US and Canada	19.79	20.92	20.44	20.61
Japan	10.73	10.37	9.99	10.49
East & Central Europe	7.94	8.06	8.42	8.53

**Share of Med. Countries' Exports and Imports with the EC
(Expressed as a Percentage of Total Exports and Imports)**

	Exports To EC	Imports from EC
Albania	24.0	na
Algeria	66.2	64.0
Cyprus	47.6	53.7
Egypt	42.4	38.6
Israel	36.2	47.5
Jordan	3.6	28.4
Lebanon	22.6	48.2
Libya	81.6	59.4
Malta	77.4	75.3
Morocco	64.5	55.1
Syria	31.0	42.0
Tunisia	73.6	67.5
Turkey	52.2	44.2
Yugoslavia	55.2	49.1

Source: *Statistical Yearbook, External Trade, and estimates from ABECOR (for Albania).*