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EUROPE FACED WITH THE ARAB REVOLUTIONS

1 – A HISTORIC OPPORTUNITY

The democratic revolutions in North Africa and the Middle East offer Europe a historic opportunity to build on new foundations in its relations with its south.

Admittedly, the Arab Springs will be long and probably cross stormy periods before democracy takes root lastingly. But the courage of the peoples – especially in Tunisia, Egypt and Syria – bears witness to a deep desire for change. Will this change take place to the benefit of the Islamic parties at the risk of seeing the latter dominate new power arrangements? The risk exists undoubtedly, higher in Egypt than in Tunisia. However, it should be noted that the Revolutions were not started by the Islamists: religious slogans were almost absent from the demonstrations. Also, Europe no longer has a monopoly over relations with African countries. Emerging countries (Russia, China, India, Brazil) including Turkey, are increasingly present, attracted by consumer markets, raw materials, precious metals, and arable lands (bought massively by China). More and more African students are going to Asia or Latin America as Europe is rationing their access to its universities. Air routes are being set in place between African capitals and Asia, passing via Dubai, Abu Dhabi and Qatar, abandoning the traditional routes via Paris and London.

The Arab Springs offer Europe a new card to play to the south and east of the Mediterranean. Europe alone, provided it has sufficient political audacity, imagination and determination, can offer a genuine long-term partnership to the southern countries. The United States is far away and is becoming less involved than in the past, as witnessed by the war in Libya. The emerging powers are seeking to strengthen and diversify their presence, especially economic in Africa. They have considerable financial clout. But in Africa, the partner most sought remains Europe, who's geographic, historic and cultural proximity remains strong¹. This opportunity will not be eternal. It must therefore be seized forthwith.

But the Arab Revolutions must be matched with a transformation and even a new foundation to the European approach to this Region.

Europe, like the southern and eastern Mediterranean countries, have a common interest in building a shared development based on their **geographic proximity** and their **complementarities** that harness considerable growth and employment potential. They also have to face **common threats**: terrorism, organised crime, extremisms, populisms; and have joint **challenges to meet**: climate change and global warming, pollution of the Mediterranean, food security, controlling population migrations.

On the economic and social levels, the complementarities are obvious: what is lacking in the north is to be found to the south and east of the Mediterranean, and vice versa:

– *Europe, whose population is ageing, will lose 20 million inhabitants by 2030 and will*

1 I wish to thank **Jean-Louis Guigou**, Delegate General of the Institute of Economic Forecasting of the Mediterranean World (IPEMED) whose work has enriched this note and **Radhi Meddeb**, chair of IPEMED. [website: www.ipemed.coop]

therefore find it increasingly difficult to fund its social model. It will need the demographic dynamism of the southern and eastern Mediterranean where the population is young, job hungry and mobile.

- *The European Union today imports 50% of its energy -- 70% in twenty years' time -- from the Region.* A third of gas and a quarter of oil consumed in Europe come from North Africa. To the south, energy resources and raw materials abound. It is not in Europe's interest to let the oil, gas, precious metals and markets of the southern Mediterranean escape from its hands to the benefit of the Americans, Chinese or Indians, increasingly present and who are attracting to their countries the best African students, whereas Europe is receiving them reluctantly and parsimoniously.
- *Europe is ahead for technologies and patents, and offers a secure setting for investments.* But the crisis and an unconsidered succession of austerity plans, without support from the business community is seriously compromising growth prospects. On the contrary, the southern Mediterranean is less affected by the crisis than its north and will return much sooner to strong and resilient growth. There are many countries in Africa and the Middle East where growth is double that of the European Union.

If the complementarities are turned to good account, if the common challenges are faced in close cooperation and not in sterile rivalry, a **win-win process can start between the north and south of the Mediterranean: more shared growth, more qualified jobs, less massive migration and more circular mobility.** A new organised model of more social and ecological development and exchange can be built between Europe and the southern Mediterranean countries, which would allow the north and the south to optimise growth and employment, control migratory flows, **build a shared area of development, peace and collective security and, last but not least, ensure that the voice of the great 'Europe-Mediterranean-Africa' Region is heard worldwide.**

2 – DRAWING THE LESSONS OF THE PAST

Fifteen years ago already, in 1995 in Barcelona, at the behest of Jacques Delors and Felipe Gonzalez, the countries of the European Union and of the southern and eastern shores of the Mediterranean launched an ambitious Euro-Mediterranean project based on economic cooperation, cultural exchanges, peace and political stability.

The Barcelona Process has produced mixed results from which lessons should and can be drawn: *the European Union has not managed to offer a genuine political partnership* to the southern countries which, for their part, have not managed to overcome their divisions and group themselves together to speak on an equal footing with Europe. The Western Sahara conflict embittering relations between Algeria and Morocco is a threat to the growth of North Africa and Mauritania and is blocking the essential construction of a single North African market. Even more so, the Palestinian conflict remains a nullifying impediment to regional cooperation.

The European approach to the Region is limited in its ambitions and scope and dispersed in a multitude of instruments. Between 1960 and 2009, the share of southern countries in the funds devoted to the EU Neighbourhood policy fell from 34% to 8% (including aid to Palestine)!

The European Union's financial aid to its Southern neighbours is *half* that of assistance disbursed to its Eastern neighbours, as shown in the following table²:

EU FINANCIAL AID (GRANTS AND LOANS) FOR DEVELOPMENT, 2009 (IN 2008 EUROS)

IN MILLION EUROS	NEW MEMBER STATES	FORMER YUGOSLAVIA *AND ALBANIA	TURKEY	EASTERN NEIGHBOURHOOD	RUSSIA	CENTRAL ASIA	<u>SOUTHERN NEIGHBOURS</u>	<u>SOUTHERN NEIGHBOURS WITHOUT PALESTINE</u>
EU OPERATIONAL BUDGET BALANCE**	11 006							
ODA EUROPEAN COMMISSION INCLUDING ENPI (PAYMENTS)	0	699	577	376	0	85	1 119	702
EBRD	2 353	975	150	1 449	2 366	536	0	0
EIB	13 582	1692	2648	100	133	0	1 569	1 569
EU	26 941	3366	3375	1 925	2 499	621	2 688	2 271
IN EUROS PER INHABITANT								
EU OPERATIONAL BUDGET BALANCE**	106	0	0	0	0	0	0	0
ODA EUROPEAN COMMISSION	0	30	8	5	0	1	5	3
INCLUDING ENPI (PAYMENTS)	0	0	0	6	0	0	5	3
EBRD	23	42	2	19	17	9	0	0
EIB	131	73	35	1	1	0	7	8
EU	261	145	45	26	18	10	13	11

NB: These figures must be considered as orders of magnitude, for several reasons: data from one source to another do not have an always exactly comparable definition: a (small) part of the amounts of ODA to the southern neighbourhood is partially not localised (a third of this 'non localised' has been assigned here to Palestine); roughly a hundred million non-localised euros assigned to the eastern neighbourhood by the ENPI are not taken into account in DAC statistics on ODA.

(*) Excepting Slovenia. (**) 2008, UK adjustment included.

Sources: OECD-DAC for ODA; financial report of the EU Budget 2008 for the operational budget balance; EBRD and EIB activity reports. Calculations by the author.

Above all, this official aid has been *of little direct benefit to the populations targeted* and has often been almost totally absorbed by ministries and also, unfortunately, by rampant corruption.

Moreover the *aid instruments are hardly adapted to the true needs of populations*. Imbalances have also often arisen in free trade agreements to the detriment of the southern countries. Lastly, above all from the 2000s onwards, the European Union has constantly restricted access to its territory to the southern populations, giving more and more the impression of a '*fortress Europe*', through a decreasing the number of visas, including for students or for short stays, and the tightening of its immigration laws after having been frightened in the spring of 2011 by the influx of some 10 000 Tunisians, whereas at the same time that small country of 10 million inhabitants was hosting hundreds of thousands of refugees fleeing the war in Libya.

2 Source IPEMED. *Palimpsestes*. No.3. May 2011. Article by Pierre Beckouche, Professor of Geography at Université Paris 1 Panthéon-Sorbonne, Director of the Scientific Interest Group 'Collège International des Sciences du Territoire', Scientific adviser to IpeMed.

In 2008, President Sarkozy launched his *Union for the Mediterranean (UfM)* project. I welcomed this initiative of unprecedented political priority and visibility. Unfortunately, the project started on a wrong footing from the outset: The Elysée was determined to reserve the UfM to neighbouring Mediterranean European countries, which aroused the anger of Germany and the mistrust of Northern European member states; Paris was determined to offer Turkey a substitute to European integration and membership; lastly, EU borders had to be closed tighter. After a laborious reconciliation with the non-Mediterranean countries of Europe, the epic meeting took place in Paris on 13 July 2008 with, as star protagonists, Presidents Bashar El Assad, Mubarak and Ben Ali! Rapidly, the UfM stumbled on the political conflicts prevalent in the southern Mediterranean countries, and the Paris meeting saw no follow-up. The only concrete achievement worth keeping and strengthening is the *creation of the UfM General Secretariat in Barcelona*, where a new Secretary General, Youssef Amrani, a highly experienced Moroccan diplomat, has just been appointed.

3 – HOW TO RELAUNCH A NEW EURO-MEDITERRANEAN PARTNERSHIP?

3-1 THE INSTITUTIONAL ORGANISATION MUST BE LIGHT AND ADAPTABLE TO CHANGES.

A major geopolitical project offering the prospect of a Euro-Mediterranean Union, should concern **only countries that have started their democratic transition** and which respect the fundamental values and rights of mankind. A **Standing Political Committee** chaired by the 'Mr Mediterranean' of the EU High Representative could be created. (Since, Bernardino León from Spain has been appointed by HR/VP Catherine Ashton as the EU Special Representative for the Southern Mediterranean Region). It would group the State Secretaries for the Mediterranean of each EU Member State and the State Secretaries for European Affairs of the Southern countries parties to the new partnership. It would work in close cooperation with the UfM General Secretariat tasked with projects in Barcelona, and would report to a **Standing Conference for Security and Development** led by the European Commission and composed of the ministers of both shores and, once a year, of the heads of state and of government.

3-2 PRACTICAL PROJECTS MUST PROVIDE IMMEDIATE OR MID-TERM ANSWERS GEARED TO THE NEEDS OF POPULATIONS.

The Barcelona Secretariat is tasked with drawing up investment projects requiring official aid from the European institutions and the Member States. It grants its seal of approval and validation. It has the merit of being composed of an equal number of representatives of the northern and southern countries and thus meets the legitimate determination of the southern countries to build a *balanced partnership* in preparing projects and decisions and regarding governance.

The **six priority sectors** identified by the July 2008 Paris Summit meeting of Heads of State and government are water and the environment, urban transport, higher education and research, social and civil protection, funding of the economy and safety of investments.

- **Water:** to the south and east of the Mediterranean, the management of water (access to water, purification) is a crucial issue, aggravated even more by global warming and a massive rural exodus to the suburbs of cities, often along the coasts, which increases the pollution of the Mediterranean. Yet water can become the cornerstone of a high level economic sector, giving rise to international cooperation geared to depolluting the Mediterranean, and using resources more rationally - especially for agriculture; in short making the Mediterranean an eco-region. To become operational, a Mediterranean water

strategy should be based on a **Water Agency** coordinating the means and activities of the institutions and NGOs and which would professionalise the organisation and use of Mediterranean hydraulic basins, thereby recognising that the Mediterranean is the 'basin of catchment basins' (Rhône, Po, Nile etc...).

- **Food security** is a major challenge to the south and east of the Mediterranean where population growth is rapid. Increased scarcity of agricultural land is accentuated by desertification and urbanisation. Nutritional imbalances and related diseases are also rapidly increasing. Agricultural potential is moreover threatened by poor water management. Food deficits are increasing as are imports of agricultural products from unstable international markets where prices are constantly increasing. The region is not safe from a social, economic and ecological disaster which the free trade agreements are incapable of preventing. The Arab revolutions find also their origin in price hikes of staple products over the recent years: let us not forget the hunger revolts in the region which fuelled the Arab revolt.

The European Union should therefore take advantage of the coming review on CAP reform to propose to the southern countries a **new Mediterranean agricultural and food policy** based on co-development: promoting local food crops by investing in research, training, the setting up of agricultural sub-sectors and of joint-trade organisations, and the introduction of regulations (standards and quality labels) to raise quality; laying down the bases of collective food security by activating north-south and south-south complementarities, by setting in place jointly managed security stocks for strategic products (cereals, sugar, oil), by granting a Euro-Mediterranean trade preference for all food products, and by promoting the Mediterranean food model.

- **Energy**: this is the field where interdependence is at its highest and where a long-term strategy is essential. Gas and oil supply contracts must be guaranteed for decades given the volume of investments required for infrastructures. The necessity to reduce carbon emissions is becoming more urgent. Southern and eastern Mediterranean countries offer immense potential for **solar energy** (see the DESERTEC project, for example). Energy is also the field where practical cooperation is most developed with the launch of the **Mediterranean solar plan**, and the completion and strengthening of the **Mediterranean electrical loop** around the Mediterranean basin, of which the only missing link is Libya but whose components on the south-eastern flank between Libya and Egypt, Egypt and Syria, Jordan, the Lebanon and Turkey are insufficient and incoherent. The time has come to prolong trade contracts by industrial agreements with the setting up of outfits in the southern Mediterranean. Mistrust must also be overcome between producer and consumer countries.

The main goals of a **Euro-Mediterranean Energy Community** (EMEC – decided on 21 March 2011 by the European Council) should be: ensuring the long term security of purchases and sales; setting up an industrial and technological partnership between companies to the north and south of the Mediterranean; laying down quantified goals for energy savings and the share of non-carbon energies; determining purchase conditions in the southern Mediterranean of green energy; involving southern countries in European Union strategic options; and making long-term investments safe. Arab countries must no longer be considered as solely oil and gas wells; a balanced partnership should be built sharing added value and creating jobs in the south.

- **Safety of investments**: The European Investment Bank (EIB) estimates the investment needs at approximately € 250 billion for the next ten years, for the sole southern shore of the Mediterranean: € 100 billion tabled for energy, € 110 billion for urban development (water, purification, waste processing, urban transport), € 20 billion for ports, airports, motorways, and € 20 billion for support for the development of companies. However, these needs are far from being covered: private investments are low and the available savings especially that of

migrants is not sufficiently mobilised by financial institutions.

- The creation of a **Mediterranean Development Bank** would be a precious instrument to fund investments, support SMEs, create a harmonised regional framework to protect investments and export guarantee mechanisms, as well as create financial instruments to transform the savings of migrants into long-term investment. The European Union refuses, for the time being, to create a Euro-Mediterranean Bank and proposes that the EBRD extend its tasks to this area. True, this Bank has acquired precious knowhow but decisions must be taken unanimously by representatives of countries who have poor knowledge of the region. Apart from the cases of Morocco and Egypt -- countries already EBRD members -- the effectiveness of this Bank in the region requires a modification of its statutes. This will require unanimity of its members and a period of several years.

That is why the creation of a Euro-Mediterranean Bank would be a strong signal to send out to investors from Europe and the Gulf. This Euro-Mediterranean Bank would catalyse action taken by commercial banks and investors by guaranteeing the feasibility of projects. Last, only a regional bank of this type could sustain over several decades major trans-Mediterranean projects such high-speed train links on the southern shore, electrical interconnections, and sea “motorways”.

- **Promoting the mobility of populations** such as by developing projects directly useful to populations requires organising and facilitating the movement of persons between Europe and the southern Mediterranean.

Transient mobility of persons can replace unwanted definitive migrations, if organised on the basis of a joint analysis of the needs of the various parties. It is entirely in the interest of the European Union that African students should continue to come to Europe rather than study in the United States or – increasingly – in India and China! Europe has a major interest in helping economic and social development and democracy which, alone, can lastingly fix populations in their countries of origin. It would then be possible to dispassionately organise student, occupational and family mobility maintaining the personal and professional links forged on both sides of the Mediterranean and allowing for a managed movement of persons on both shores. Indeed, it should not be forgotten that whilst Europe fears illegal immigration, the southern Mediterranean countries deplore their brain drain and loss of qualified workers!

Other projects are desired by the southern countries: transport and logistics, health, information technologies and communication, and vocational training and know-how transfers.

The Revolutions have also highlighted **the major role played by women**, many of whom are gathering together in associations to demand occupational, social and political equality. They are very active, especially in Tunisia.

3-3 WORK UNDER WAY AT THE UNION FOR THE MEDITERRANEAN GENERAL SECRETARIAT IN BARCELONA.

The UfM Secretariat has received several dozen projects of highly varying quality and scope. It screens them for consistency with its mission (regional nature or involvement of several countries, employment aid, non-discrimination, reproducibility, etc.).

During the first semester of 2011, the UfM secretariat has proposed projects concerning water, such as a major **desalination plant for the populations of the Gaza Strip**; regarding **women's rights**, the training of young female students in entrepreneurship and women's foundation; the **movement**

of students in the Mediterranean (for master and doctorate programmes), as well as the setting-up of **networks of companies** or the coordinated organisation of **land and sea transport** services.

The Gaza project could not have been adopted so rapidly without the involvement of the UfM Secretariat. The latter got the project accepted by the community of partners concerned (here the Palestinian Authority, Egypt and Israel), and then organised an investor roundtable for its funding. The project is currently in this delicate phase.

At the same time, the Secretariat leads or participates in various working groups, some aimed at organising the production and distribution of *electricity* between Europe and the southern countries, harnessing tremendous pools of solar and wind energy, and others aimed at making investments safe in this sector.

Other avenues are currently being explored with the European Commission and financial institutions: *the creation of SMEs/SMIs* which are known to be the largest job pools. These steps are aimed at facilitating loans to small enterprises and ensuring a more favourable legal environment to entrepreneurship and trade.

To accelerate projects, the Secretariat should be strengthened with engineers, specialists in the field of water, energy, health, transport, banking, and barristers, who would bolster the team of diplomats at the Barcelona General Secretariat.

3-4 A GENUINE EUROPEAN BUDGET FOR THE MEDITERRANEAN.

European funding for the southern Mediterranean countries was fixed in the 2000s. The 2007-2013 multiannual budget is now obsolete and no longer adapted to the situation of countries undergoing a democratic revolution. Admittedly, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy proposed in their communication of 8 March 2011³, to make additional funds available, for an amount that could reach € 1.242 billion by 2013. These funds would complete the some € 5.7 billion allocated under the European Neighbourhood and Partnership Instrument (ENPI) for the 2011-2013 period. But *this amount remains insufficient*.

Above all, *the dispersion of the funders* (budget of the Union, EIB, EBRD, African Development Bank, World Bank) *is harming the efficacy of funding*. As emphasised by 'Notre Europe':

“A massive European aid plan is required and must be based on the mobilisation and coherent use of all the available European and national instruments: humanitarian aid and development aid, loans by the EIB, EBRD and national agencies, investment projects in vital sectors such as tourism and energy, and reciprocal commercial opening up, including in the agricultural field... This also implies that the EU must ensure it coordinates with major international institutions such as the World Bank, with the United States, Turkey and also Gulf countries which are also active in the region”⁴.

3 Joint communication to the European Council, the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on '*A partnership for democracy and shared prosperity with the southern Mediterranean*'. COM (2011) 200 final.

4 Column in 'Notre Europe' signed by Jacques Delors, Antonio Vitorino and the Board of Directors of 'Notre Europe'. June 2011. www.notre-europe.eu

4 – A NEW EUROPEAN APPROACH

To meet the democratic, economic and social aspirations of the southern Mediterranean peoples – whose courage must be hailed – the European Union must be inventive. Europe must imagine an exceptional approach to the Region, the soundest way of helping these countries oppose radical Islamism and counter-revolutionaries who have not disarmed.

4-1 THE TUNISIAN REVOLUTION was a wake-up call and has made Brussels understand the need to present its southern neighbours with a new European approach. This approach exists, as outlined in March 2011 and was given concrete expression in June 2011. But it remains very, if not too conventional, and still too little adapted to the immediate and mid-term needs of countries in democratic transition. *Tunisia, for instance, has two urgent needs: employment*, with unemployment already high before the Revolution. It has exploded since, and therefore tourism must take off again, and private investments likewise. Whatever the results of the elections, the EU must invent new ways of strengthening its cooperation with Tunisia. The Tunisian people must not be sanctioned for having voted one way or another. The emergency aid to organise elections should have been greater. Aid to set up complementary *micro-credit structures* should also be proposed. Failing these initiatives, there is a real risk of seeing Islamic parties and/or supporters of the bygone tyrants of the former regime win the elections. The EU must ensure that Tunisia is a success story thus rendering confidence to all Arab populations at large.

4-2 TWINNINGS along the lines of those created with the countries of Central and Eastern Europe in the PHARE and TACIS programmes would be essential to anchor southern and eastern Mediterranean countries in the modern globalized world. In these programmes, the accent should be placed on twinings between European and Mediterranean **public administrations** and also between **cities and regions** which would promote **decentralised cooperation between secondary schools, universities and hospitals** as well as spatial developments, exchanges of experience, know-how transfers, and support for professional and economic networks including for associations intervening in the health and social fields. Strong support should be given to a **highly dynamic civil society**.

4-3 Even more so, Europe must take up **THE GERMAN MODEL OF ECONOMIC INTEGRATION** of the countries of Central and Eastern Europe. Since the Fall of the Berlin Wall, Germany has located more and more SME workshops and activities in Poland, the Czech Republic, Romania, etc. Rather than see workers from eastern countries come to Germany, German capital has gone to the east. **Germany has therefore not only created jobs in eastern European countries but has also created industrial jobs in its own country.** In addition, these are up-market jobs which have strengthened the competitiveness of German companies.

This form of **multi-localisation** which avoids destroying the industrial fabric and creates added value on both sides could inspire our approach and policies toward the Maghreb. To strengthen our industrial fabric in Europe a major *information campaign must be launched for SMEs-SMIs*, which do not have the wherewithal to reach out to Asia or Latin America, but which could far more easily develop partnerships in North Africa, reaching eventually out to Sub-Saharan Africa.

Till now Europe has laboured to rise up to the importance of events unfolding on its southern shores. Let us hope that the Libyan Revolution will boost European imagination and usher in a renewed determination.

4-4 IN A MID- TO LONG-TERM PERSPECTIVE, we could envisage:

- A **Euro-Mediterranean 'Erasmus'**,
- Bringing to completion the **Euro-Mediterranean Energy Community**,
- **Other Communities on food security, water and health**,
- A feasibility study on a **Euro-Mediterranean “monetary snake”** which pre-supposes that the European Union overcomes the current Eurozone crisis and finds a new dynamic.

By launching its new southern policy, the EU will undoubtedly invigorate its own project by projecting renewed growth and strengthening itself on the global scene.

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The goal of the Euro-Mediterranean Union is neither to prepare the southern Mediterranean countries for EU membership, nor to substitute itself for the membership negotiations underway between the European Commission and Turkey, or for advanced status negotiations with Morocco, Israel and Tunisia: These negotiations will continue to be carried at bilateral levels.

But the Euro-Mediterranean Union can and must meet the challenges of globalisation.

Europe-Africa -- a major regional bloc which would be not only a free exchange area alike to NAFTA, MERCOSUR or ASEAN -- could negotiate in a far better position within international multilateral organisations such as at the WTO. Furthermore, Europe-Africa could uphold its own singular model of development based on three major principles: North-South proximity, complementarity and solidarity. Lastly, Europe-Africa could organise itself and face up to competition from China, with preferences clearly heralded for social and ecological priorities.

At the global level, power is changing scales. The ordering figures of this change have become the billion population. However, if we add the European population (500 million inhabitants in 2050) to the Southern and Eastern Mediterranean countries (SEMCs) and the Middle East (500 million), we reach this figure of 1 billion inhabitants in 2050. If we add to that sum the population of the Sub-Saharan African continent (2 billion inhabitants in 2050), the Euro-African “bloc” will reach 3 billion human-beings, in other words more than China and a third of the world population. We can thus then imagine, with Jean-Michel Severino, former Director General of the Agence Française de Développement, that *the 'twenty-first century will be African'*.

With such potential in mind, shared economic, social and ecological development can indeed be built; The Europe-Africa voice will be heard in international arenas and by other major world powers.