

# VOLUME I: THE EUROPEAN FUTURE

## Chapter V

### EU-MEDITERRANEAN RELATIONS: INSTITUTIONALIZING THE BARCELONA PROCESS TO GUARANTEE SUCCESS

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One of the great ideas that originated in the European Union in the 1990s was the creation of the Mediterranean dimension in the Union's external policies that took the form of the "Barcelona Process".

It was launched as an answer to the concerns of some traditional Mediterranean partners of the Southern European EU Member States that the Union was not turning its back to the Mediterranean countries now that it had decided to turn its face to the new Central and Eastern European democracies that in June 1993 were set on the road to full EU membership.

Actually it crowned a long process of approximation of the peoples and States bordering what is considered to be the cradle of modern civilization based on the historic economic, cultural, and emotional kinship that lead to the emergence of the "Mediterranean identity".

A positive surprise came a couple of years later when the new EU Member States not only gave their full support to the progression of the Mediterranean dimension of the EU policies but on a number of occasions were among its most ardent and active instigators. And if that was "only natural" for Cyprus and Malta, it was really gratifying to see the new EU Members from Central and Eastern Europe (CEE) embrace the goals of the Barcelona Process and fully participate in it to date. This can be explained by the fact that the CEE countries have their own history of positive relations with the Eastern and Southern Mediterranean countries, the most important factor in which has been the support for their national liberation and establishment as independent States. In the particular case of Bulgaria, there was an additional very important element: the "soul-searching" which began in that country after November 1989 was logically leading to its identification as a Southern European rather than Eastern European country.

The Process started with a meeting of the EU Ministers of Foreign Affairs who gathered in a Euro-Mediterranean Conference on 27 and 28 of November 1995 in Barcelona. (The participants were so overwhelmed by the preparation of the final Declaration that they forgot even to mention that some of the newly EU Associated Countries of Central and Eastern Europe attended the Conference as Observers). One of the greatest difficulties in the period of the preparation of the Conference was the need to overcome the hostility that separated the countries concerned by the conflict in the Middle East but at the end this problem was successfully overcome and 12 non-EU Mediterranean

countries, including Israel and the Palestinian Authority, sat at the table in Barcelona. Another difficulty during the time of the preparation of the Conference was due to the reluctance of some EU Member States to fix already at that moment the goal of establishing a free-trade zone. That issue was successfully solved during the preceding Cannes European Council in June 1995 which set 2010 as the date for establishing a Euro-Mediterranean free-trade area [European Community. Cannes European Council (26 and 27 June 1995) *Presidency Conclusions, Part B*].

It should be pointed out that until the inception of the Barcelona Process the only international body dealing with the Mediterranean was the General Fisheries Commission for the Mediterranean (GFCM) established by the Food and Agriculture Organization of the United Nations (FAO) in 1949. Consisting of 23 Member countries along with the European Community and holding its regular session annually, GFCM promotes the development, conservation, rational management and best utilization of living marine resources, as well as the sustainable development of aquaculture in the Mediterranean, Black Sea and connecting waters.

The Barcelona Process was preceded by the initiation in 1994 of the NATO Mediterranean Dialogue with the broad objectives of contributing to regional security and stability, achieving better mutual understanding and dispelling any misconceptions between NATO and its Mediterranean partners. Since then, the Dialogue has evolved at a steady pace in accordance with its progressive character. The number of participating countries has increased from the original five to today's seven (Algeria, Egypt, Israel, Jordan, Mauritania, Morocco, and Tunisia) while the Dialogue's political and practical dimensions have been regularly enhanced. In 2004 NATO invited its Mediterranean partners to establish a more ambitious and expanded partnership, guided by the principle of joint ownership and taking into consideration their particular interests and needs. The overall aim of this partnership is to contribute towards regional security and stability through stronger practical cooperation, including by enhancing the existing political dialogue, achieving interoperability, developing defense reform and contributing to the fight against terrorism. NATO efforts complement and mutually reinforce the Mediterranean initiatives of the EU and the OSCE. [*Summit Communiqué issued by the Heads of State and Government participating in the meeting of the North Atlantic Council*. NATO Press Release (2004)096. 28 June 2004. Online. Available from: <http://www.nato.int/docu/pr/2004/p04-096e.htm> (Last accessed 1 February 2009)].

The Barcelona Conference opened a new stage in the relations between the Union and the Mediterranean countries creating a multilateral framework in the form of a new Euro-Mediterranean association, the goal of its participants being the building of a common area of peace, stability and shared prosperity in the region. It proclaimed a new, "Barcelona spirit", which was supposed to "culminate in the conclusion of a pact for the Mediterranean" (a Euro-Mediterranean Pact) [European Community. Madrid European Council (15 and 16 December 1995) *Presidency Conclusions, Part A*]. All this was supposed to be realized through the conclusion of a new type of Euro-Mediterranean Association Agreements, which were supposed to be different from those from the 1960s but were also different from the Europe Agreements from the 1990s. Tunisia, Israel and Morocco were the first to sign such agreements, followed by Egypt, Jordan and Lebanon.

To achieve these goals the EU set up the MEDA programmed to back its cooperation with its Mediterranean Partner countries. The first phase, MEDA I, lasted from 1995 to 1999. MEDA II began in 2000 and ended in 2006. Since 1995 the Barcelona process has been supported with the provision of €16 billion from the Community budget.

The Barcelona Declaration introduced for the first time the "political conditionality" as the major factor determining the pace of progress in the relationship between the Union and its Mediterranean

partners underlying that “the general objective of turning the Mediterranean basin into an area of dialogue, exchange and cooperation guaranteeing peace, stability and prosperity requires a strengthening of democracy and respect for human rights” [*Ibid.*].

This approach was maintained in the negotiations of the Euro-Mediterranean Association Agreements that followed and in the nine Euro-Mediterranean Conferences of the Ministers of Foreign Affairs that followed Barcelona, a number of mid-term conferences (held in EU non-Mediterranean countries), meetings of the ministers of economy and finance, science and education, culture, tourism, environment, and trade. In addition to the “original” 12 Mediterranean non-EU (at the time) countries – Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, the Palestinian Authority, Syria, Tunisia, and Turkey, these meetings were attended also by the League of Arab States (until 2008 – as part of the Egyptian Delegation) and the Arab Maghreb Union (AMU) as well as by Mauritania (as member of the AMU).

A Euro-Mediterranean Parliamentary Assembly (EMPA) was created in 2002-2003 and it opened its proceedings in Athens in March 2004. At present EMPA is composed by 260 Members, among them 130 European Members (81 from national Parliaments and 49 from European Parliament) and 130 from Mediterranean countries. The largest group in the EMPA (17 Members) is the “Group of the European People's Party (Christian Democrats) and European Democrats” (EPP-ED), which is also the largest in the European Parliament. EMPA has 5 Committees: Political, Economic, Culture, Women's Rights, and an Ad hoc Energy and Environment Committee.

The 10<sup>th</sup> anniversary of the Barcelona Conference in 2005 (proclaimed “Year of the Mediterranean”) was marked by adding a new (fourth) chapter for cooperation – migration, social integration, justice and security. A Euro-Mediterranean Code of Conduct for countering terrorism was also adopted. A EuroMed Info Centre was set up in Brussels by EuropeAid to raise public awareness about the relationship between the EU and its Mediterranean Partners. The Anna Lindh Foundation was set up as a unique institution and network of civil society organizations for intercultural dialogue to promote peaceful coexistence in the region.

In 2007 the MEDA program was replaced by the European Neighborhood and Partnership Instrument (ENPI) as all MEDA Partners became part of the new European Neighborhood Policy (ENP) developed in 2003-2004 as the main framework for the bilateral vector of the relationship, the Barcelona process continuing as the vector for the multilateral dimension of the relationship between the EU and its Mediterranean Partners.

New ENPI Country Strategy Papers (2007-2013) and National Indicative Programs (2007-2010) were negotiated and adopted by Egypt, Algeria, Israel, Jordan, Lebanon, Morocco, Syria, and Tunisia. Having satisfied the conditions that the EU had established Libya joined the process in 2004 as observer and at the end of 2008 was invited to negotiate a first EU-Libya Framework Agreement.

Since 2002 the European Investment Bank (EIB) has grouped its operations providing about €2 billion in loans, investment capital, and grant aid annually to the partner countries in a Euro-Mediterranean Investment and Partnership (FEMIP) through which the EIB funds the development of small and medium sized enterprises, improves infrastructures, supports training and economic development and promotes environmental protection schemes.

Today the Barcelona Process represents a partnership of 39 governments and over 700 million people as it gradually grew into a framework for dialogue not only among the States but also

between different political and economic agents, the civil society, including women's organizations, and the media. It has also developed a considerable *acquis*.

On 13 July 2008 in Paris the newly elected French President Nicolas Sarkozy presided over a Summit of 43 European and Mediterranean States, the European Community Institutions and the regional organizations starting "The Barcelona Process: Union for the Mediterranean".

The idea was launched by Nicolas Sarkozy in Toulon on 7 February 2007 while still a candidate in the presidential campaign. He developed it further in a speech on 23 October 2007 in Tangiers stirring "unrest" in the EU [See: Aliboni, R., Driss, A., Schumacher, T., Tovas, A. *Putting the Mediterranean Union in Perspective* EuroMeSCo Paper 68, June 2008 ]. Some of its more influential members, as Germany, were quite reluctant, others – indifferent, most - fearing a "subversion" of the Barcelona Process or simply deeming other issues to be of priority. There was also a general impression that the idea was being advanced as a substitute for the not-very-much-wanted-any-more candidacy of Turkey for membership to the EU. That is why on 20 December 2007 the three main engines of the EU Mediterranean policy – France, Italy and Spain, issued a "Rome Call" addressing those concerns and further clarifying the project. A Franco-German agreement, which was reached at the highest level on 3 March 2008, opened the way for an all-EU consent to the "Barcelona Process: Union for the Mediterranean" [European Community. Commission of the European Communities. *Communication from the Commission to the European Parliament and the Council*. COM (2008) 319 (Final). Brussels, 20/05/08], finally approved by the European Council on 13 and 14 March 2008.

The opening of this new phase of the EU-Mediterranean relationship was motivated not only by the need to move further the achievements of the Barcelona Process but also by need to overcome its weaknesses, shortcomings, difficulties, and disappointments. Among the limitations of the Barcelona process most frequently is pointed out the continuing conflict in the Middle East. Others indicate that "the Barcelona project was, essentially, so much focused on security that it did not create real human space [See Mohsen Finan, K. in *Quel avenir pour les relations Euro-Mediterraneennes?* In: *Compte rendu de la conference du 23 novembre 2005*. Online. Available from: [http://www.ifri.org/files/Moyen\\_Orient/cr\\_relationseuromed\\_nov05.pdf](http://www.ifri.org/files/Moyen_Orient/cr_relationseuromed_nov05.pdf) (Last accessed 1 February 2009)]. The lack of sufficient resources is also being often pointed out as one of the reasons for Barcelona process' weakness [See Saifi, T. In: *Euro-Mediterranean Relations and the EPP-ED Group in the European Parliament 2004-2008* EPP-ED Group in the European Parliament. Online. Available from: <http://www.epp-ed.eu/Activities/docs/year2008/euromed-en.pdf> (Last accessed 1 February 2009)]. Concerns about the success of the project continue even after the launching of the Union for the Mediterranean [See: Werenfels, I. *Which European Expectations Concerning the Mediterranean Union?* *Actuelles de l'Ifri*. Online. Available from: [http://www.ifri.org/frontDispatcher/ifri/publications/actuelles\\_de\\_l\\_ifri\\_1197584475485/publi\\_P\\_actuelles\\_mom\\_\\_\\_1215769470385](http://www.ifri.org/frontDispatcher/ifri/publications/actuelles_de_l_ifri_1197584475485/publi_P_actuelles_mom___1215769470385)(Last accessed 1 February 2009)]. Among the most persistent is the concern over the widening gap in the development between the two sides of the Mediterranean that increases the risks of instability in the whole region.

The Barcelona Process: Union for the Mediterranean is defined as "a multilateral partnership with a view to increasing the potential for regional integration and cohesion" [*Joint Declaration of the Paris Summit for the Mediterranean*. Paris. 13 July 2008. Online. Available from: [http://www.ue2008.fr/webdav/site/PFUE/shared/import/07/0713\\_declaration\\_de\\_paris/Joint\\_declar\\_decla\\_of\\_the\\_Paris\\_summit\\_for\\_the\\_Mediterranean-EN.pdf](http://www.ue2008.fr/webdav/site/PFUE/shared/import/07/0713_declaration_de_paris/Joint_declar_decla_of_the_Paris_summit_for_the_Mediterranean-EN.pdf) (Last accessed 1 February 2009)]. It is intended to give new dynamic impetus to the EU- Mediterranean partnership, to strengthen and

deepen the cooperation between both sides of the Mediterranean, to ensure better co-ownership by all participants and more relevance and visibility for the citizens.

The greatest novelty is in the institutionalization of the Process based on three main principles: a political mobilization at the highest level through Summits of Heads of State and Government every two years; a governance on an equal footing, in the form of a North-South co-presidency and a permanent secretariat with equal representation; prioritization of concrete projects with regional dimension that create de facto solidarity.

Following the Paris Summit, a Conference of the Ministers of Foreign Affairs held in Marseille on 4 November 2008 further determined to establish:

- a Co-presidency for all meetings of the Partnership as a whole, with one of the co-presidents coming from the EU (compatible with the external representation of the European Union) and the other - from the Mediterranean partner countries (chosen by consensus for a non-renewable period of two years);
- Senior Officials, mandated to deal with all aspects of the initiative including issues previously handled by the Euromed Committee, which was dissolved;
- an outline of the “proceeding” of the Partnership with the biennial Summits of Heads of State endorsing the strategic priorities passed to it through Foreign Ministers who, on their part, mandate the Senior Officials to approve guidelines and criteria for assessing the merits of project proposals;
- a Joint Permanent Committee based in Brussels, comprising the Permanent Representatives to the EC, to assist and prepare the meetings of the Senior Officials and ensure the appropriate follow-up. The Joint Permanent Committee may also act as a mechanism to react rapidly if an exceptional situation arises in the region;
- a Secretariat with separate legal personality with an autonomous status; funded on a voluntary basis by the Partners and the Community budget (through the ENPI and other relevant instruments); based in Barcelona; composed of one Secretary General and five Deputy Secretaries General to be selected by consensus by the Senior Officials with a term of office of 3 years extendable once for a maximum of three years, and seconded officials from participants in the process to be appointed by the Secretary General together with the Deputy Secretaries General on the basis of competence and geographical balance; with a technical mandate but still with key role within the institutional architecture, namely by managing the regional, sub-regional or transnational projects, including their funding and implementation;
- the Euro-Mediterranean Parliamentary Assembly (EMPA) will be further consolidated and its work better articulated with the other institutions of the Partnership;
- the implementation of concrete action at local and regional level will be promoted using the Forum of Local and Regional Authorities (held in June 2008) and the opinion of the Committee of Regions in favor of creating a Euro-Mediterranean Regional and Local Assembly, representing EU local and regional elected officials and elected officials from Mediterranean partner countries equally, similar to parliamentary representation in the Euro-Mediterranean Parliamentary Assembly.

This whole new institutional structure should be operational by May 2009. Unless some unexpected problem occurs as it happened in Marseille where Turkey turned reversed the already reached on the composition of the Secretariat insisting on a sixth Deputy Secretary General for itself.

One can only hope that the situation in the Gaza strip which erupted almost immediately after the Marseille meeting will not prevent the introduction of the new architecture of the Union for the Mediterranean according to the agreed timetable. The concerted action of the EU to find a solution to the crisis that is under way is of major importance.

The meeting in Marseille adopted a Work Program for 2009 comprising 144 sectoral ministerial meetings among which for the first time meetings of the ministers on sustainable development in the context of achieving the Millennium Development Goals, a Ministerial Meeting on Food Security, Agriculture and Rural Development, and the first Euro-Mediterranean Ministerial Meeting on Justice, Liberty and Security.

The latter will further develop the decision in Marseille determining the political and security dialogue, the cooperation in the field of justice and Law as the priority fields of cooperation to be pursued in 2009.

As the target date for the establishment of a Euro-Mediterranean Free Trade Area 2010 approaches the Senior Officials were tasked to present a Euro-Mediterranean Trade Roadmap up to 2010 and beyond at the 2009 Trade Ministerial. The work will be focused on how to diversify and enhance trade, to encourage industrial integration and European investments in the Mediterranean countries. The ultimate aim is the establishment of an ambitious, deep Euro-Mediterranean free trade area. Priority will be given to speed up agreements on Conformity Assessment and Accreditation. Bilateral negotiations will continue on the establishment of a more efficient dispute settlement mechanism for the trade provisions of the Association Agreements. In the negotiations on further liberalization of agricultural, processed agricultural and fisheries products important progress has been achieved in accordance with the Rabat Euro-Mediterranean Road Map for Agriculture. Special attention is attributed to strengthening capacity building and institutional development in trade and trade-related matters, either through the participation of Mediterranean Partners in certain EU programs, agencies and bodies or through enhanced and targeted technical and financial assistance to help them to converge towards the trade-related *acquis*.

Mediterranean Associated countries enjoy duty free access to the EU market for manufactured goods and preferential treatment for exports of agricultural, processed agricultural and fisheries products. Tariffs will gradually be dismantled for EU exports to the Mediterranean.

The objective is substantially liberalized trade in goods and services between the EU and its Mediterranean partners, who already enjoy very open access to EU services markets. Further progress, including attracting new investment to the region, is being negotiated.

Euro-Mediterranean trade relations will focus on bringing the Mediterranean partners' regulatory procedures closer to EU rules, to facilitate access to the EU market and remove non-tariff barriers to trade.

Another key goal is regional economic integration between the different Mediterranean countries, which have one of the lowest levels of regional integration in the world. Only 5% of trade is with neighboring economies.

The Mediterranean region is already working to strengthen mutual trade relations: the 2007 Agadir Free Trade Agreement between Tunisia, Morocco, Jordan, and Egypt remains open to other countries in the region; Israel and Jordan have signed a Free Trade Agreement; Egypt, Israel, Morocco, the Palestinian Territories, Syria and Tunisia have signed bilateral agreements with Turkey; Negotiations are underway between other Mediterranean countries to establish similar agreements.

Progress in terms of agricultural trade has remained limited, with agricultural products remaining excluded from the free trade area. Often the main employer in a country, the agricultural sector is a veritable mine of opportunities. The sector is badly in need of modernization, of better quality and greater efficacy; it lacks specialization and rural or hydraulic infrastructures. The elimination or a simple drop in customs duties is an extra advantage.

There is heavy dependence on the climate, hence the importance of irrigation. The construction of hydraulic infrastructures is often taken in charge by the State, with the support of international organizations, EIB and World Bank, so as to combat drought. Large investments have been made in this domain. Europe is the leading trade partner, especially as concerns cereals, dairy products, sugar and meat. On the other hand, the balance of trade is favorable to the Mediterranean countries for fresh fruit and vegetables and preparations based on these products. Turkey and Syria are the only States in the zone to boast self sufficiency in food. Cereals are often one of the main sources of production. However, the wine market remains relatively limited, as local consumption is low.

Europeans who decide to establish themselves in Mediterranean countries can, however, offer technological know-how. The spread of technology, in fact, plays an essential role in increasingly competitive markets. As far as intra-regional trade is concerned, it still remains marginal, except for Jordan, Lebanon and Syria. Certain countries, like Algeria, or Morocco, have undertaken a process of liberalization of the sector. The question of land ownership by foreigners remains unanswered in certain countries.

The ongoing Economic dialogue is focused now on financial and banking services, which are at the heart of economic transition. New themes for 2009 will be the international financial crisis and the issue of the food prices volatility.

The Euromed Network of Public Finance Experts which was launched in 2008 will work three main areas for analysis: fiscal consolidation as part of a broader agenda for public sector reform, growth and employment; the efficiency and effectiveness of public expenditures; and budget management systems and institutions.

Joint work on improving the legal framework with the view to facilitate transfer and mobilization of migrant remittances for long term investment in Southern and Eastern Mediterranean countries will continue.

The Industrial Cooperation will be concentrated on implementing the Euromed Charter for enterprise, the facilitation of industrial exchanges, innovation, regional dialogue on the future of the textile and clothing sector and investment promotion. Sustainable industrial development will be added to the traditional themes of discussion. Further work could also be done on possible action to improve arbitration procedures in the region, notably for SMEs, with eventually the setting up of a Mediterranean Court of Arbitration.

Taken the important role of reliable statistics as a key factor in decision making statistics cooperation gets greater attention. The statistical services in the Mediterranean partner countries are receiving technical assistance from the regional MEDSTAT II program.

The wealth divide between countries on the two shores of the Mediterranean is the largest of any two adjacent regions in the world with a GDP ratio per capita and per year of at least 1 to 10. This gap in development has continued to increase over the past 15 years and poses a serious threat to stability in both the Northern and Southern Mediterranean countries. According to OECD figures, 40 million jobs must be created over the next 15 years in order to simply maintain unemployment levels at current levels in the Southern Mediterranean. The flow of European investment in this zone is unusually low: Europe targets only 2% of foreign direct investment in the Mediterranean, whereas the United States and Japan invest 20% and 25% respectively in the southern regions adjacent to them. According to many estimates, the Mediterranean will, in the short term, be one of the regions in the world most seriously hit by the consequences of climate change, and particularly desertification.

Among the principal aims of the Euro-Mediterranean Partnership are the enhancement of economic and financial cooperation and the creation of an area of shared prosperity through sustainable and balanced socio-economic development. The Euro-Mediterranean Partnership strives to achieve these goals by fostering economic transition in three main important ways:

Including the Northern rim, the Mediterranean space, with a population of nearly 380 million inhabitants (that is 7 % of the world population) spread between the different countries on its shores (42 % of which are in Europe and 36 % on the Southern shores) produce 15 % of the annual wealth of the planet and make up 16 % of world trade. If the countries of the Northern shores contribute, for the moment at least, to a large part of this economic power, the countries of the South hope soon to be able to take advantage of the introduction of the future free trade area and thus make up the leeway on their European neighbors. Without counting on growth rates well ahead of Western countries, they henceforth represent particularly propitious markets for investors constantly in search of new outlets.

The population of the MEDA countries has more than doubled in the space of thirty years and should reach more than 330 million in 2025. This strong demographic growth is accompanied by very important urbanization and acceleration in the industrialization of the economies of the region. In this context, the demand for housing, town planning and better quality of life has strongly increased and the economic sectors concerned are experiencing increased dynamism. Although the needs exist, the offer generally remains too weak and investment efforts need to be made rapidly.

A sector such as the construction industry represents an equivalent share of total activity for both the countries of the European Union and the MEDA countries, while the latter still need to considerably increase their urban, road and even their industrial infrastructure. Facilities such as hospitals, schools or social housing are often lacking and public works need to be revitalized.

One of the major challenges for the region, in the years to come, will be the management of water resources and the protection of the environment. While water was erstwhile used essentially for agriculture, a number of contemporary evolutions nowadays require a very marked increase in consumption. Thus, of the twelve countries participating in the Euro-Mediterranean partnership, eight already use more than 50 % of their renewable water resources and they are likely to be using more than 100% between now and 2025. The demographic growth and urbanization are important factors, but industrial development, an improvement in the standard of living and the needs of the

tourist industry also play a role in the large increase in water needs. The new demand for water involves heavy investment so as to install and improve the distribution networks, to modernize agricultural irrigation and introduce new techniques such as the recycling of effluent and the desalination of sea water.

The protection of the environment has also become a priority for the region. The growth in industrial activity and the boom in urbanization produce environmental damage which directly threatens the important tourist sector as well as the quality of life of the populations. This sector also should be developed with the introduction of infrastructure facilities for the processing of waste and investments to ensure the protection and the upkeep of the environment.

The Euro-Mediterranean partnership involves the liberalization of the MEDA country economies and the opening of the national markets to foreign investors. The states are all making progress, albeit at a different pace, along the road to the disengagement of economic activity and opening up to competition. The public works sector, still largely in State hands, is rapidly opening up and should offer good opportunities for investment, as for example for the development of the road networks. The demand linked to construction is not sufficiently covered by the national enterprises and the drop in State protection of the markets should engender an increase in the contribution of capital. The extent of future needs concerning water and the environment is such that the States will not be able to cope alone and the investment prospects in these sectors are therefore highly propitious.

A competitive economy henceforth requires the development of the society of information. The Mediterranean countries have all committed themselves to this phenomenon. Their weak point is the lack of infrastructure, except for Israel, Cyprus, Malta and Turkey. The penetration of the telephone, whether fixed or mobile, remains low compared to EU standards. The development potential in this sector is consequently great.

The rural areas are not affected by this deficit. The mobile networks, object of a strong demand, are experiencing very rapid growth (150 % in Algeria, 60 % in Jordan and 40 % in Egypt). Other objectives of the operators, an increase in the range of services offered and an improvement in the quality of those services. Internet presence is still limited, its development potential is therefore very strong.

Israel stands apart in this domain as it has managed to make use of its experience to develop research in terms of NGI (next generation internet). Its companies also excel in domains such as data transmission, wireless technology, image processing, etc. Certain large foreign groups have opened R&D centers in the country (Motorola, Siemens), or have taken over local businesses (Lucent, Cisco).

With the exception of the Egyptian Orascom Telecom (the only regional operator) which is undergoing a process to reduce its indebtedness, the regional operators present a fairly healthy situation. For number of years, they have been attempting to make up their backwardness compared with the European Union. European know-how is particularly sought after. There exist a good number of possibilities of partnership especially with the privatization of operators present in several countries: Turkey, Malta, Cyprus, Israel and Morocco.

The health sector is a very buoyant market for foreign investors. It benefits from an extension of the access to care in most of the Mediterranean countries. The demand for medical equipment is considerable in Algeria, Morocco and in Egypt and depends largely on imports. The living

standards of the populations are improving slowly. Certain countries present both the health features of a developed country and those of a developing country. This is especially the case in Algeria, where there is an increase in hypertension, respiratory and cardiovascular diseases, and allergies.

Pharmacy is also in full development. At the end of 2002, a new law in Jordan should enable medicines to be more rapidly registered, their prices regulated and the issue of standards of quality control for the establishments. Membership of countries to the WHO has made the conclusion of license agreements simpler. In Jordan as in other countries (Algeria, Tunisia, Turkey), the market of pharmaceutical products is very competitive and the main international groups are present on the market.

Chemical activity is in the process of making a come-back in the Mediterranean countries. Tunisia is the world's fifth largest producer of phosphates, a sector where Morocco also excels. Turkey presents a development potential in mineral chemistry, thanks to numerous natural resources.

Israel is the uncontested leader in biotechnology and the government supports this market, especially with the help of subsidiaries.

Textiles – firstly as a craft industry, then a manufacturing industry - is a tradition of Mediterranean countries. For more than 20 years, trade in the textiles clothing industry (TC) have been very important between them and the European Union. As a proof, TC products provide 50 % of manufacturing exports from the MEDA region towards the EU. The main clients are France, Germany, Belgium and Spain. This partnership should be further reinforced to face up to the competition from Asia, especially since China's membership of the WTO and the programmed end of the Multi Fiber Arrangement.

Among the 300 largest world companies in the textiles and clothing sector, nineteen originate from Turkey, two from Egypt, two from Israel and one from Syria. Turkey provides more than half the textiles and clothing production in the Mediterranean. In total the Mediterranean countries export 18 billion dollars' worth of textiles and clothing (2002).

For the immediate future the economic and financial partnership in the context of the Union for the Mediterranean includes a number of new areas and actions among which the more important ones are:

- the enhanced cooperation in the field of energy through improving harmonization and integration of energy markets and legislation in the Euromed region, promoting sustainable development in the energy sector, and developing initiatives of common interest in key areas, such as infrastructure extension, investment financing and research and development;
- the joint work to implement the 34 actions of the Regional Transport Action Plan (RTAP) for the Mediterranean;
- taken the importance of agriculture and rural development in the economy of the Mediterranean countries and in achieving food security an agriculture Ministerial meeting will be convened to identify and promote projects related to sustainable rural development, to the development and promotion of quality products and the coordination of agricultural research on topics such as water stress resistant plant species and water

resources management. This conference should also support the pursuit and reinforcement of activities in the areas of sanitary and phytosanitary norms;

- based on the work of the Euromed Ministerial Meeting on water held in Jordan a Strategy for Water in the Mediterranean is to be implemented;

- The Environment Ministerial Meeting will take stock of the achievements since the Cairo Euromed Environment Ministerial Meeting together with the regional environmental activities and efforts. The annual meeting of the Horizon 2020 Steering Group will be held along with the meetings of three sub-groups (on pollution reduction, capacity building as well as monitoring and research) in addition to meetings for the transfer of knowhow.

- Work in the field of maritime safety has as a goal the development of harmonized maritime policy and a Maritime Strategy for the Mediterranean.

- as climate change could adversely affect the environment and human activities in the Mediterranean the co-operation on climate change will be intensified through the establishment of a Euro-Mediterranean Climate Change Network to provide the forum for the sharing of information and experience as well as to build relationships in an informal working environment in support of regional efforts to combat climate change;

- a new step is to be launched in Euromed dialogue on issues relating to the Information Society, including cooperation on regulatory issues for electronic communications, the connectivity of service platforms and networks and ICT research in areas such as multilingual e-content, e-learning, e-science, e-health, inclusion and e-government.

- urban development and tourism are also on the agenda.

Key to the success of the Union for the Mediterranean will be the implementation of a limited number of priority projects. They concern the de-pollution of the Mediterranean; the maritime and land highways (including the decision to develop a “Motorway of the sea” project); the cooperation in the field of civil protection on the basis of the Prevention, Preparedness and Response to Natural and Man-made Disasters Program, which will contribute to develop stronger capacities in civil protection at international, national and local level and will also bring the Mediterranean Partner Countries progressively closer to the European Civil Protection Mechanism; the work on alternative energies, including the Mediterranean Solar Plan (the aim is to launch three power stations of 20MW in 2009); the higher education and research cooperation through the establishment of the Euro-Mediterranean University in Slovenia and the university with Euro-Mediterranean vocation in the city of Fez in Morocco as well as the establishment of the Euro-Mediterranean Higher Education Science and Research Area; the Mediterranean Business Development Initiative aiming at assisting the existing entities in partner countries operating in support of micro, small and medium-sized enterprises.

Special actions are to be taken in the field of the social, human and cultural cooperation, first among which is the goal to develop a genuine social dimension. Employment, health, human development, the dialogue between cultures, cultural diversity, the cooperation with civil society and local actors, the special attention to the youth problems, strengthening the role of women in society, the issue of

migration and last but not least - enhancing the visibility of the Partnership, represent an ambitious program for this initial stage of the Union for the Mediterranean.

There are other challenges not explored yet, among which is the need to study possible linking and complementing the Barcelona Process: Union for the Mediterranean with the EU's "Black Sea Synergy".

Yet the major challenge even at this new and promising stage will be to jointly determine what is "success" in the Euro-Mediterranean relationship.