

## **AN ARAB SPRINGBOARD FOR EU FOREIGN POLICY?**



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**AN ARAB SPRINGBOARD FOR EU  
FOREIGN POLICY?**

Sven BISCOP, Rosa BALFOUR & Michael EMERSON (EDS.)



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## INTRODUCTION

The EU has not been perceived as reacting very rapidly or effectively to the so-called Arab Spring. Events do validate the underpinning idea of the European Security Strategy and the European Neighbourhood Policy (ENP): only where governments guarantee to their citizens security, prosperity, freedom and equality, can peace and stability last – otherwise, people will revolt. But in practice, in its southern neighbourhood the EU has acted in precisely the opposite manner, so the Arab Spring is occurring in spite of rather than thanks to EU policy.

The ENP stands at a crossroads therefore: Can a new start be made? Which instruments and, in times of austerity, which means can the EU apply to consolidate democratization? And, finally, can the EU continue to wage an ENP without addressing the hard security dimension, especially as the US seem to be withdrawing from crisis management in the region – or shall it continue to leave that to others?

In this joint publication, the Centre for European Policy Studies (CEPS), Egmont and the European Policy Centre (EPC), address some of the key dimensions of the EU's engagement with the Mediterranean region.

Sven Biscop, Egmont  
Rosa Balfour, EPC  
Michael Emerson, CEPS





## EXECUTIVE SUMMARY

The Arab Spring is a revolutionary event on the EU's doorstep, of importance comparable to the end of the communist regimes in Eastern Europe some two decades ago. First it has ended the Arab exception to the proposition of democracy and human rights as universal values. Second it has demonstrated to all remaining authoritarian and/or grossly corrupted regimes around the world the power of the new technologies of social networking in undermining such regimes. Third it renews the challenge for both political scientists and practitioners to work out feasible political reform strategies for bridging the transition between authoritarianism and sound democratic governance.

*Historical perspectives on revolution.* The Arab Spring now qualifies as one of the quite few episodes in world history when a revolutionary movement has spilled over state borders and by contagion become a revolution of a number of states sharing some historical-cultural-geographic identity; other episodes are so well known that it suffices to mention their dates, 1789, 1848, 1917, 1989. The question that Michael EMERSON explores is what kind of political dynamics may be expected to follow in the wake of revolution. Historians analyzing 'great revolutions' have identified a syndrome according to which after the overthrow of the old regime moderate factions try to establish a democratic system, but fail to retain control, and see the initiative pass to violently radical forces, leading to a new ideological authoritarianism which can last for decades (as in the aftermath of the French, Russian, Chinese and Iranian revolutions). But there are numerous other possible scenarios in historical experience. Which are the directions most likely for the Arab Spring? To begin to address this question the author groups the 17 Arab states, from Morocco to Yemen, into a matrix with four groups, the petro-states versus non-petro-states, and the monarchies versus the non-monarchies. The argument is that the petro-monarchies, being both rich and enjoying traditional tribal or religious loyalties, can for the time being buy off protests. But the non-petro states have to satisfy political demands with political measures, which can lead the non-petro-monarchies, such as Morocco and Jordan, down the well-trodden path of progressive constitutionalisation of their regimes. However the non-petro republics have the toughest tasks of managing revolutionary situations. While peaceful revolutions such as in Tunisia have the best chances of success, the case of Egypt is already much more complicated, and the prospects for the civil war cases (Libya, Syria, Yemen) include ominous scenarios such as descent into the category of the failing state (as Iraq) or failed state (as Somalia). The general lesson of history is that revolutions have an amazing variety of outcomes.

*EU-Mediterranean relations after the Arab Spring.* Rosa BALFOUR notes that the EU's response to the Arab Spring has first of all been marked by recognition that basic paradigms of its prior policy have been overturned, namely that regime stability would deliver greater security for both the region and the EU, and that economic reform would lead to more political pluralism. In addition, while not so much the subject of explicit comment by the EU, the Arab Spring has exposed as a myth the idea of 'Arab exceptionalism', based on culturalist interpretations of Islam being incompatible with democracy. In its official policy documents since the Arab Spring got under way the EU acknowledged that its prior status quo policies were mistaken. This led on into a reshaping of EU policy doctrine towards the region with several elements: stronger political conditionality and differentiation between states of the region under the slogan 'more for more', new tools for democracy promotion (a Civil Society Facility, and a European Endowment for democracy), and emphasis on the three Ms – more Money, more Market access, and more Mobility. A newly minted programme for organizing additional financial resources was named (with our congratulations to the official responsible) 'SPRING', standing for Support for Partnership, Reform and Inclusive Growth. Still the author warns that these revisions of policy will have to be evaluated in the light of their actual implementation. In particular the increased emphasis on conditionality on paper shows no signs of deeper analysis of whether the EU enjoys the leverage, attraction, incentives and relevance to be able to exercise it. For example how will this work in the pivotal case of Egypt where there emerges a highly complex political dynamic, including major electoral successes by both moderate and radical Islamist parties. Dilemma situations, as already experienced with the electoral success of Hamas, will doubtless surface again. Further, there is no clarity yet over whether or how far the EU's member states will support concrete measures to open up under any of the three Ms – Money, Markets and Mobility. This leads the author to entitle her concluding section '*Plus ça change?*'

*A Euro-Mediterranean Economic Area.* There is a significant risk that the high hopes of the populations of the South Mediterranean states will turn sour if a fresh long-term vision for economic development is not put in place. While primary responsibility for achieving this has to be with the South Mediterranean states themselves, Andre SAPIR and Georg ZACHMAN argue in favour of a bold initiative by the EU to frame economic reform strategies, notably by setting the objective of constituting by 2030 a vast Euro-Mediterranean Economic Area (EMEA), which would draw inspiration from the existing European Economic Area (EEA) that links the EU to Norway, Iceland and Liechtenstein. Of course the South Mediterranean economies lag way behind the EEA, but the twenty year objective provides a plausible time horizon for achieving fundamental results. The EU should offer complete openness for goods, services and capital,

with front-loaded concessions in the agricultural sector, thus revising and deepening current free trade agreements. In exchange the South Mediterranean states would be gradually implementing EU economic legislation, social and environmental policies. For the labour market the EU should organize a 'Blue Card' system for granting temporary work permits to highly-skilled workers, and more generally put in place mechanisms to favour circular migration, facilitating the upgrade of human capital. The EU already offers the prospect of deepening the existing free trade agreements on a bilateral basis, but the offers are not comprehensive either sectorally or as a regional multilateral whole. The starting points of the South Mediterranean states are of course widely different, but the authors suggest that the revolutions in Tunisia and Egypt can open up the tantalizing prospect of a new social, political and economic era for the entire Mediterranean region. The creation of the EMEA would entail long-term benefits for the EU itself, with increased economic growth through increased specialization, increased supply of human capital and greater energy security.

*A resource secure neighbourhood.* The South Mediterranean region has considerable endowments in natural gas, oil, iron ore, phosphates, steel, wood extracts, zinc and fisheries, as well as for Mediterranean agriculture products. Daniel FIOTT would like to see this potential translated into something he would call 'resource-full revolutions'. Specific initiatives would include a Euro-Med Energy Community, bearing in mind the experience of the EU in extending its energy policies into south-east Europe, which places an important emphasis on harmonization of the regulatory environment. He refers also to the Mediterranean Solar Plan of the Union for the Mediterranean, and the intentions of the EU to conclude new trade liberalization agreements for fisheries and agriculture. At the G20 level there were attempts this year to advance commodity policies, such as with the new Agricultural Market Information System (AMIS), which FAO is entrusted to develop, but these remain to prove their value.

*The role of the military* in the Arab Spring is the subject of a comparative study by Rouba AL-FATTAL ECKELAERT of six cases (Tunisia, Egypt, Yemen, Libya, Bahrain and Syria), of which the military forces of Egypt, Yemen and Syria are by far the most important. Their roles in the Arab Spring so far can be summarized as falling into three pairs of quite different categories: (i) those where the military remained loyal to the leadership and were responsible for brutal repression of the uprisings (Bahrain and Syria); (ii) those where the army sided with the protestors and were instrumental in ousting the leadership (Tunisia and Egypt); and (iii) those where the military was split and suffered crucial defection to the side of protestors (Libya and Yemen). This leads to the crucial question what factors can explain these divergent course of action taken by the three groups of militaries. The thesis proposed is that the military will remain loyal to

the leadership in the presence of uprisings when two conditions are present, first that the state suffers deep sectarian or ethnic cleavages, and second where the leadership comes from a minority group, which then packs the military with senior officers from this same group. When the uprising gets serious, and repression has become vicious, the military find their own fates locked in with the leadership. These conditions are seen now in Syria where Assad and his military chiefs come from the minority Alawite community (although there have been some defections), and in Bahrain where the King and his senior colleagues are from the Sunni minority. By contrast Tunisia, Egypt and Libya are all cases where the overwhelming majority of the population, the leadership and military are all Sunni. Yemen is a more complex case, with less clear cut sectarian divides.

*Lessons from Libya.* The military intervention in Libya, led by France and the UK, and commanded by NATO, became the most significant application so far of the relatively new normative doctrine of Responsibility to Protect (R2P). This operation thus ranks as an important case study at the frontier of contemporary international relations. Sven BISCOP takes a hard look at what this has meant for the European Union in particular. While European countries were in the lead the EU itself was absent, both in leaving command of the operation to NATO and not even managing to have a common position in the UN Security Council, with Germany having famously or infamously chosen to abstain in company with China and Russia. All this is a very sad story for the EU's attempts to develop its security and defence policy. Biscop argues that this could have been an impressive operation under the political aegis of the EU, even when using NATO for command and control and for inclusion of vital US capabilities such as for in-flight refuelling and satellite intelligence. Given the UN Security Council mandate, the support of the Arab League, the proximity to Europe, and the willingness of the US to leave leadership to Europe, Biscop asks "how many more boxes needed to be ticked before the EU could step into the breach and take charge of crisis management?"

*Prospects for the Middle East peace process?* How does the Arab Spring now affect the prospects for the finding a solution to the Israeli-Palestinian conflict? This is the question addressed by Muriel ASSEBURG. Unfortunately the author concludes that the prospects are anything but good, and on the contrary observes a vicious circle of mutually reinforcing negative repercussions, which make conflict resolution increasingly unlikely. The failure in the course of 2011 of the Palestinian pursuit of statehood at the UN to translate into a constructive step towards Palestinian self-determination risks instead heightened tensions and a third intifada. The author severely criticizes the EU for the inconsistency of its approach in supporting the two state solution while allying with the US and Israel to derail the Palestinian quest for statehood. While plausible contours

of an Israeli-Palestinian settlement are well known (Clinton parameters of 2000, the Taba Summit of January 2001, the unofficial Geneva Accord of 2003), the prospects of their realization are fast evaporating with the continuing settlement expansion and increasing fragmentation of the West Bank. In desperation Palestinians increasingly discuss the one-state option, in which the Palestinian Authority would be dissolved, all responsibilities would be handed to the occupying power, and Palestinians would switch their priorities to achieving equal citizenship rights in the single state. While this scenario has a clear logic, it is unlikely to succeed, since Israel would not wish to annex these territories. Unless the EU could in the near future lead the Middle East Quartet into mediating a fresh push for conflict resolution, the author fears that violent escalation will be looming, and with it the demise of the two-state solution.

*Our overall messages are three fold.* First, we have noted that revolutions produce amazingly varied outcomes, and a whole range of possibilities have to be kept in mind, spanning the range between conventional democracy, Islamic democracy, dysfunctional democracy, military regimes, restored authoritarianism, and unfortunately even the possible descent into the miserable world of the failed state. Second, the EU's response has on paper recognized the scale of the changes in the Arab world, and adapted its declared policy doctrines, yet it is far from clear whether there will be significant mobilization of the three Ms – money, markets and mobility. Third, there are two instances where the EU glaringly missed opportunities for significant action, both the Libya campaign, and the Palestinian push for statehood recognition at the UN. In both cases the fault lies essentially with the member states which have been unwilling to discipline themselves for collective action, and have thus squandered the potential of the EU as a global or even here a regional actor. In the case of Libya Germany had the lead role in demobilizing the EU. In the Palestinian case the member states allowed themselves, notably in the vote over UNESCO membership, the futile luxury of splitting three ways between those for, those against, and those abstaining, as if they all had objectively different vital interests at stake which is patently not the case; and then they criticize the High Representative and the European External Action Service. Overall the EU retains the potential to respond strategically to the Arab Spring, but is not yet getting much beyond declarations.



# THE ARAB REVOLUTION OF 2011: PROSPECTS VIEWED THROUGH THE LENS OF HISTORY

MICHAEL EMERSON<sup>1</sup>

The Arab Revolution of 2011 takes its place in the quite small number of revolutionary episodes in world history that have had major regional or continental dimensions, and involved revolution by contagion between a number of states sharing some historical-cultural-geographic identity: 1789, 1848, 1917, 1989 of course, and the great decolonisation revolutions, first in Latin America between 1811 and 1821, and then in Africa and south-east Asia after World War II.

This paper has three parts, which are progressively more difficult. First a number of political regime types are identified that exist in the world and have some possible relevance for discussing the possible destinations of the Arab Revolution. Second a number of dynamic models of political change are noted from political history, especially those seen in the wake of revolutionary regime overthrow. Finally we take our chances in assessing which of these models seem most plausible for different groups of 17 Arab states, from Morocco to Yemen, categorised first of all between the petro-states versus non-petro-states, and the monarchies versus the non-monarchies or republics.

## States of Political Nature

This can be short – just enough to remind ourselves that there are several well-known political regime species to choose from in speculating about the possible destinations of the Arab Revolution. This is all the more necessary if one heeds the observation of one scholar who has studied revolutions across the centuries, ‘revolutions have such amazingly varied outcomes’.<sup>2</sup>

One reference, but hardly the only one, is the *mature liberal democracy* of Western Europe and the West. But this sometimes has its problems, as Churchill remarked: ‘democracy is the worst of all possible systems, except for the alternatives’, of which there are many.

There are a number of hybrid categories. There is the *dysfunctional democracy*, for which Ukraine after the Orange Revolution of 2005 provided an example,

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1. Thanks to Lore van den Putte for research assistance.

2. Charles Tilly, *European Revolutions, 1492-1992* (London: Blackwell, 1993) p. 16.

which was democratic but suffered chronic institutional confusion to the point of making effective governance impossible. There is the deeply corrupted democracy, or *kleptocracy*, with many cases in Eastern and South Eastern Europe of 'state capture'. This morphs into the *semi-authoritarian state*, of which Russia is a current example. This may also be deeply corrupt, but distinguishes itself from the dysfunctional democracy by virtue of its 'strong state' capacity which can override democratic checks and balances.

A rather different hybrid type is the *enlightenment model*, which harks back to the idea promoted by European philosophers of the 18th century such as Voltaire. He advocated respect for civil liberties and a rule of law, but without democratic institutions, hence the '*enlightened despot*' brand which attracts various Arab petro-monarchies. Another hybrid type, of special relevance to the Arab Spring, is the democracy with religious inspiration, now topical with the '*moderate Islamist democratic party*' model projected by the AK leadership of Turkey. They in turn makes comparisons with the Christian Democrat parties in much of Europe, which actually have morphed into secular parties, and whether this will happen to the moderate Islamist parties is an issue.

Next we have several species of authoritarianism. There are *military regimes* of several graduations, from the outright junta of generals as in Burma (about to loosen up at last?) and earlier in much of Latin America. More subtle is the *military as reserve power*, able to intervene with coup d'état as and when they feel the civilian leadership is failing in their duties (Turkey in the last decades of the 20th century). Then there are the *ideological or theocratic dictatorships*, of which the world has seen several sub-species, be they fascists (Germany, Spain), or communists (Russia, China), or Islamic theocrats (Iran). Also there are other less ideological but personal *civilian dictators*, although these have often been former military officers, who establish a power structure that may disconnect in some degree from the military (Bouteflika, Sukarno, Suharto, Khadafi, Mubarak).

Finally there is the *failed state*, where there is a generalisation of violence, criminality, insecurity, and absence of public services and governance. This has been surfacing in recent times, for example in D.R. Congo and, closest to home for the Arab world, in Somalia. Some would say 're-surfacing again', since much of the pre-modern world was like that.



## Models of Regime Change Dynamics

A shortlist of eight dynamic models is identified for what may follow a popular uprising that overthrows the incumbent regime.<sup>3</sup>

*The ‘great revolution’ model.* Scholars of the world’s ‘great revolutions’, and of the political dynamics that follow in their wake, have sobering messages. The seminal work of Crane Brinton, published in 1938,<sup>4</sup> identified one recurrent model or syndrome with a sequence of stages:

- First there are rising mass protests against an unjust regime;
- the governing power uses force to try and suppress the uprising,
- but this fails and the demands of the masses become more radical,
- and the regime is then overthrown,
- followed by a short honeymoon period, when moderate factions trying to get reform,
- but they have insufficient unity and strength to control the situation,
- and so then a militant group with radical ideology takes over,
- leading into a reign of terror,
- which exhausts itself after a while,
- but yielding to some new authoritarianism which lasts for years or decades.

Brinton worked out this model sequence after comparative review of several ‘great revolutions’, with the French and Russian revolutions most plausibly fitting into this mould, with his analysis also drawing on the English and American revolutions of the 17<sup>th</sup> and 18<sup>th</sup> centuries respectively. One could add the Chinese revolution, starting in 1911 but maturing only after an interval of war into the Great Proletarian Cultural Revolution of 1966 to 1976. Most recently the Iranian Islamic revolution of 1978 also broadly fits the model. Scholars of revolutions (such as Goldstone, *op.cit.*) contest the general validity of this model, and indeed world history has demonstrated a plethora of models, of which we offer some now below. However the track record of the ‘great revolution’ model is sufficiently impressive with the French, Russian, Chinese and Iranian revolutions that it can hardly be dismissed.

*Instant democracy.* This is the polar opposite of the great revolution model. In the best of cases there would still have to be time after the regime is overthrown to prepare constituent assemblies, adopt new democratic constitutions, and for political parties to get organised for the first post-revolutionary elections. His-

3. For a comprehensive summary of attempts to theorize revolution, see Jack Goldstone, ‘Towards a Fourth Generation of Revolutionary Theory’, *Annual Review of Political Science*, Volume 4, 2001.

4. Crane Brinton, *The Anatomy of Revolution* (New York: Norton, 1938).

tory does not offer many examples of instant and sustained transition. The major case has been that of Central Europe following the collapse of communism in 1989-1991. But here there were exceptional explanatory factors: earlier experiences of democratic practice, emphatic European identities, exit from the Soviet occupation, and application for EU membership with its powerful incentives and conditionalities. For the Arab world these factors are clearly not present. One may wonder whether the case of India is more relevant, since it has sustained democratic practice since independence in 1947. Yet here there was the extraordinary leadership of Mahatma Gandhi, who somehow synthesised the peaceful philosophies of Hinduism and Buddhism with the culture of the rule of law from the English bar; in addition Indian political leaders and the British imperial power had been preparing the political structure of the independent Indian state already from early in the 20th century. And Gandhi's extraordinary powers of inspiration by example survived his assassination in 1948.

*Instant democracy imposed through war by external power.* This model has had two spectacular successes (Germany, Japan) and two spectacular failures (Iraq, Afghanistan) within living memory. But the relevance of the first two cases for the Arab Spring is remote, since the democratic regimes were imposed on advanced societies with prior history of democratic institutions. The second pair are the ongoing stories of Iraq and Afghanistan. While a modicum of democratic process has been established in both cases, the costs in terms of ensuing sectarian conflict and human lives has been huge. Whether Libya can do better becomes the next test case.

*Gradual democratic constitutionalisation of the monarchy.* This model has been observed in half a dozen European states, but in several cases the evolutionary process took many centuries (starting from 1215 in the case of England's Magna Carta, and many centuries ago for Sweden and Poland), with several others developing only in the 19<sup>th</sup> and 20<sup>th</sup> centuries. The kingdoms of Morocco and Jordan identify with a model of evolutionary constitutionalisation, and we discuss these cases and the Gulf petro-monarchies further below.

*Zig-zag model.* Following on from the French Revolution of 1789, the 1848 revolutions in Europe are notably relevant for the Arab Spring because of the contagion factor: France, Belgium, Germany, Italy, Austria-Hungary, Poland, Romania and Switzerland were all drawn into what became known as the 'Spring of Nations', or 'Springtime of the Peoples'. The resonance with the Arab Spring goes deeper than these words. There was no coordination or cooperation among the revolutionaries of different countries in Europe in 1848, but there were common themes in their motivations: discontent with political leaderships,

demands for more participation and democracy, demands for better conditions of the working classes and the upsurge of nationalism. But within a year of 1848 reactionary forces had won out and the revolutions themselves collapsed. The reactionary forces were based in the royalty, the aristocracy, the army and the peasants. The uprisings were led by shaky ad-hoc coalitions of reformers, the middle classes and workers, but these could not hold together for long. In the course of the 1848 revolution tens of thousands of people were killed and many more forced into exile. It took another half-century of political zig-zags in France in particular before democratic norms became solidly entrenched, after a bewildering of zig-zag of political regimes changes, from democratic republicanism to empire to republican dictatorship and back to monarchy, before the emergence of relatively normal democratic governance.

***Banana republic model.*** This is a dynamic version of the military regime. When the civilian governance becomes too chaotic, or corrupt, or catastrophic for the economy, the army moves in to throw out the bad leadership, and then maybe establishes a junta for direct military rule for a while, or alternatively installs their preferred civilian leader. In Latin America, the so-called ‘*banana republic*’ brand predominated from the time of independence at the beginning of the 19th century for almost two centuries, with military coups typically intervening to throw out oligarchal land-owning dictators, or with alternation between military and civilian authoritarian regimes. Only in the last decade or two did recognisable democracy become the predominant regime type in Latin America, notably in Chile, Brazil and Argentina. Thailand holds the world record for the frequency of military coups, numbering over 30 since the military reduced the powers of the monarchy in 1932.

***Relapse back to authoritarianism or semi-authoritarianism.*** After short and unsuccessful periods of attempted democracy, the relapse has been seen recently in both Russia and Ukraine, after the relative failure of the Yeltsin period in the 1990s and Yushchenko-Timoshenko period in the 2000s respectively. If Putin now resumes the Russian presidency for two more terms it could take the clock forward to 2024, and with his reign having begun in 2000 this would make a 24-year period for his domination of the Russian political scene. In some earlier experiences in South-East Asia, post-revolutionary (post-independence after World War II) attempts at installing democracy fell prey to very long dictatorships. In Indonesia President Sukarno began as leader of a liberal parliamentary regime but gradually over 20 years turned his reign into a personality cult dictatorship, which was overthrown by coup d’état led by General Suharto, who in turn became President for another 30 years. Independence in the Philippines in 1946 saw the introduction of constitutional democracy, but in 1965 the correctly elected Ferdinand Marcos turned his record into that of a notoriously

corrupt and constitutionally illegitimate 20 year presidency. Both the Indonesian and Philippine cases thus saw around half a century of authoritarianism before recognisable democracy emerged in the last decade. However in Russia now the scent of the Arab Spring seems to be spreading, with mushrooming street protests following the rigged December 2011 parliamentary election; the prospect of a 24 year reign for Putin seems to have suddenly evaporated.

The dynamics of the *failed state* model are characterised by enduring conflict and civil war, ethnic or religious divides, generalised insecurity, and collapse of basic public services and infrastructures.<sup>5</sup> The most relevant and nearby example is Somalia. Analysts of the failed state point to a tipping point syndrome, where the generalisation of insecurity and fear pushes society into armed militias and criminal gangs, be they tribal, ethnic, or sectarian, which descend into a vicious circle of violent and destructive conflict with no resolution. Civil war is usually at the start of the process, with violent plunder and lawlessness then becoming the only way for competing groups to struggle for survival.

## And What Next for the Arab Spring?

First there are some criteria for making some preliminary groupings among the seventeen Arab states from Morocco to Yemen, namely the petro states versus the non-petro states, and the monarchies versus the non-monarchies (republics). This introduces some pervasive, although hardly exclusive determinants of political responses to the Arab Spring. The petro-states have monetary means to satisfy basic social needs the easy way, to the point of drugging the people with manna. The petro-monarchies can combine this with their spiritual and/or tribal legitimacy. The regimes of non-petro states that are also non-monarchies are the most exposed to societal pressures, whereas the non-petro-monarchies can try to use their authority to head off popular pressures with just a gradual process of constitutionalisation of their rule. But this first sorting into four primary categories will need finer qualifications in order to attach each of the Arab states to one or other of the eight dynamic models identified in the preceding section.

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5. R. Rotberg (ed.), *When States Fail – Causes and Consequences* (Princeton University Press, 2004).

	Petro-states	Non-petro-states
Monarchies	Saudi Arabia Bahrain Kuwait Oman Qatar United Arab Emirates	Jordan Morocco
Non-monarchies (republics)	Libya Algeria Iraq	Egypt Tunisia Lebanon Palestinian Territories Syria Yemen

Further explanatory variables are needed for explaining reactions to the Arab Spring, and for the chances of democratic practice emerging in particular. Three such criteria are:

- (a) the peacefulness or violence of uprisings of the people,
- (b) the presence or absence of deep societal cleavages, be they sectarian between Sunni and Shia muslims, or between the secular versus the religious, or between ethnic and territorial divides, and
- (c) the cultural, economic and institutional preparedness for moving towards functioning democracy.

Positive readings on all three accounts maximise the chances of democracy taking root, whereas negative readings enhance the chances of regime instability, leading on to one or other of the several other non-democratic scenarios set out above, be it return to authoritarianism, or in the worst cases civil war and state failure.

**Petro monarchies.** The petro-monarchies have all in the course of 2011 been responding to the Arab Spring by trying to keep the people happy more with money rather than political freedoms. They have been doing this on a grand scale in the six petro-monarchies of the Gulf Cooperation Council, which together occupy all top six positions in the value of petro-revenues per capita (Annex Table 1). Public sector salaries, welfare benefits and subsidies for basic necessities such as food have been ramped up, by margins of one-third to 100%. The extreme petro-wealth has also over the last few decades seen the Gulf states build up massive dependence on imported foreign labour mainly from Asia, such that in some cases they occupy more than half of the work force, with even higher percentages of private sector employment. The corollary of this is that the employment of nationals of the Gulf states is mostly in the public sector (80% in Saudi Arabia), which further dampens latent demands for liberalising meas-

ures, since the immigrant working classes have no citizenship rights and no say in any political questions.

It seems that this strategy of increasing the dosage of public manna to the citizens is broadly working for the time being. Token acts of political liberalisation have also been made, such as voting rights for women in Saudi Arabia for municipal elections. If the strategy seems to be working for the time being, it is by the same token storing up trouble for the future by creating conditions of economic unsustainability. The increases in public sector salaries and welfare benefits further reduces the chances of the economy developing competitive employment in the private sector. This problem may be especially acute in Saudi Arabia by comparison with the smaller Gulf states, which are trying seriously to develop tourist, financial and transport service sectors, but even there much of this employment is taken by foreign nationals. Maybe these states have a further 10, 20 or 30 years to live well off petro revenues, but when the time for detox comes it may be very painful, with unpredictable political consequences.

The six top petro-states are also monarchies, benefitting from legitimacy that comes from either traditional tribal authority, or spiritual status, or both. The King of Saudi Arabia is customarily referred to as 'The Custodian of the Two Holy Mosques King Abdullah'. The extended family of the monarch is said to run to around 7,000 very wealthy persons, with 200 direct descendants of former King Ibn Saud.

These sources of legitimacy are dampening factors with respect to latent demands for political democratisation. The leaderships of the petro-republics, do not have these advantages, and two of them have already been killed (Saddam Hussein and Khadaffi), while the Algerian leadership has only sustained its position after a long and terrible civil war. Still the monarchs should not forget the fate of Charles I and Louis XVI.

Bahrain and Oman are the two relatively least wealthy petro-monarchies, and both have seen serious unrest. In Bahrain the sectarian divide between the minority Sunni leadership and majority Shia populace, combined with manifest privileges for the minority in employment, led to the Pearl Roundabout uprising which was suppressed only with the aid of the Saudi military in March 2011. However the royal family was split between a conservative king and more reformist crown prince, which at least led King Hamad bin Isa Al Khalifa to appoint on 29 June 2011 an independent commission of enquiry into the bloodshed at the Pearl Roundabout. This impressive report, delivered in November 2011 could lead into a path of political reform towards constitutionalisation of the monarchy. Bahrain's supreme judicial council is now set upon reviewing

judgements against protestors handed down earlier by the military courts. In Oman uprisings on a lesser scale led the Sultan in March 2011 to decree that the consultative Council would be granted some legislative and regulatory powers, with a new Council formed after elections in October, thus also seeking to move slightly towards constitutionalisation of the monarchy.

In the richest per capita Gulf state, Qatar, there are no such constitutional developments. However there is an energetic King who promotes something along the lines of the enlightenment model, with relatively open civil liberties, huge investments in education and research (Qatar Foundation), and an openness to the international media (hosting Al Jazeera, BBC World Debates etc). Qatar has sustained an activist position in relation to the Arab Spring, even supporting the NATO campaign operationally with some fighter jets, and presiding the Arab League work over the sanctioning Syria.

There are two break points at which one may draw the line between the major petro-states, lesser petro-states, and non-petro states for the purpose of the present analysis (see Table 1). The top petro states have revenues per capita of over \$6,000, sufficient to make an important impact on living standards as long as there is a modicum of redistribution or trickle down. This sees only Libya joining company with the six petro-monarchies. The second but much lower break point can be at \$1,000 of petro revenues per capita, which brings in Algeria and Iraq, with big petro resources but also large populations. After that the others have relatively small petro-resources (Yemen, Syria, Egypt), or none of any significance (Morocco, Jordan, Lebanon, Palestinian Territories).

*Non-petro monarchies.* In both Jordan and Morocco the kings enjoy considerable traditional allegiances, including spiritual standing (both claim descentance from the Prophet). These two kingdoms have no easy way to meet the aspirations of the people by distributing manna, and are therefore constrained to answer pressures for increased political participation directly. But because of their perceived political legitimacy they have a model to pursue, that of gradual evolutionary constitutionalisation of their regimes, with the participation of moderate Islamist parties. With already some degree of civil liberties, this is in line with the enlightenment model, combined with traces of the Turkish model for inclusion of democratic Islamic parties. Morocco has revised its constitution in order to transfer some powers to the parliament, and notably the power of the parliamentary majority to appoint the prime minister. This allowed the moderate Islamist party PJD to follow up their success in the November 2011 parliamentary elections by appointing as prime minister their leader, Abdilah Benkirane. In Jordan the king has initiated a new party law, some electoral reform and dialogue with the Islamists of the Muslim Brotherhood family. These two

states may still risk being too minimalist in their response to the Arab Spring, but they have a margin of political manoeuvre that could allow them to move faster if necessary.

*Petro republics.* Algeria's military achieved its counter-revolutionary coup in 1991, suppressing the Islamists' electoral victory, and sustained its position through a long and brutal civil war. The repressive regime remains strongly entrenched, even if President Bouteflika has pushed back the role of the military. Might Algeria now follow any of the alternative models of its neighbours – Morocco's gradual constitutional reform, through to the varying revolutionary regime change models of Tunisia, Egypt or Libya? For the time being the answer seems to be no, mainly because the legacy of brutal civil war discourages uprisings.

Iraq experienced its externally imposed regime change in 2003 with the invasion by the US and allies, and subsequent execution of Saddam Hussein. It has become a case study in the discredited proposition of democracy-imposed-by-war. While there has been a notable level of participation in elections, devastating inter-sectarian violence has continued, which combined with the virtual autonomy of the Kurds, seems to amount to a stalemate between opposing parties in a semi-failed state condition. There is manifest concern that the final withdrawal of US troops at the end of 2011 may lead to intensification of the continuing daily violence, and thence renewed political instability.

Libya is a much harder proposition still, with poor ratings on all three criteria listed above, and some of its leading rebels reputed to have had Al Qaida connections. With Khadaffi finished, there will no doubt be serious efforts at installing a democratic regime with substantial international support. But this will be a huge challenge, and the historical examples of post-revolutionary radicalisation or of relapse into authoritarianism should not be forgotten.

*Non-petro republics.* These states are among the most exposed to social and political pressures, lacking both petro wealth and leadership legitimised by tradition. They come in three pairs: two are already the most democratic of Arab states or entities (Lebanon, Palestinian Territories), two are endeavouring to make democracies of their recent revolutionary uprisings (Tunisia, Egypt), while two are still in states of unresolved conflict (Syria, Yemen).

Lebanon and the Palestinian Territories are already ranked in international surveys as the most democratic of the 17 Arab states (Table 2). Yet these are still flawed democracies because of their deep sectarian divides, with the radical Islamist Hezbollah now dominating the confessionally organised Lebanese pol-



itics, and with Hamas ruling Gaza in political competition with the Fatah-led West Bank. Civil war is part of their recent experiences and their continuing fears in both cases, so much so in the case of Lebanon that the resumption of full-scale civil war is kept at bay. The physical separation of Gaza and the West Bank may allow the Palestinians' bitter political competition to go on unresolved. Yet the Arab Spring may help improve the quality of democratic governance in both cases. In the Palestinian territories both Fatah and Hamas may feel the need to be more sensitive to the demands of the people. Lebanese democracy may win back a little more normality as and when the Syrian regime falls.

Tunisia and Egypt have led the revolution so far. Yet their paths now diverge. Tunisia registers the most positive readings under most of the criteria presented above: a non-petro state, a relatively well developed and diversified economy and middle class. It advances constitutionally, with free and fair correct elections in October producing a constituent assembly, which however has just scrapped the time limit for its own life. The main winner, the Ennahda moderate Islamist party, openly refers to the Turkish AK party model as one it wishes to emulate. The secular-Islamist divide is evident, yet seems to be managed with moderation on both sides.

One might hope that Egypt could follow the same path, but there are greater hazards in this case, with deeper societal cleavages and the real possibility that the military may try to slide from its current transitional role into that of a permanent regime controller. Egypt seems a candidate for either of the two Turkish models, the democratic Islamic regime or the military or both together. While the Muslim Brotherhood emerged from the November 2011 elections as the largest party, the most remarkable electoral success was that of the Salafist party winning 25% of the votes, which warns that radicalisation of the revolution is not inconceivable in a scenario of continuing deep economic distress. This is four-way political struggle, between moderate and radical Islamists, the secular liberals and the military, with minimal trust between all. Even the great revolution model is conceivable. The Tahrir Square revolutionaries mobilised again at the end of 2011 to protest against the military, initially the defender of the people, now its enemy.

Syria, still in a state of virtual civil war after almost a year, sees the gradual transformation of the conflict into sectarian and ethnic conflict, but with the military still largely supporting Assad. But Syria is also a unique case in being at the crux of an ominous set of regional inter-state tensions, with Iran's entrenched position as supporter of the regime at risk, Saudi Arabia increasingly openly opposing Iran, as well as the tense Syria-Lebanon relationship, and the Israeli-Palestinian/Arab confrontation. This amounts to a huge potential for

regional conflagration, in which only rational reflection on who if anyone could gain from war seems to be, or should be the restraint. For Syria's own regime all options seem to be open: a military coup to replace Assad, open civil war, descent into a semi-failing state like Iraq, and with the prospect of a democratic revolutionary regime change only seeming to be a distant prospect. The Arab League deployed an observer mission at the end of 2011, but this was immediately being criticised for ineffectiveness.

Yemen for its part is already in a near failed-state condition, with fighting continuing between rival tribal militias and military splinter groups even after the agreement of President Saleh to stand down in February 2012. The depressing lessons of history are that when societies have fallen into the failed state condition it is all so difficult to reverse, and the life expectancy of such non-regimes can be very long, as the cases of Congo and Somalia show. Violent Islamic radicalisation would be a conceivable alternative scenario for Yemen.

Overall, the Arab states with the most ominous assembly of pre-conditions for possible state failure, sharing some combination of tribal/ethnic/sectarian divisions, and of conflict which already have (or could) become civil wars, are Bahrain, Iraq, Libya, Syria and Yemen. Whether these conflicts lead on to resolution with a victor, or in some cases separatism, or stalemate, or state failure remains the open question.

## Conclusion

The Arab world is no longer the exception among all major world regions in having no democracy at all. But the sober message for the Arab Spring is that spontaneous revolutionary movements may have their moment of glory at the barricades, yet are vulnerable either to reversal by reactionary forces including the army and former leadership structures, or to violent radicalisation, or to dysfunctional democracy of various types. The EU's official call for 'deep democracy' in its neighbourhood has only a remote chance.

While the 17 Arab states from Morocco to Yemen have all been affected by the Arab Spring, or Revolution of 2011, the regime trajectories that they are now following, or likely to see, are hugely divergent. These are not random differences, but are susceptible to some systematic groupings, first between the petro states versus the non-petro states, and the largely overlapping categories of the monarchies versus the non-monarchies.

With the exception of Libya, the top petro-states (and all except Libya are petro-monarchies) have avoided revolution so far. They seem set to continue along paths that range between the status quo with tactical measures of slight liberalisation and expanded welfare measures in the petro states. For their part, the non-petro monarchies attempt very gradual movements towards their democratic constitutionalisation. All these monarchical regimes seem to aim at some kind of Arab version of the old European enlightened despot, which can carry on for a long time, but the petro-monarchies are storing up trouble for later on by buying off popular discontent with manna.

Of the non-monarchies, seven have seen or are in the course of experiencing revolutionary regime change, including one counter-revolution some time ago (Algeria 20 years back). The score so far by the end of 2011 is three outright regime changes (Tunisia, Egypt, Libya), with two more in the offing (Syria, Yemen). The range of scenarios here for their post-revolutionary dynamics encompasses the widest spectrum of possibilities, with Tunisia appearing to be best positioned to become seriously democratic, while Yemen may be heading towards the failed state. In between, one can speculate whether Egypt might gravitate towards either of the two Turkish models on display (the old military model, or the new democratic Islamist one). For Libya and Syria all options are open, but the structural conditions favourable for a democratic outcome are hardly present, and the syndrome of post-revolutionary radicalisation cannot be excluded.

The most striking feature of the electoral results from the Arab Spring, in Morocco, Tunisia and Egypt, has been the uniform success of moderate Islamist parties, with the Turkish AK party model having achieved a breakthrough as a reference in Arab world politics.

A general point concerns time horizons. History may be accelerating. But still the overwhelming message of history is that our subject matter – the passage of post-revolutionary regime developments from the initial libertarian euphoria to soundly functioning democracy – has long time horizons of decades or centuries. Modern technologies of the internet and mobile phones have greatly facilitated the mobilisation of the ‘street’ as protest movement. The ‘street’ has lost its fear, and so can be expected to come out again in force when power is abused. But this does not assure soundly functioning democracy. There could be a lot of the zig-zag model ahead, with recurrent uprisings and regime changes.

Table 1: Oil &amp; Gas Exports per capita (data 2009)

	Total Population (million)	Value of Oil & Gas Exports (million \$)	Value of Oil & Gas Exports per capita (\$)
<b>Qatar</b>	1,639	63 890	38 981
<b>United Arab Emirates</b>	4,908	70 364	14 337
<b>Kuwait</b>	3,536	46 557	13 167
<b>Bahrain</b>	1,039	8 915	8 580
<b>Oman</b>	2,883	21 718	7 533
<b>Saudi Arabia</b>	25,519	163 282	6 398
<b>Libya</b>	6,428	38 756	6 029
<b>Algeria</b>	35,600	60 809	1 708
<b>Iraq</b>	31,234	38 243	1 224
<b>Yemen</b>	23,687	4 565	193
<b>Tunisia</b>	10,435	1 953	187
<b>Egypt</b>	76,800	13 658	178
<b>Syria</b>	20,127	3 305	164
<b>Morocco</b>	31,514	281	9
<b>Jordan</b>	5,980	0	0
<b>Lebanon</b>	3,857	0	0
<b>Palestinian Territories</b>	4,226	0	0
	<b>Total: 289,412</b>	<b>Total: 536 296</b>	<b>Average: 1 834</b>
<b>Norway</b>	4,483	69 226	15 442
<b>Venezuela</b>	28,611	54 201	1 894
<b>Iran</b>	74,100	61 888	835

Sources: IMF World Economic Outlook Database, BP Statistical Review of World Energy June 2010, World dataBank Global Economic Monitor (GEM) Commodities, CIA World Factbook 2011 (for population in the Palestinian Territories) and own calculations.

Note: The value of gas export for Qatar is an approximation since the exact gas prices were not available.

Table 2: Democracy Index 2010

Country	Rank	Overall score	I Electoral process and pluralism	II Functioning of government	III Political participation	IV Political Culture	V Civil liberties
Lebanon	86	5.82	7.92	3.93	6.67	5.00	5.59
Palestinian Territories	93	5.44	7.83	2.86	8.33	4.38	3.82
Iraq	111	4.00	4.33	0.79	6.11	3.75	5.00
Kuwait	114	3.88	3.58	4.29	3.33	4.38	3.82
Morocco	116	3.79	3.50	4.64	1.67	5.00	4.12
Jordan	117	3.74	3.17	4.64	3.33	3.75	3.82
Bahrain	122	3.49	2.58	3.57	2.78	5.00	3.53
Algeria	125	3.44	2.17	2.21	2.78	5.63	4.41
Qatar	137	3.09	0.00	3.21	2.22	5.63	4.41
Egypt	138	3.07	0.83	3.21	2.78	5.00	3.53
Oman	143	2.86	0.00	3.57	2.22	4.38	4.12
Tunisia	144	2.79	0.00	2.86	2.22	5.63	3.24
Yemen	146	2.64	1.33	1.79	3.89	5.00	1.18
United Arab Emirates	148	2.52	0.00	3.57	1.11	5.00	2.94
Syria	152	2.31	0.00	2.50	1.67	5.63	1.76
Libya	158	1.94	0.00	2.14	1.11	5.00	1.47
Saudi Arabia	160	1.84	0.00	2.86	1.11	3.75	1.47
Iran	158	1.94	0.00	3.21	2.22	2.50	1.76
Norway	1	9.80	10.00	9.64	10.00	9.38	10.00
Venezuela	96	5.18	6.17	3.93	5.56	4.38	5.88

Source: Economist Intelligence Unit



# CHANGES AND CONTINUITIES IN EU-MEDITERRANEAN RELATIONS AFTER THE ARAB SPRING

ROSA BALFOUR

## When the Arab Spring shook the world

Early enthusiasm for the Arab Spring has become, for many observers, gloom for an Arab winter, with growing preoccupations that Tunisia will become a lone rather than leading star. The resistance of the Syrian regime in the face of increasing international isolation, risks of nuclear proliferation in the Middle East, and the general uncertainty over political developments in the region are interpreted as signs that the Arab world will not democratise soon.

While it would have been unrealistic to expect democracy to be smoothly ushered in, this approach does not do justice to the changes that societies in the Arab world are manifesting. Even if the revolutionary movements are not faring well in electoral competitions, the empowerment and mobilisation of people represent the most significant change in the region. Syrian opposition is resisting repression; Tahrir Square could be the location of a second revolutionary wave, with various opposition groups and civil society activists protesting against the failing transition led by the Supreme Council of the Armed Forces (SCAF). These manifestations of empowerment, mobilisation, and freedom of expression and association will be hard to repress for any possible regime return. Even the Arab League, in trying to deal with the crisis in Syria, eventually took unprecedented steps moving away from its traditional policy of non-interference in the internal affairs of other states.

These changes will not lead to predetermined outcomes. We will see snakes changing their skin but not their nature, with old regimes or parts of them surviving under a different guise, new forms of authoritarianism, or a greater pluralism which might not reflect the political preferences for liberal democracy of many actors, including the EU. The region remains in a state of flux and the only predictable short-term scenario is one of uncertainty.

The months since the first uprisings have revealed how the important actors in this environment have also changed. The US is backtracking on its role, at least in the Western Mediterranean, and expects greater involvement of Europe; Turkey has pursued what appear to be some U-turns from previously good relations with Israel and Syria. Now, it is supporting the opposition to Bashar Assad,

including to defecting military representatives, and the government is repositioning itself as a model for Islamic democracy. The Arab League has been making unexpected decisions by supporting the intervention in Libya, and by first seeking a solution to the Syrian crisis and then by opting for unprecedented sanctioning measures.

Individual countries could move in the direction of greater pluralism and democracy, like Tunisia, see a return of forms of authoritarianism, or bring conservative religious and ultimately non-democratic parties to power, as signs from Egypt's electoral process suggest. Alliances between secular and faith-based parties to keep a democratic transformation on track will not always be possible given the scepticism over the agenda of some Islamic parties in the region and elsewhere. Further upheavals in other countries which so far have opted for partial reform engineered from above also cannot be excluded, especially in a context of an economic crisis in which it is increasingly difficult to address the socio-economic roots of the changes taking place in the region. Finally, a degeneration of repression, violence and even war cannot be excluded, especially in the context of Iran's unsolved confrontation with the international community.

## Evaluating the EU's Response: Changes

The Arab Spring has also challenged many of the assumptions upon which international policies towards the region were based, such as the equation between the political stability in North Africa and the Middle East and the consequent containment of security risks, such as terrorism, emigration, socio-economic upheaval. The belief that pursuing economic liberalisation would lead to a degree of political reform within the framework created by authoritarianism was also shattered by the mobilisation of protesters demanding not just bread and butter but also dignity and freedom of expression. This exposed the myth of Arab exceptionalism, based on culturalist interpretations of 'Islam' being incompatible with democratic aspirations.

These assumptions underpinned EU policies, based on setting up normative frameworks for gradual economic and legislative adaptation of (some) neighbouring countries, which did not challenge the nature of the regime with whom the EU cooperated on a number of important regional dossiers. This also entailed keeping Islam out of the political game, seen as the only force capable of undermining the regimes. As it turned out, even this proved a myth: the uprisings were secular in nature and faith-based parties made their entry only at a later stage, successfully positioning themselves as key actors in the newly pluralist countries.



After zigzagging between first supporting the presidents of Tunisia and Egypt and then the uprising against Qaddafi, the EU has officially recognised that its status quo policies were, quite simply, wrong. But whether it has seized upon these extraordinary changes to create a new set of relations with its Southern neighbours governed by different principles, assumptions, and objectives is a different matter.

The EU has responded to the Arab Spring with a broad range of tools, from humanitarian assistance, the revision of some modalities of long-term programmatic policies, sanctioning measures, and military interventionism on part of some member states through NATO. The mobilisation of such a wide array of tools per se represents a shift: one of the outstanding features of Euro-Mediterranean relations was the gap between the creation of broad frameworks and plentiful initiatives and their non-implementation, leaving much of the substance of politics to bilateral relations between individual countries. The question is whether the sum of these tools indicates a shift in EU thinking about its relations with North Africa and the Middle East (MENA), and whether it precludes to a qualitative change in relations between the two shores of the Mediterranean. In turn, understanding the changes and continuities in EU policies will require some incursions into the limits and problems of yesterday's Euro-Mediterranean relations.

In March and May the Commission produced two Communications<sup>6</sup> which contained the main points for a renewal of Euro-Mediterranean relations, based largely on a review of the European Neighbourhood Policy. However, the ENP should not be understood as coterminous of EU foreign policy, which involves a much broader range of actors and processes, including dynamics pertaining to relations of the member states with individual countries in the region. The proposals coming from the Commission and the High Representative require member states' cooperation for their delivery and implementation: alongside the logic of the Neighbourhood Policy, political dynamics, the positioning of the member states, the context in which they operate all need to be included in the analysis.

The EU has built its revised policies towards the MENA countries around four pillars: refined conditionality, greater differentiation among countries, new tools to support democracy-building, and a stronger focus on sustainable socio-eco-

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6. European Commission and the High Representative of the Union for Foreign Affairs and Security Policy (2011), *A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean*, COM(2011) 200 final, Brussels: 8 March 2011; European Commission and High Representative of the of the European Union for Foreign Affairs and Security Policy (2011), *A New Response to a Changing Neighbourhood. A Review of the European Neighbourhood Policy*, COM(2011) 303, Brussels: 25 May 2011.

conomic development. Branded with ‘more for more’, the EU has opted for focussing on the incentives to characterise a new form of engagement. The ‘three Ms’ – ‘more money, more market access, more mobility’ – are the incentives on offer: a more targeted use of financial and economic assistance (there is little *more* money – the challenge is the better use of resources); addressing some of the socio-economic challenges in each of the countries; the goal of reaching a Deep and Comprehensive Free Trade Agreement (DCFTA), with the Commission’s commitment to work on lifting the protectionist barriers that have so far limited market access for the MENA countries; and the offer of ‘mobility partnerships’ to make population movement easier for some citizens from the region, starting from Tunisia, Egypt, and Morocco. The disincentives are described in relation to the sanctioning measures which have been progressively put in place against the Syrian regime, from the freezing of financial assets to trade and oil embargoes.

The emphasis on engagement does not represent a significant departure from previous EU policy, which over the past twenty years has increasingly favoured finding paths of cooperation with partner governments. The difference, at least on paper, is that democratic commitments appear stronger conditions for gaining the additional incentives.

The new SPRING programme (Support for Partnership, Reform and Inclusive Growth) allocates €350 million for 2011 and 2012 for the region. Tunisia and Egypt are also the recipients of additional financial resources found through the European Neighbourhood Policy Instrument (respectively reaching a total of €160 million and €449 million for 2011-2013, far from the requested needs of these countries). This reflects an attempt to differentiate between countries, given the greater diversity within the region, rather than the one-size-fits-all approach of the Euro-Mediterranean Partnership and of the ENP.

In truth, the ENP did contain elements of differentiation and conditionality, offering more integration with the EU to those countries making greater progress according to agreed benchmarks. The difference now would be in the EU sticking to its principles and promises, the delivery of the incentives (the Commission’s papers speak of ‘mutual accountability’), and in the general way in which the EU positions itself since the Arab Spring.

EU public diplomacy has been emphasizing its ‘listening mode’: rather than set out a list of conditions to be met by the partner countries, its ambition is to strengthen relations with those countries which ask for greater engagement on part of Brussels. The EU-Tunisia Task Force, which met for the first time in late September 2011 and gathered representatives from the Tunisian and European

governments, the EU's Commission and External Action Service, the private sector, financial institutions, reflects this change. The EU's level of engagement will depend on the requests coming from the countries, and its level of ambition will follow.

In recognition of the false basis of the paradigms whereby stability would lead to greater security, and economic reform to more political pluralism, the EU has also shifted its attention to identifying ways to promote 'deep democracy' by focussing efforts towards giving civil society a stronger role in national and international politics. The European Neighbourhood Review established the creation of a Civil Society Facility (€22 million for 2011-13), including social media development. The European Endowment for Democracy, to be created as an autonomous body capable of responding to funding requests more flexibly and rapidly than existing EU instruments, would allow the EU to support non-registered NGOs and political movements and actors including, at least in theory, faith-based groups. If the EED lives up to these expectations (its ultimate shape and mandate is still under discussion), it would represent a significant departure from the EU's traditional non-partisanship in relating to political dynamics in third countries. In terms of resources, however, EU contributions remain a drop in the ocean, compared to US democracy promotion or Saudi Arabia's support of grassroots organizations.

## Evaluating the EU's Response: Continuities

These revisions of existing policies will have to be evaluated against their practical implementation. In the early days of the Arab Spring there were many calls from member states for 'Marshall Plans' for North Africa and the Middle East and for breaking down trade protectionism, coupled with a race to get visibility in the region and at home through official visits to the uprising countries. None of these proposals have materialised; no initiative has been presented by the member states, including those which have traditionally pushed for grand plans to engage the two shores of the Mediterranean; additional resources provided have been through international financial institutions (including the agreement to extend the mandate of the European Bank for Reconstruction and Development to the MENA countries) rather than by the member states.

Hence, the problems ahead are likely to reflect the limits which previous policies encountered: delivery on part of the member states. The 'three Ms' all require that the obstacles to free trade are removed, that greater resources are committed beyond those available during the last couple of years of the ENPI, which will depend on the outcome of the budgetary negotiations for 2014-2020, that

member states agree to offering mobility incentives beyond student visas through the Erasmus Mundus programme.

Delivery problems notwithstanding, there are some broader issues that have so far not been addressed in the EU's policy revisions. The use of political conditionality has always been hindered by problems of double standards, credibility, impact, and differential treatment of partners. The Communication's proposals treat conditionality as a tool, underestimating its political nature. The link between conditionality and differentiation also needs to be problematised. Coupled with the differentiated approach, it is hard to see the compass regulating the new system. Which is the middle line on the basis of which the 'more' and the 'less' are defined? The practice of dealing with individual countries will tell more than the intentions written on paper.

So far, the EU is certainly stepping up its dialogue and commitment towards Tunisia, a country which is increasingly proving a model for transition and poses few difficult issues for the EU to deal with. Morocco's good relations with the EU have been maintained throughout the Arab Spring and the country was offered similar incentives to those offered to Tunis even before King Mohammed VI passed constitutional changes and held elections that were freer than ever before. After the military intervention in Libya, the EU has been keen to set up a Delegation in Tripoli, support the transitional government, work towards unblocking the asset freeze (a move that Egypt has not yet benefited from and that was initiated with regard to Tunisia's assets only when the Task Force met), and integrate the country in the EU-created regional frameworks such as the ENP and the Union for the Mediterranean. The other countries which have not experienced upheaval leading to political change have seen continuity in their relations with the EU, with Brussels supporting the measures that Algeria and Jordan have taken to address some of the socio-economic complaints that had led to protest.

Egypt represents one of the most difficult cases because of the complexity of its transition and its importance in the region. In a nutshell, any policy towards Egypt encapsulates many of the dilemmas of EU policy towards the South Mediterranean: Israel-Palestine relations, the role of political Islam, the fight against terrorism, trade and energy interests. Whatever the conduct and outcomes of the successive electoral processes for the parliament (which will end in January but are so far prizing Islamic parties, including the most conservative Salafi political party) and the new President, European capitals will want to ensure that one of the most important countries in the region does not change its cooperation with the international community on key issues such as the Middle East, and in particular on the treaty with Israel. Indeed, the EU has been extremely cautious in

positioning itself towards the developments in the country, limiting its public diplomacy to issuing statements condemning sectarian conflict and the violent repression of Tahrir Square demonstrators before the start of the November 2011 parliamentary elections.

Some of the governments refuse the notion of conditionality *per se*, as it undermines the national emancipation that is being achieved, and the traditional attachment to sovereignty and national identity. The more democratic the new governments, the more assertive they are likely to be about their identity, their relations with Europe and their position in the world – with positions that might not be of liking to European capitals. In short, while the revision of conditionality illustrates good intentions on part of the EU, it is not reconciled with the reality of pragmatism that Brussels continues to show towards the region, demonstrating a strong degree of continuity with pre-Arab Spring policies.

The new intentions with regard to conditionality do not reflect a deeper analysis of whether the EU enjoys the conditions of leverage, attraction, incentives and relevance to be able to exercise it. In many ways, the revision of conditionality seems to reflect an internal EU demand for a redefinition of ‘ethical’ standards for engagement, following the exposure of EU contradictions in its relations with dictators. Externally, its ambitions to fine-tune conditionality do not sit easily with the ‘listening mode’ that public diplomacy has pushed especially with the transitional governments, which so far has translated in reactive political positioning following developments and requests coming from the MENA countries (with Tunisia and, to an extent, Libya being more forthcoming than Egypt) rather than in proactive policy seeking to redefine the Mediterranean space.

Indeed, the next step of rethinking regional integration and forms of aggregation has not yet been addressed, and the issue has been dealt with briefly by reference to the Union for the Mediterranean which, with its new Secretary General, has been seeking to demonstrate a renewed relevance. Past frameworks have been hostage to the regional complexities rather than a vehicle for dialogue about the problems. In many ways it would be premature to discuss new forms of regional aggregation so long as Syria, a lynchpin between the greater Middle East and the South Mediterranean, is in arms. But, there are some behind the scenes discussions about sub-regional integration (such as in the Maghreb, or through the 5+5 Group), and about the composition of future regional formats, whether they should be extended to the Gulf countries, or narrowed down to smaller groups, and what kind of political dialogue should be developed. The High Representative, for instance, has demonstrated throughout the Arab Spring that she gives great importance to the role of regional actors such as the Arab League and

the African Union, yet the EU does not have an established dialogue with the Arab League.

## Plus ça change?

If the upheavals in the region have merited parallels with epoch-making historical events such as 1848 or 1989, at least for the citizens there, this has not led to a clean slate on part of the EU. Many of the difficulties met over the past two decades remain: some were related to the regional context, which is changing and requires new analysis and understanding; some were ascribable to the EU internal set up, regarding what the aims of EU policy were, the degree of consensus around them, and the decision-making process leading to these aims being reflected in foreign policy initiatives. The policy revisions carried out in 2011 can improve the mechanisms of the EU tools and the means through which these may be applied, such as the creation of the EU-Tunisia Task Force. There are indications that EU officials are engaging with a number of new themes, such as expanding contacts with civil society actors, with political parties, understanding local dynamics and conditions. These positive steps, together, do not amount to a more vigorous analysis of past shortcomings and future challenges.

Little has been mobilized resource-wise, and further commitments, which are being proposed by the Commission for the next financial framework, might open up a Pandora's box on the balance between the EU's Eastern and Southern neighbourhoods. Improving the delivery of incentives and the mechanisms for the implementation of the new initiatives, addressing the principle of conditionality and how it may or may not work in a context of non-enlargement, rethinking the terms of engagement with North Africa and the Middle East as a whole, would all require greater clarity about the aims of European and EU foreign policy.

Each of the innovations introduced in the EU's policy revision poses further issues which lead to a broader cluster of problems that have characterized EU-Mediterranean relations at least since 1995.

The aim of supporting 'deep democracy' through the Civil Society Facility and the European Endowment for Democracy, for instance, raises questions about which groups to support (and whether to include faith-based parties), and what to do when electoral results do not match European expectations about the management of its key priorities, as was the case with Hamas's victory in the Palestinian elections in 2006.

The implications of the Arab Spring for the Middle East Peace Process also need to be investigated. Freer electoral processes may lead to the formation of governments which are hostile to Israel and could change the environment in which negotiations may take place.

Applying sanctioning measures is becoming increasingly problematic. Targeted economic and financial sanctions have not had a strong enough impact to shift the position of the government of Syria (nor of Iran). But energy related sanctions have detrimental and uneven consequences on EU member states, which have differentiated forms of dependence on oil and gas coming from the Middle East. Here, foreign policy sits uneasily with national energy relations and with the EU's emerging external energy policy, which sees the neighbourhood as a priority area.

Managing population movements and demographic change was one of the key underlying objectives of the Euro-Mediterranean Partnership, and this aim is reiterated in the Global Approach to Migration and Mobility. Yet a minor population movement due to upheaval in Tunisia and Libya and a humanitarian crisis in the area led to disarray in and among some EU member states and to the possibility of a breakdown in the Schengen's system solidarity mechanisms.

All the changes introduced by the reviews proposed by the Commission and the High Representative have implications for these issues – migration, energy, Israel-Palestine. On this broader picture, the EU has been notoriously divided, and the patterns of diversity vary according to the issue at stake. The past year since the start of the Arab Spring has not shown many signs, on part of the EU member states or of the EU institutions, to address the heart of the problems that have featured in relations between the two shores of the Mediterranean. Perhaps as part of a *mea culpa* for past unsavoury alliances with the likes of Qaddafi, the EU is emphasizing the modesty of its ambition and its desire to be more responsive to internal demands. But there is a fine line between 'listening' and merely reacting. There certainly is a need for the EU to step down from its pedestal of pre-packaged policies to address the real issues on the ground. However, this does not mean that the EU should not reflect on how the Mediterranean is changing and that it cannot help shape of the region's future.





# A EUROPEAN MEDITERRANEAN ECONOMIC AREA TO KICK-START ECONOMIC DEVELOPMENT

ANDRÉ SAPIR AND GEORG ZACHMANN

Economic factors have and will continue to play an important role in the political development of the southern Mediterranean countries. Economic discontent – of unemployed youth in particular – was a key motivation for the events now termed “Arab Spring.” Likewise, future economic development in the Southern Mediterranean countries will be crucial for the success of the newly established governments in the region.

Europe has historically been engaged in the region both politically and economically. However, the policies of the European Union intended to promote economic transition in southern Mediterranean countries were not particularly successful. The limited success of these policies may be due to several factors: Firstly, the European offer was restricted in scope and size. In terms of scope, agriculture trade and migration were largely absent from the agenda. In terms of size, the European Neighborhood Policy Instrument in 2007-2010 disbursed about 1.7 bn Euro in the region, or about 2.60 Euro per capita per year. Thus, technical assistance, limited financial assistance, and the free trade of manufactured goods were the main offers of the EU. Secondly, most southern Mediterranean governments at this time had limited interest in deep economic reforms, as these would have infringed upon the economic interests of the ruling elites and their main constituencies. The limited offer from the EU was insufficient to overcome the vested interests which blocked economic transition. Lastly, the sizable bilateral assistance programmes of individual EU member states prevented an effective European quid-pro-quo to encourage economic reforms in the Southern Mediterranean.

Under changing conditions, there is a window of opportunity for encouraging economic transition in the Southern Mediterranean countries. European support could play an important role in this process. A pro-active European policy might not only directly improve living conditions of many millions of people; it might also stabilize reform-oriented governments and enable them to conduct economic reforms able to unlock growth in the region.

In the next section, the current economic situation is briefly introduced and reasons for modest development are sketched out. In the third section two possible scenarios for the economic development in the region are described. In the last

section, a proposal for a European Mediterranean Economic Area (EMEA) is lined out.

## Status Quo

Despite significant differences, the five Southern Mediterranean Countries (SMCs) have much in common with each other (Table 1). All five have young populations and are growing, but lack employment opportunities. Only Libya stands out from the group as the least populated and the richest, with a vast endowment of natural resources. The other four are relatively poor, with significant agricultural populations and out-migration.

**Table 1: Major indicators for the latest available year**

	Algeria	Egypt	Libya	Morocco	Tunisia	SMC
Population in millions	34.9	83.0	6.4	32.0	10.4	<b>166.7</b>
GDP (current US\$ billions)	141	188	62	91	40	<b>522</b>
GDP per capita (current US\$)	4029	2270	9714	2811	3792	<b>3131</b>
GDP growth (average % 2005-2009)	2.9	6.0	5.5	4.8	4.8	<b>5.1</b>
Public debt (in percent of GDP)	14	76	-	48	43	<b>43</b>
Agricultural employment (% total employment)	20.7	31.2	-	40.9	-	<b>31.0</b>
Agricultural added value (in % of total added value)	8.3	15.3	2.3	14.0	11.0	<b>11.3</b>
Manufacturing added value (in % of total added value)	4.7	15.5	4.7	15.1	16.6	<b>11.1</b>
Mining, utilities added value (in % of total added value)	47.0	14.2	58.8	4.7	6.9	<b>26.1</b>
Current account balance (% of GDP)	0.3	-1.8	15.0	-5.4	-3.1	<b>0.1</b>
Merchandise trade (% of GDP)	60	36	73	51	85	<b>53</b>
Share of population aged 15-24 in %	20.5	20.2	17.3	19.7	19.3	<b>20.0</b>
Unemployment in %	13.8	8.7	-	9.6	14.2	<b>10.3</b>
Net migration per 1000 inhabitants	-0.8	-0.8	0.6	-2.7	-0.4	<b>-1.1</b>
Human Development Index (2010 value)	.67	.62	.76	.57	.68	<b>.63</b>

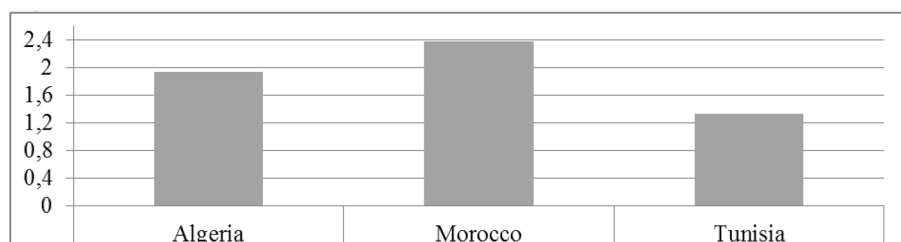
**Source:** World Bank, World Development Indicators; International Monetary Fund, Historical Public Debt database and World Economic Outlook (October 2010); UNDP, Human Development Report (2010); Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects (2008 Revision).

In 2009 the per capita GDP in Algeria, Egypt, Morocco, and Tunisia was between 15-28 percent of the corresponding EU27 figure. In the following sections, three reasons for this modest development will be discussed.

## *Market*

Most SMCs do feature a significant private sector. The European Bank for Reconstruction and Development's (EBRD) transition indicators clearly show that the degree of privatisation and liberalisation in the SMCs in 2004 (the last year for which comparable data is available) clearly surpass the baseline value given by EBRD to the communist countries (typically 1,0) before their transition. However, the SMCs are even farther away from the theoretical benchmark value of 5,0.

**Figure 1: EBRD Market Indicator, 2004**



Source: EBRD

By 2010, the SMCs were able to attract a significant stock of foreign direct investment (average 32% of their GDP). This illustrates that the countries are more open and more attractive to foreign capital than other middle-income developing countries (average 17% of their GDP). Still, when compared to EU countries, the economic development in SMCs appears constrained by a high degree of public intervention<sup>7</sup> and insufficient market reforms.<sup>8</sup>

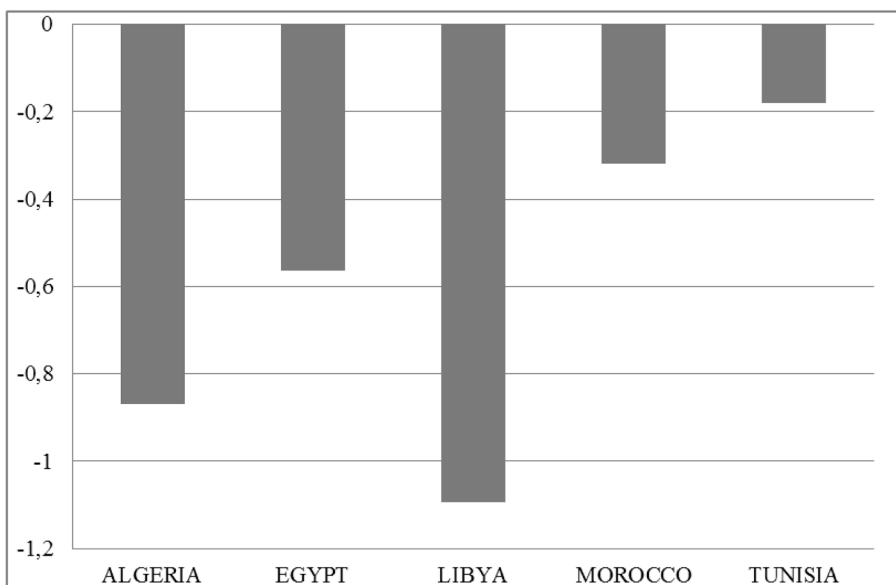
7. Sala-i-Martin, X. and Artadi, E.V., 'Economic growth and investment in the Arab world', *Discussion Papers* 0203-08, Columbia University, Department of Economics, 2002.

8. Nabli, M.K. and Véganzonès-Varoudakis, M-A (2007) 'Reform complementarities and economic growth in the Middle East and North Africa', *Journal of International Development*, 2007, 19(1) pp. 17-54.

## Regulation

The quality of political/administrative institutions is a key determinant of economic performance.<sup>9</sup> Strong institutions, it has been argued both theoretically and empirically, are a key factor in growth.<sup>10</sup> SMCs are severely lacking in strong institutions when compared with the rest of the world. According to the World Bank, all SMCs were in the lower half of the 210 countries in the sample. Per average governance indicators assessed by the study, eighty percent of these countries were better governed than Libya and Algeria; seventy percent were better governed than Egypt; and half of the countries were better governed than Morocco and Tunisia. Thus, weak institutions may significantly obstruct economic development in the SMCs.

Figure 2: Governance Indicator 2010



Source: World Bank (2011) World governance indicators (governance performance: -2.5=weakest; 0= average; 2.5=strongest of 213 countries).

9. Méon, P-G and K. Sekkat, 'Does the Quality of Institutions Limit the MENA's Integration in the World Economy?', *The World Economy*, Blackwell Publishing, 2004, 27(9), pp. 1475-1498.

10. Acemoglu, Daron, Simon Johnson, and James A. Robinson, 'Institutions as a Fundamental Cause of Long-Run Growth'. In Philippe Aghion and Steven N. Durlauf (eds.), *Handbook of Economic Growth*, Volume 1a (Amsterdam and San Diego: Elsevier, North-Holland, 2005, pp. 385-472).

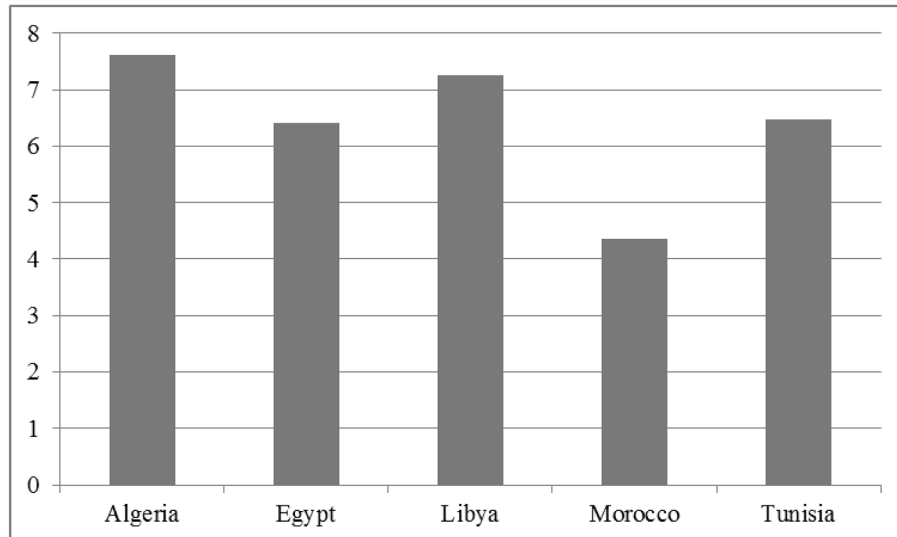
## Human Capital

In terms of the quantity and quality of education, the SMCs lag significantly behind Europe and the United States. Algeria has the highest educational attainment in terms of average years of schooling for total population aged 25 and over, with 7.61 years of schooling on average. However, this is considerably lower than the average of 13.27 years in the United States, and an average of 10.59 years within the EU27.

Moreover, education in the SMCs does not seem to be well targeted at the local labour market. University graduates in Algeria and Morocco constitute a small proportion of the total unemployed, but have the highest unemployment rate, indicating that these countries suffer from a low return on education, which eventually translates to a low propensity to stay in school/university.

In the five countries unemployment is between 9 percent (Egypt) and 30 percent (Libya). Youth unemployment in Algeria, Egypt and Tunisia is above 30 percent.<sup>11</sup> The inability of these economies to fully employ their present human capital leads to high migration pressure and keeps the countries at the brink of social unrest.

Figure 3: Average years of schooling for total population aged 25 and over in 2010



Source: Barro-Lee (2011)<sup>12</sup>.

11. According to OECD, "in Morocco, Algeria and Tunisia, youth unemployment is estimated at 37%, 66% and nearly 68%." See OECD (2009) 'The Future of International Migration to OECD Countries', Regional Note North Africa, Flore Gubert and Christophe J. Nordman, IRD, DIAL, Paris, p. 23.

12. Barro, R. and J-W Lee (2011) updated database Barro, R. and J-W Lee (2010) 'A New Data Set of Educational Attainment in the World, 1950-2010', *NBER Working Paper* No. 15902.

## Transition Scenarios

With respect to economic development, we will present two possible transition scenarios for Southern Mediterranean Countries.

The **optimistic scenario** is inspired by the development of the former communist countries that became new member states (NMS-8). The success of the NMS-8 was based on the combination of their favorable initial conditions, the domestic policy decisions taken, and the European response. Based on their relatively good initial conditions, the EU established strong trade relations, granted (initially limited) labour mobility, offered substantial transition funds and, even in 1993, extend the prospect of EU membership. These measures were conditional on the implementation of economic and political reforms by the NMS-8. The offer of EU accession, the visible effects of European funds, and the transition-induced improvements on quality-of-life, meant that much of the population was willing to abandon legacy privileges such as food and fuel subsidies. Furthermore, the flat distribution of assets at the beginning of the transition limited the power of vested interests. Consequently, bold economic reforms were politically sustainable. In the mid-term, economic reforms led to substantial and inclusive growth. Consequently, further reforms were politically feasible, and equipped the countries for ultimate EU membership.

A similar – though probably more modest – path is conceivable in the SMCs if three conditions are met. The first and most crucial condition is that the SMCs are themselves interested in a path towards stronger economic integration with the EU. The necessary domestic reforms can be politically sustained only based on a large societal consensus. The second condition would be that the EU is willing to credibly offer a perspective for stronger economic integration. This offer would have to go beyond merchandise trade. The SMCs could be incentivized to carry out necessary reforms only if the EU includes provisions for free movement of labour and agricultural products. And third, a jointly agreed process would be needed to combine push and pull factors for reforms. A reform roadmap in the SMCs, as well as European technical and financial assistance, would represent the push factors. A quid-pro-quo consisting of certain EU steps to liberalise the movement of people and goods from the SMCs, conditional upon the completion of reforms, would be the pull factor.

The **pessimistic scenario** builds on the experience in the former Soviet republics.<sup>13</sup> The former Soviet republics started with a lower level of economic development and an absence of pre-communist economic and personal freedom. For

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13. We refer to all countries of the former Soviet Union with the exception of the Baltic countries.

this and other reasons, their institutions started from a significantly weaker position, and many of the former Soviet republics still endure fights for property rights which prevent investment and distract from economic development. Meanwhile, levels of corruption are higher and there is less trust in markets. The EU's response to transition in the former Soviet republics was cautious. It was unable to break the vicious cycle of: (i) reluctance to reform because of fear of instability and (ii) limited growth. The EU did not offer the possibility of EU membership, free trade, or labour mobility. The technical and financial assistance (TACIS<sup>14</sup>: about €2 per capita per year) certainly helped to improve institutional capacity in these countries, but a lack of clear conditionality aligned to a long-term strategy meant the transition was hampered.

The economic growth potential that could be unleashed by transition in the SMCs is probably lower than that in the former Soviet republics at the beginning of their transition. First, in terms of factor endowment, the SMCs possess a less educated labour force and an inferior infrastructure. Second, some of the potential gains from transition present in the former Soviet republics in 1990 have already been reaped in the economic systems of the SMCs: the allocation of goods and production factors is already market-based to a great extent, and the countries are part of international value chains. Furthermore, strong vested interest and weak institutions are unfavorable conditions for deep economic reforms. Therefore, the vicious cycle experienced by the former Soviet republics appears to be the default development in the SMCs.

Between 2005 and 2009, GDP growth in the SMCs was significant (5.1 percent per year), but was clearly socially unsustainable, as indicated by the high youth unemployment, and as demonstrated by recent events. However, there is significant room for improvement. The quality of regulation in SMCs is poor. Liberalisation remains incomplete in many sectors and the state interferes pervasively with the pricing mechanism (e.g. continued price controls on food and fuel). Additionally, international trade is constrained by trade barriers, and certain sectors are cut off from foreign investment. These factors constrain market-based development. Overcoming this through economic reform could provide a significant boost to growth. However, serious reforms would produce highly visible losers, such as employees in protected sectors, recipients of subsidised food, and owners of economic rents. The scale of the necessary structural adjustment (e.g. high agricultural employment) would make such political reforms unsustainable if the economic gains do not accrue rapidly and cannot be quickly redistributed to the losers. The alternative would be conditional outside assist-

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14. TACIS: Technical Assistance to the Commonwealth of Independent States. According to the EU, "the Community's TACIS programme encourages democratisation, the strengthening of the rule of law and the transition to a market economy".

ance and a credible political project that encourages the population and politicians to tolerate a limited period of social hardship.

## A Perspective for EU-Mediterranean Relations

The EU has – at least since the start of the Euro-Mediterranean Partnership in 1995<sup>15</sup> – accepted that it plays an important role in the southern Mediterranean region. For the last fifteen years, EU policy towards the SMCs has been structured around trade, migration and assistance.

In terms of trade, EU liberalisation so far has mainly covered industrial goods, while agricultural products, which are vital for the SMCs, are largely excluded. Negotiations to open up agricultural trade and to liberalise trade in services and investment started in 2008 but are not yet concluded.

Migration is considered to be one of the priority areas of the Euro-Mediterranean Partnership, but little progress has been achieved because of conflicting interests.

Assistance to the SMCs, meanwhile, has been substantial. EU support to the Mediterranean countries<sup>16</sup> has been the second largest European programme for external assistance, allocating almost €9 billion between 1995 and 2006. Yet, because of the lack of conviction and ownership on both sides, this support is not seen as having been very effective.<sup>17</sup> In 2007-2010 the new European Neighbourhood and Partnership Instrument (ENPI) spent €7.20 and €5.20 per capita per year for Tunisia and Morocco, respectively (by comparison Ukraine receives €2.70 per capita per year from the ENPI). Bilateral aid from individual EU governments, and EIB financing for the region, are also substantial.

But the main problem with the EU approach so far is that it has been piecemeal, with no real effort to bundle together its trade, migration, and assistance policies

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15. The Euro-Mediterranean Partnership (aka Barcelona Process) was launched by 15 EU members and 14 Mediterranean partners, as the framework to manage both bilateral and regional relations. It seeks to create a Mediterranean region of peace, security and shared prosperity. Its main pillars are a political and security dialogue, the gradual establishment of a free-trade area and promoting intercultural dialogue.

16. Algeria, Egypt, Lebanon, Libya, Jordan, Syria, Tunisia, Occupied Palestinian authority, Morocco, Israel.

17. The Nair Report (2001) on the Barcelona Process to the European Parliament highlighted the lack of strategic vision as one of the reasons for the failure of the policy. According to Natorski (2008) the low level of intra-European coherence, the limited and slowly disbursed funds as well as the lack of a sense of co-ownership and cooperation between the partners made MEDA ineffective. Please see Nair, S. (2001) *Report on the Commission Communication on relations between the EU and the Mediterranean region: reinvigorating the Barcelona Process*, Committee on Foreign Affairs, Human Rights, Common Security and Defense Policy, European Parliament, Final A5-0009/2001.



into an overall strategy to support development in the SMCs. The responsibility lies, however, not only with the EU but also with the southern Mediterranean partners, which have not shown determination to implement the necessary social, political, and economic reforms.

The events in Egypt and Tunisia open up the tantalising prospect of a transition towards a new social, political, and economic era – both in the SMCs and in the Mediterranean region as whole. Whether or not these countries will be able to transform their societies and follow a path towards sustainable development will be determined first and foremost by their own efforts. But there is much that Europe can and must do to ensure a favourable outcome which is in its own interest. By including the SMCs the size of the internal market would increase from a current 520 million customers (EU27 + EFTA) to almost 700 million. A greater market would allow customers to benefit from more choice and lower prices, while companies could sell their products to more clients. Additionally, if circular migration schemes were to be implemented, the SMCs may be able to provide skilled labor to augment the aging European human capital. Thus, the creation of an EMEA may entail several long-term benefits for Europe: higher economic growth through increased specialization and catch-up in the SMCs, increased supply of human capital, greater energy security, and a preservation of economic weight in the global market.

Europe must provide short- and medium-term financial assistance to help the SMCs, and should mobilise its development banks to help foster transformation. But above all, the EU should define a new strategy towards these countries spelling out a credible and comprehensive approach to the Euro-Mediterranean relationship, which is so far lacking. The approach must include short- and medium-term concrete and measurable steps designed to foster the transition process.

The EU should offer the SMCs full accession to the EU single market by 2030, provided the countries meet the necessary conditions in terms of meeting the relevant *acquis communautaire*. This would entail the progressive elimination of all barriers to the free circulation of goods, services, capital, and labour. Additionally, this would entail the adoption by the SMCs of all the rules and policies linked to the single market. It would also include access to specific transfer mechanisms designed to foster and offset costs of economic, social, and environmental convergence. For example, the SMCs would get access to specific structural funds and be allowed to issue emission permits usable in the EU's emission trading system (ETS).

If successful, the process would imply that, by 2030, Europe and the Mediterranean countries would constitute a vast Euro-Med Economic Area (EMEA) similar to the present European Economic Area (EEA) that links the EU to Iceland, Norway and Liechtenstein. At that stage, the Mediterranean countries would effectively share “everything but institutions” with the EU, a concept already put forward by the European Commission back in 2002.<sup>18</sup> This concept is in the spirit of extending to Europe’s neighbours the set of economic, social and political principles and standards that define the EU itself.

Achieving this long term vision requires bold but gradual steps on both shores of the Mediterranean. While the SMCs would have to gradually implement European legislation and transform their economies, the EU would have to support the countries’ efforts financially and demonstrate its commitment to the long-term vision by gradually opening its markets to goods, services, capital, and labour. The hope is to generate the kind of virtuous circle of economic reforms and sustainable growth which helped the countries of central and eastern Europe throughout their transition period.

Membership in the EMEA should therefore be viewed as the ultimate goal of a process involving a *quid pro quo* approach in which the benefits offered by the EU are conditional on the achievement of clearly defined transition milestones on the part of the Mediterranean countries.

On the EU side, the key offers would include: a revised trade agreement providing for the gradual elimination of all remaining barriers to the free circulation of goods, services, and capital. This would include agricultural products, which should have front-loaded access to the European market. The permanent access to the European labour market for certain categories of Mediterranean workers, especially professionals, should be organised through a ‘Blue Card’ system, a temporary European work permit for high-skilled foreigners, as proposed by von Weizsäcker (2006).<sup>19</sup> More generally, the EU should do its part to put in place circular migration schemes. Although its main contribution should be in terms of regulatory changes (mainly in the area of trade and migration), Europe should also provide substantial assistance for human capital (including institutional capacity-building) and physical infrastructure development through both the EU budget and European financial institutions such as the EBRD and the EIB. An amount of €10 billion per year for a period of 10 years (equivalent of 2.5 per cent of the present GDP of the SMCs) would be sufficient in our view

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18. Speech by Romani Prodi in Louvain la Neuve in December 2002.

19. Von Weizsäcker, J., ‘Welcome to Europe’, *Policy Brief 2006/03*, Brussels, Brueghel, Brussels, 2006.

and would represent a good investment in the stability of Europe's southern neighbourhood.<sup>20</sup>

On the Mediterranean side, the milestones would include the gradual implementation of EU economic legislation (such as competition policy, investment protection and consumer protection), and social and environmental policies. In order to ensure the success of circular migration schemes, Mediterranean countries also need to put in place effective legal and institutional mechanisms to promote the reintegration of returning migrants, including temporary tax exemptions for entrepreneurs, portable social rights, and retraining programmes. In general, it would be crucial for the EU to put in place a system of effective conditionality aimed at the creation of the rule of law in all areas conducive to sustainable development.

There is a significant risk that the high hopes of the local population and of the international community towards the future economic and political situation in the Mediterranean countries could turn sour in the coming months due to short-term economic difficulties. Transition is a long-term process that typically involves some painful adjustments. Transition therefore needs to be nurtured with care to ensure it survives. And, because painful structural reforms are difficult to sustain in the present climate of high expectations, there is a clear danger that, without short-term successes, the SMC population might quickly turn to policy-makers who promise populist measures such as legacy industry protection, and food and fuel subsidies.

Europe can help overcome this dilemma by providing the long-term vision of the EMEA as a credible expectation for the future. However, such a vision needs to be accompanied by clear signs of short-term EU action in order to get through potentially traumatic economic reforms. Additionally, short-term EU action is needed to demonstrate the EU's commitment to its future partnership with the region.

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20. This order of magnitude is certainly not unrealistic. At the G8 Deauville Summit in May 2011, President Sarkozy said that "multilateral development banks could provide over €14bn, including €3.5bn from the EIB, for Egypt and Tunisia for 2011-2013 in support of suitable reform efforts". He has also announced that G8 members could increase this effort up to €28bn.



# “RESOURCE-FULL REVOLUTIONS”: THE EUROPEAN UNION, NATURAL RESOURCES AND THE SOUTHERN NEIGHBOURHOOD

DANIEL FIOTT

The recent “Arab Uprisings” brought to head long-standing problems in the Middle-East and North Africa (MENA) with regard to natural resources. While the thrust of popular discontent was aimed at years of authoritarianism, corruption, low political reform and high unemployment the role of resources was important. It is no coincidence, for example, that Tunisian protestors marched in the streets bearing loaves of bread. Indeed, while many of the oil-exporting countries in the MENA region enjoyed increased GDP growth during the 1970s, an increasing population size and labour force combined with slow political reforms and inequality – particularly among the youth – have resulted in sluggish growth and economic fragility since the 1980s.<sup>21</sup> While each MENA country differs in its resource endowment the region’s stocks of agricultural produce, natural gas, iron ore, oil, phosphates, steel, wood extracts and zinc will play an increasingly significant role in consolidating the political transitions and dealing with longer-term problems such as scarcity and climate change.

Many of the MENA region’s resource-rich countries are the focus of the European Union’s (EU) Neighbourhood Policy (ENP), and the EU has consistently stated the importance of resources such as oil and gas in its relationship with its southern neighbours Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Occupied Palestinian Territory, Syria and Tunisia. Secure relations with the southern neighbourhood is essential for the EU when one considers that the Union is the region’s largest trading partner and that it is strategically dependent on resources – approximately 8% of the EU’s total crude oil imports come from its southern neighbours.<sup>22</sup> This is to say nothing of the destabilising role a resource conflict in the MENA would have on the EU.<sup>23</sup>

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21. See: G.T. Abed & H.R. Davoodi, *Challenges of Growth and Globalization in the Middle East and North Africa*, (Washington, D.C.: International Monetary Fund, 2003), pp. 2-3; and, D. Dasgupta, J. Keller & T.G. Srinivasan, “Reform and Elusive Growth in the Middle East: What has Happened in the 1990s?”, *Middle East and North Africa Paper Series 25* (Washington D.C.: World Bank, 2002).

22. European Commission, “Registration of Crude Oil Imports and Deliveries in the European Union (EU27) from January to March 2011”. See: <http://ec.europa.eu/energy/observatory/oil/doc/import/coi/eu-coi-2011-01-03.pdf>. (Accessed 20 November 2011).

23. Michael Ross’ studies on the relationship between natural resources and conflict are interesting. He concludes that oil dependence (e.g. Libya) appears to be linked to the initiation of conflict, and oil and mineral dependence can be associated with separatist conflicts. See: M. Ross, “What Do We Know About Natural Resources and Civil War?”, *Journal of Peace Research*, vol. 41, no. 3 (2004), p. 352.

In this regard, this chapter seeks to outline what lessons the EU can draw from the “Arab Uprisings” when it comes to the full gamut of its natural resource policies. In what ways, if any, does the revised ENP address the issue of resource security and management as part of a broader EU strategy towards the region? Answering such questions, this chapter compares the EU’s past resource policies towards its southern neighbourhood with what it should be doing now after the political upheavals.

## The EU’s Approach Before the “Arab Uprisings”

Before the “Arab Uprisings” the EU had published three ENP strategy papers (2004, 2006 and 2007), along with a host of country-specific – bi-lateral – Action Plans, Association Agreements and Country Strategy Papers. Each of these documents strongly underlined the importance of the EU’s resource relations *vis-à-vis* the MENA region, primarily with regard to energy but also agriculture and fisheries. The EU’s overall strategy was to ensure security of energy supplies, and to effectively manage its energy dependency with suppliers (e.g. Libya) and transit countries (e.g. Tunisia). It also sought greater liberalisation of the agricultural and fisheries sectors with most countries. Correspondingly the EU believed that resource interdependence would boost socio-economic development and environmental protection in the region.<sup>24</sup> There were a number of common threads running through the EU’s strategy.

Where energy and minerals are concerned the EU calls for convergence between energy strategies in the southern neighbourhood with the EU’s energy policy objectives, and the harmonisation of regulatory and legislative environments,<sup>25</sup> with a view to the eventual integration of and interoperability between energy and electricity networks with the EU’s own. The EU is also keen to promote energy efficiency and the development of renewable energies, plus environmental protection in the Mediterranean under the Horizon 2020 initiative.<sup>26</sup> Finally, the EU seeks the technological upgrading of energy and mining companies, and to develop partnerships between European and MENA companies for exploration, production, distribution and processing.<sup>27</sup>

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24. European Commission, “European Neighbourhood Policy: Strategy Paper”, COM(2004) 373 final, Brussels (12 May 2004) p. 17.

25. European Commission, “EU/Egypt Action Plan”, p. 24. See: [http://ec.europa.eu/world/enp/pdf/action\\_plans/egypt\\_enp\\_ap\\_final\\_en.pdf](http://ec.europa.eu/world/enp/pdf/action_plans/egypt_enp_ap_final_en.pdf). (Accessed 10 November 2011).

26. European Neighbourhood and Partnership Instrument, “National Indicative Programme 2011-2013, Syrian Arab Republic”. See: [http://ec.europa.eu/world/enp/pdf/country/2011\\_enpi\\_nip\\_syria\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/2011_enpi_nip_syria_en.pdf). (Accessed 5 November 2011).

27. European Commission, “EU/Algerian Association Agreement”, (10 October 2005), p.17. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:265:0002:0228:EN:PDF>. (Accessed 10 November 2011).

On agriculture, fisheries and water the EU has sought to promote the liberalisation of agricultural sectors by, for example, encouraging improved food safety standards so as to allow products to be exported more freely to EU markets and to boost rural development. With an equal emphasis on liberalisation, the EU is keen to liberalise fisheries markets and to sign bi-lateral Free Trade Agreements. The EU is keen to see greater monitoring of fisheries stocks and marine biodiversity in the region. Lastly, to mitigate the depletion of underground water stocks and increased salinity because of urban demand and intensive usage in agriculture, in order to mitigate drought and to decrease the risk of conflict, the EU has promoted better water management in the region.

These strategies have been met with mixed success. It is true that countries such as Egypt have developed a longer-term energy strategy and put in place a legal and regulatory framework that was relatively compatible with the EU's objectives.<sup>28</sup> There has been good progress in modernising energy infrastructures and developing renewable energy plans.<sup>29</sup> Additionally, through the use of the European Neighbourhood and Partnership Instrument (ENPI) and the Technical Assistance and Information Exchange Instrument, the EU has been able to increase its financial assistance to the region over the years (the ENPI amounts to €12 billion for the period 2007-2013). Furthermore the EU was able to foresee – albeit only partially – some of the problems that underlay the “Arab Uprisings”. For example, it not only recognised the importance of youth unemployment,<sup>30</sup> but it also referred to the risk of conflict that might derive from ill-managed resources and acknowledged that there was a need to reduce the exposure of relevant neighbours to volatile resource prices.<sup>31</sup>

However, the EU has failed to meet some of its objectives. For example, the EU has not been able to conclusively tap into the Arab Gas Pipeline via Egypt. Further still, only in 2010 did the EU begin meaningful dialogue with Algeria, Morocco and Tunisia over the integration of the Maghreb's electricity networks into the EU's, even though this was one of the major aims of the 2003 Rome protocol. In pushing for legal and regulatory reforms of energy markets in the southern neighbourhood, the EU may have been able to push for greater fiscal

28. European Commission, “Egypt Country Strategy Paper”, (4 January 2007), p. 13. See: [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_egypt\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_egypt_en.pdf). (Accessed 10 November 2011).

29. European Commission, “Implementation of the European Neighbourhood Policy in 2010 – Progress Country Report: Egypt”, SEC(2011) 647, Brussels (25 May 2011). See: [http://ec.europa.eu/world/enp/pdf/progress2011/sec\\_11\\_647\\_en.pdf](http://ec.europa.eu/world/enp/pdf/progress2011/sec_11_647_en.pdf). (Accessed 13 November 2011).

30. European Commission, “Communication on Strengthening the European Neighbourhood Policy”, COM(2006) 726 final, Brussels (4 December 2006), p. 2.

31. European Neighbourhood and Partnership Instrument, “National Indicative Programme 2007-2013, Algeria”, p.12. See: [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_nip\\_algeria\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_algeria_en.pdf). (Accessed 15 November 2011).

responsibility and redistributive revenue policies in these countries<sup>32</sup> but it did not do so. Additionally, the EU was, much like the rest of the world, taken by surprise when the combination of increased consumer demand for food from Asia, food crop diversion toward biofuels, poor harvests and increased speculation on agricultural markets conspired to sharply raise food prices at the end of 2010 and beginning of 2011.<sup>33</sup>

## The EU's Reaction to Transition: Hysteresis or Headway?

Keen to respond to some of the aforementioned issues the EU's initial response to the political upheavals was to issue a revised ENP on 25 May 2011. The review again mentioned natural resources and specifically acknowledged the problems associated with rising food and energy prices, as well as speaking of agricultural and rural development, environmental protection, resource efficiency and energy security.<sup>34</sup> It even repeats calls for renewable energy usage when referring to the *Mediterranean Solar Plan* of the Union of the Mediterranean, and the review sees a role over the medium-term for the Energy Community Treaty – or a variant of it – which would increase energy policy dialogue for regulatory frameworks and energy efficiency.<sup>35</sup> Furthermore, in a Communication from the High Representative on 8 March 2011, the need to rapidly conclude trade liberalisation agreements on fisheries and agriculture was underlined.<sup>36</sup>

However, there have been some mixed messages with regard to the actions of member states in the ongoing transitional phase. On the one hand, there have been efforts under France's G20 presidency – supported by the Commission<sup>37</sup> – to put in place an action plan to manage food price volatility through greater regulation and supervision of agricultural financial markets. To this end, the G20 have established the Agricultural Market Information System (AMIS) at

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32. For the importance of institutions in managing resource stocks in the MENA region see: T.M. Yousef, "Development, Growth and Policy Reform in the Middle East and North Africa since 1950", *Journal of Economic Perspectives*, Vol. 18, No. 3 (Summer, 2004), pp. 91-116.

33. See: C.B. Barrett & M.F. Bellemare, "Why Food Price Volatility Doesn't Matter", *Foreign Affairs*, (12 July 2011). There is an ongoing debate as to whether it is high prices or price volatility which is the cause of the food price challenge. For example, compare Barrett and Bellemare's article with H. Khoras, "Making Sense of Food Price Volatility", *Brookings Institute*, (3 March 2011).

34. European Commission, "A New Response to a Changing Neighbourhood: A Review of the European Neighbourhood Policy", *Joint Communication by the High Representative of the Union for Foreign Affairs and Security Policy and the European Commission*, (Brussels, 25 May 2011), p. 7.

35. *Ibid.*, p. 10.

36. European Commission "A Partnership For Democracy And Shared Prosperity With The Southern Mediterranean", COM(2011) 200 final, Brussels (8 March 2011).

37. European Commission, "Tackling the Challenges of Commodity Markets and Raw Materials", COM(2011) 25 final, Brussels (2 February 2011).



the UN Food and Agriculture Organisation (FAO) to monitor food inventories and prices, and the Global Agricultural Geo-monitoring Initiative in Geneva for early warning of natural disasters. The G20 have also pledged greater assistance to increase production levels in developing countries. The Final Communiqué of the 2011 G20 Cannes Summit alludes to price volatility in energy markets, marine protection from energy spillages and the need for increased renewable energy usage.<sup>38</sup> However, in the face of US and Brazilian reluctance to decrease biofuels production, an incomplete Doha Round, the overshadowing of the 2011 Cannes Summit by the eurozone crisis and no specific figures on assistance however the G20 has been less successful.

On the other hand, questions were raised about the intentions underlying the “Friends of Libya” conference in Paris on 21 September 2011. It was believed by many<sup>39</sup> that the conference served as a means for EU member states to secure lucrative oil contracts with Libya, with France and the United Kingdom in an obviously strong position. What was of major concern about the member states’ bi-lateral approach to Libyan energy stocks was the absence of the EU. Indeed, the EU’s High Representative played a minimal role at the conference and was relegated behind leaders such as Nicholas Sarkozy and David Cameron. Yet, the transition in Libya would have been a good opportunity to push forward the EU’s long-standing plans for a Euro-Mediterranean energy market. Instead member states took the lead and the EU was pushed into thinking only about humanitarian considerations such as aid delivery.

Beyond Libya, however, there are some other long-standing problems which the ENP has often neglected to fully take onboard. While there is poor agricultural infrastructure and low investment in the farming sectors of MENA countries, for example, the Common Agricultural Policy’s export subsidies ensure that some of the EU’s market prices are higher than world levels<sup>40</sup> which effectively prices products from the southern neighbourhood out of EU markets.<sup>41</sup> Furthermore, while the EU is now engaged in the much needed reform of the Common

38. G20, “Cannes Summit Final Declaration”, (4 November 2011). See: <http://www.g20.org/Documents2011/11/Cannes%20Declaration%204%20November%202011.pdf>. (Accessed 20 November 2011).

39. One notable report in the French daily newspaper *Libération* claimed to have obtained a secret document outlining the Libyan Transitional National Council’s intention to award France a 35% stake in Libyan crude oil. See: <http://www.liberation.fr/monde/01012357324-petrole-l-accord-secret-entre-le-cnt-et-la-france>. (Accessed 24 November 2011).

40. A. Matthews, “Post-2013 EU Common Agricultural Policy, Trade and Development: A Review of Legislative Proposals”, *ICTSD, Issue Paper No. 39* (Oct., 2011), p. 26.

41. M. Halderman & M. Nelson, “EU Policy-Making: Reform of the CAP and EU Trade in Beef and Dairy with Developing Countries”, *PPLPI Working Paper No. 18*, (January 2005). See also: H. Klavert, P. Engel & E. Koeb, “Still a Thorn in the Side? The Reform of the Common Agricultural Policy from the Perspective of Policy Coherence for Development”, *ECDPM Discussion Paper, No. 126* (September 2011).

Fisheries Policy, the environmental damage caused by overfishing has affected the common fish stocks of the Mediterranean. The EU's subsidisation of large European fleets places strain on smaller and artisanal fleets in the southern neighbourhood. Both the EU's agricultural and fisheries policies make it harder for producers in the southern neighbourhood to meet local and global food demands and to therefore assist in price stability.

The reaction to the "Arab Uprisings" has brought about no radical change in thinking or policy on resources from the EU. This can be seen as both positive and negative. Positive in the sense that the EU continues to recognise the major resource challenges it faces *vis-à-vis* its southern neighbourhood. Negative because the EU continues to be hampered by the individual foreign policies and interests of its member states, and stymied by a low level of cooperation with the United States and the BRICS in achieving a global resources deal through the G20.

## Building a Resource Secure Neighbourhood

If the ENP is to be more effective in its southern neighbourhood, and the EU is to assist in the transitions being witnessed, the EU will have to de-compartmentalise the panoply of its political and economic tools and take a number of bold steps. The first such step is the most difficult.

Given the macroeconomic nature of natural resource prices, the EU is understandably unable to deal with governance of volatility and hikes alone. Yet it can lead efforts. The EU has recognised the need for greater transparency between financial and physical markets of raw materials<sup>42</sup> but more multilateral surveillance is required. The EU should support the FAO – both politically and financially – with the development of AMIS. The system is potentially an important international mechanism that will provide reliable natural resource data (e.g. on national inventories) and will measure prices in both physical and financial markets in order to increase certainty in commodity markets. Yet it is sorely underfunded. The EU should concentrate on re-igniting the Doha Round on trade, as this would be a good way of reducing export bans on key resources during high price periods.

Secondly, the EU needs to link natural resources and conflict more comprehensively. While it is true that the EU does recognise the connection between conflict

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42. *Op.Cit.*, "Tackling the Challenges of Commodity Markets and Raw Materials", p. 20.

and resources,<sup>43</sup> and between climate change and international security,<sup>44</sup> the revised ENP underplays the importance of these linkages. But with growing populations, scarce resources and climate change, civil unrest and/or conflict are more likely to occur on the EU's southern borders. Take, for example, the tensions created between Egypt and its neighbours over access to and usage of the River Nile. For such instances the EU needs to boost its early warning and prevention capabilities: early warning can be achieved not just through the use of satellite imagery but also contact with locally effected communities; prevention can occur through the provision of expertise to effected countries and/or regions to work with local authorities to build up robust and equitable land and water management mechanisms.

Lastly, the EU should make as a priority the conclusion of a Euro-Med Energy Community. But such a community should harness the renewable energy potential of the MENA region. Renewable energies are cleaner, meeting the EU's environmental and climate change objectives, and they can play a role in creating jobs and lowering resource insecurity. Developing such an energy community would assist the EU with its resource-efficient flagship initiative under the Europe 2020 Strategy to 'reduce inputs, minimise waste, improve management of resource stocks, change consumption patterns, optimise production processes, management and business methods, and improve logistics'.<sup>45</sup> A good point of departure would be the European Economic and Social Committee's call for a "New Green Deal" for the Mediterranean region.<sup>46</sup> As part of such a deal, the EU should put more pressure on the new governments in the MENA region to devise equitable distribution of resource revenues in these countries.

## Conclusion

This chapter has shown how on paper the EU recognises the scale and scope of what it is needed in terms of its resource policies in its southern neighbourhood. Yet the chapter has flagged the impact of member states' individual policies in

43. European Council, "Report on the Implementation of the European Security Strategy", S407/08, Brussels (11 December 2008). See: [http://www.eu-un.europa.eu/documents/en/081211\\_EU%20Security%20Strategy.pdf](http://www.eu-un.europa.eu/documents/en/081211_EU%20Security%20Strategy.pdf). (Accessed 21 November 2011).

44. European Council, "Climate Change and International Security", S113/08, Brussels (14 March 2008). See: [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/reports/99387.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/reports/99387.pdf). (Accessed 20 November 2011).

45. European Commission, "A Resource-Efficient Europe – Flagship Initiative under the Europe 2020 Strategy", COM(2011) 21, Brussels (26 January 2011), p. 2.

46. European Economic and Social Committee, "The Promotion of Renewable Energies and the European Neighbourhood Policy: The Case of the Euro-Mediterranean Region", Brussels (21 September 2011), p. 1. See: <http://www.eesc.europa.eu/?i=portal.en.rex-opinions.18287>. (Accessed 22 November 2011).

the region, the effect of the EU's agricultural and fisheries policies and the lack of meaningful global governance as some of the serious impediments to an effective ENP. Multilateral solutions will be required for global resource security, but the EU should lead the implementation of a sustainable resource plan in its neighbourhood. A unified approach to resource policy, without just the traditional bias for energy, will not only promote supply security, and environmental safety but also – in a period of as yet incomplete political transitions – assist in the socio-economic development of the region. The EU should do this not only out of goodwill, but because a resource secure neighbourhood is in its strategic interest.

## ARAB SPRING AND MIGRATION: WILL THE NEW GLOBAL APPROACH TO MIGRATION AND MOBILITY RESPOND TO THE CHALLENGES?

YVES PASCOU AU

The EU's responses to the Arab Spring in terms of mobility and migration has been multifaceted. The first reaction was to provide immediate support to third countries dealing with hundreds of thousands of people moving across the Mediterranean region and more particularly fleeing Libyan political unrest. The second reaction was to publish a series of communications on 'migration' all outlining the need to develop new partnerships with countries of the Southern neighbourhood in the field of migration.<sup>47</sup> The third reaction was to ask the modification of Schengen rules in order to allow member states to reintroduce internal border checks in cases in which a partner faces a massive influx of migrants at its external borders, putting therefore under high strain the entire "Schengen edifice". The March and June European Councils endorsed these actions and proposals.

A few months after democratic uprising and subsequent declarations and projects, it is time to try to have a more "distant" look on the issue. More precisely, it is time to evaluate whether and how the Arab Spring has modified the external dimension of the EU in the field of migration. It occurred at a time when an assessment and revision of the Global Approach to Migration (GAM) – i.e. the EU's external policy in the field of migration – were underway. In this regard, the Arab Spring came at a very timely moment. It brought the Southern dimension into the debate but in a different way than previously, as it obliged EU decision-makers to think about relations with Arab countries through different lenses. While relations had been developed with authoritarian regimes, futures ones would involve new types of leaders with new set of aspirations. In the same vein, people from the region are entitled to foresee their future within the region and outside of it in a radically different way. The Southern dimension became more meaningful.

The Commission initiated a consultation process with various stakeholders which lasted throughout 2011 and concluded with the publication of a Commu-

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47. European Commission, *On Migration*, COM(2011) 248, Brussels: 4 May. European Commission, *A Dialogue for Migration, Mobility and Security with the Southern Mediterranean Countries*, COM(2011) 292, Brussels: 24 May. European Commission and High Representative for the European Union on Foreign Affairs and Security Policy, *A new response to a changing Neighbourhood. A Review of the European Neighbourhood Policy*, COM(2011)303, Brussels: 25 May.

nication entitled the Global Approach to Migration and Mobility (GAMM). The Communication takes stock of what has been achieved so far and adapts it in order to respond to forthcoming challenges in a changing environment. While the renewed global approach is broader than the previous one in different fields, it is questionable whether this new framework will reach the objective in terms of enhanced mobility for people living in the Arab Region.

## A Broader Framework

At the beginning of EU migration policy in the early 2000s, the external dimension was mainly based on the conclusion of readmission agreements with third countries. However, this orientation proved to be unsuccessful. In 2005, the dramatic events that occurred in Ceuta and Melilla, when several migrants trying to cross the Moroccan/Spanish border died, highlighted the limits of this ‘one way’ policy and imposed a redefinition of the EU’s external policy. The ensuing ‘Global Approach to Migration’ (GAM) was agreed by the European Council in December 2005. In a few words, the GAM aimed at including legal migration opportunities in the dialogue with third countries as a counterpart to their commitment in managing irregular migration and in concluding readmission agreements. Despite the openness of the approach, the results achieved five years later were limited. The main instrument developed in this framework – mobility partnerships – is non-binding, is based on the volunteering from the member states, and provides too little for third countries in terms of incentives in the field of legal migration. As a consequence, very few mobility partnerships have been agreed and none with the countries from the Mediterranean region. Hence, an evaluation of the GAM was necessary and led to the definition of a new framework called Global Approach to Migration and Mobility (GAMM), which improves and enlarges the former GAM.

The first most visible broadening of the concept comes from the title of the communication which now includes the word ‘mobility’. For the Commission ‘mobility’ is a different and ‘much broader concept than migration’. It regards a specific type of migration which involves a wide range of people (short term visitors, tourists, students, researchers, business people or visiting family members) but who are coming mainly for temporary reasons and who need a visa for crossing the EU’s external borders. Hence, the Commission emphasises the need to link the EU’s short term visa policy with the member states’ long stay policies and the GAM. In other words, the GAMM should be more coherent and encompass EU and national policies on visa and legal migration (which are beyond the Commission’s competences) which concern several million people every year. With this extension, the Commission seeks to reinforce the coherence of the

Global approach and offers a full range of issues to fuel the dialogue with third countries, including the opportunity for people to benefit from enhanced mobility.

The second major improvement concerns the introduction of international protection for asylum seekers, refugees and people in need of subsidiary protection as a pillar of the GAMM. The Commission explains this novelty through the need to give higher visibility to the EU's external dimension of asylum *vis-a-vis* its partners. Yet it should be recalled that third countries are taking a huge responsibility in the management of international protection. In the case of the Arab Spring, and according to the International Organisation for Migration (IOM), about 345,000 fled Libya heading to Tunisia and 243,000 to Egypt. Therefore, enhancing solidarity with third countries in the field of international protection is crucial and the introduction of this theme within the Global approach could help to strengthen EU assistance and third countries' capacities in processing asylum claims. This could be done through the further development of regional protection programmes and resettlement programmes.

Finally, the GAMM addresses in a deeper way some crucial issues related to migration. This is the case for instance regarding students and researchers. Different solutions are envisaged by the Commission in the short and medium term such as enhanced exchanges, the establishment of institutional networks and the twinning of universities in order to adapt curricula and certification processes or the possibility for foreign students to have access to work at the end of their studies. In this view, the European Commission has already announced in September 2011 that it will significantly increase the funding allocated to Erasmus Mundus. For the new academic year, the Commission has decided to award 750 additional scholarships to students from North Africa and the Middle East in addition to the 1200 already planned. The support should be strengthened afterwards in order to provide new opportunities to undergraduate, postgraduate, and doctoral students as well as staff coming from Southern Mediterranean countries.

Among other issues, two deserve to be highlighted as they are linked with mobility. The question related to the portability of social security rights is the first one, as it is considered as a facilitator for mobility and circular migration. The question related to inter and intra regional migration and mobility in others parts of the world is the second one. Here the EU has an important role to play in order to assist third countries to develop such kind of schemes which could be to the benefit of the migrant in terms of jobs and wages opportunities. Hence, dialogue with third countries should also tackle this point and one can consider that rais-

ing the issue of mobility within the Mediterranean region could be on the agenda.

The new framework within which the external dimension of EU migration and asylum policies should take place is definitely broader. While it takes into account many developments that took place within the last five years, it also places the issue in a wider and forward looking context. This promising four pillar framework comprising legal migration and mobility, the fight against irregular migration, international protection and development issues will form the basis of the new dialogue that will be developed between the EU and third countries from the Southern Mediterranean region. However, it remains uncertain whether the ambitious framework proposed by the Commission will reach its broad and valuable objectives. Indeed, when looking more closely at the GAMM, it fails to fully convince as it may replicate former fallacies and therefore raise questions regarding its capacity to bring added value.

## Too Little Added Value?

When looking more closely to the GAMM, it appears less promising than initially thought, especially on the side of mobility. On the one hand, the capacity for the EU to provide for a real and comprehensive external policy is limited principally because the main leverages and powers remain into the hands of the member states. On the other hand, it is presently difficult to determine how the existing tools will be implemented and more precisely used to increase pressure on third countries to provide results in managing migration, such as controlling irregular migration and borders and signing and implementing readmission agreements. In the end, the potential to create a renewed external policy in the field of migration between the EU, its member states and Arab countries may be undermined.

This concerns first of all the tool at disposal. Due to constraints regarding competences, the only available tool to deal with the Southern Mediterranean countries is mobility partnerships. Indeed, and due to division of competences between the EU – which manages short stay visa and readmission – and the Member States – still in charge of legal migration – the only binding instrument that could be adopted would be a mixed agreement. But, such an agreement would take years to be adopted and implemented. Hence, and in order to speed up the process, non-binding ‘mobility partnerships’ are the only instrument available. But, while offering flexibility, these partnerships present at least two disadvantages. First of all they remain based on the principle of volunteering. This means that only some member states will engage into the conclusion of a



partnership and most probably those at the Southern edge of the EU. In this context, and considering the links that exist between Arab countries and some member states, will the EU be able to develop a proper and comprehensive policy in the field of migration? Secondly, mobility partnerships are non-binding tools. Hence, there are no legal constraints weighing on the shoulders of partners. The latter are then entitled to fulfil their commitments or not without legal sanctions. In this regard, will the EU member states engaged in a mobility partnership deliver what they promised as a counterpart to third country actions if they are not fully satisfied? This possibility should not be underestimated considering the pressure that is put on third countries regarding readmission and irregular migration.

This leads to the second point of concern which relates to the new ‘more for more’ principle. The Commission indicates that it implies ‘an element of conditionality’. One may in turn say that the catchword ‘more for more’ is the expression of the principle of conditionality. In this regard, third countries’ citizens will be offered legal channels to the EU member states as far as their governments are providing for valuable input in preventing and reducing irregular migration. The problem here is to evaluate where the ‘requirement cursor’ will be placed. Will counterparts be delivered on the basis of results achieved or means developed? In the current climate of growing tensions across Europe on the debate over migration issues, it is likely that the former will take precedence over the latter.

Third, when it comes to the pillar devoted to legal migration and mobility, EU action is limited due to the maintenance of competence at the national level. The EU is able to exercise its external competence as far as it has exercised its competence internally, i.e. where rules have been already adopted at EU level. Hence, the EU will be able to provide for some input into the dialogue only regarding short stay visas, students, researchers or highly qualified workers.

Even with regard to short stay visas, the EU’s input is limited in so far as the cooperation with third countries remains at the level of visa facilitation agreements. Here, an EU agreement may contain rules to facilitate the procedure but the decision to issue a visa remains into the remit of national consulates. The real added value on the EU’s side would be to offer a visa free regime to third countries. But here again, and despite the EU nature of the domain, member states still have important influence through the Council. This latter plays a central role in the conclusion of international agreements. Indeed, and according to the Treaty (article 218 TFEU) ‘the Council shall authorise the opening of negotiations, adopt negotiating directives, authorise the signing of agreements

and conclude them'. In other words, and through the Council, member states are still key components in the process.

On the side of legal migration, the EU is likely to not go beyond what already exists: students, researchers and highly skilled workers. The problem here is not on the capacity to act but rather on the opportunity/effectiveness of further cooperation. Skills' shortages within the European Union concern more predominantly skilled and middle skilled workers and not highly skilled. In this view, the EU will not be able to offer the appropriate counterpart as the competence to determine entry and residence for this type of workers remains a national one. The EU's input may here again be narrow and leave the biggest part of the deal into the hands of the member states. According to those involved and their willingness to offer legal ways of entry for workers, it is not sure whether the GAMM will reach the threshold of coherence and effectiveness pursued.

A final point deserves some comment. It concerns the uncertainty regarding the possibility to link progress made in the field of migration with development policies. In other words, the possibility to condition development support to progress made in the field of cooperation in migration management. Such linkage was made for the first time at the EU level in a Communication issued in early May 2011. In this document the Commission was underlying that cooperation with third countries 'implies enhanced economic cooperation in order to develop conditions for growth and employment in countries of origin, to address the causes of irregular migration. Such cooperation should also build on the principle of conditionality applied to migration issues in order to encourage effective commitment by our partners in preventing irregular migration flows, in managing their borders efficiently and in cooperating on the return and readmission of irregular migrants'.<sup>48</sup> The GAMM does not follow this path. However, it may have opened the door in this regard by recognising the possibility 'to earmark development funding for migrant-related initiatives'. Further use of funding will then need to be examined.

## Conclusion

There are two ways to consider the new GAMM: the glass is half full or half empty. The optimistic version would be to consider the fact that the external dimension of the policy is broader and puts more 'flesh on the bones' for further dialogue. The half empty perspective leads to consider that the Commission

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48. European Commission, *On Migration*, COM(2011) 248, Brussels: 4 May.

could have been more ambitious. More precisely regarding legal admission and mobility. Indeed, forthcoming demographic shrinking will increase labour shortages in the European labour market to which workers coming from Mediterranean countries could constitute an appropriate response. Therefore limiting counterparts to visa issuance or highly skilled workers may not allow addressing in the full and appropriate manner the issue. Moreover and broadly speaking, one could also underline that using ‘old tools’ – or even revised ones – to cope with new situations in the Mediterranean region is not appropriate.

But was the Commission in a position to issue an ambitious communication? Probably not because its orientations have to be endorsed by member states, on the one hand, and respect the division of competences between the EU and member states, on the other hand.

Future developments will be crucial. The outcome of the electoral processes in North Africa and the Middle East will determine the EU’s counterpart for dialogue on migration issues, including the content of such dialogue and the feasibility of the proposals on the table so far. On the side of the EU and its member states secondly, both will have to deliver and provide for results. If and when third countries can provide what the EU is expecting from them, the EU should in turn be able to deliver rapidly and according to the efforts made by third countries, in particular regarding the issuance of short stay visas and legal admission. The implementation of the GAMM will demonstrate whether further dialogue will prove efficient or not.



## THE ARAB SPRING: WHERE DO THE ARAB MILITARIES STAND AND WHY?

ROUBA AL-FATTAL EECKELAERT

On 14 January 2011, the Arab world witnessed the blossoming of a long awaited revolution that took everyone, including authoritarian regimes, by surprise. Since then, the militaries of the Arab states involved have played an active and decisive role in determining the outcomes – and even the process – of these revolutions.

In fact, the reaction of the military to the uprising is a watershed moment between the popular demands for reform and the calls for an outright regime change. It was President Kennedy who once remarked, “Those who make peaceful revolution impossible will make violent revolution inevitable”, a statement very applicable to Arab revolutions.

As each Arab country has its unique historical, structural (politico-economic), and crucially ideological specificities, their respective militaries as well as the relations that exist between the military and their regimes are bound by these differences. These specificities have resulted in diverging responses to the popular uprisings and are worth understanding because what the military does (or doesn't do) during these turning points in the Arab world will be crucial in influencing the countries' political trajectory.

The main question being answered here is why did some Arab militaries defect so quickly and side with the revolutionaries while others have not? Such an analysis is not only theoretically interesting, but of consequence to real world developments in democracy promotion. Indeed, we need to have a more nuanced appreciation of the ways in which the underpinning ideologies of these militaries work precisely because, at present, there is a transatlantic community dialogue taking place regarding supporting emerging democracies in the Arab world and also concerning how to engage the Arab militaries in this transition.

But before we can analyse the reactions of the Arab militaries to the Arab Spring and derive their posture vis-à-vis incumbent authoritarian regimes, we first need to understand what kind of actors the Arab armies actually are. Thus, the following comparison highlights the main historical, structural and ideological aspects of the Tunisian, Egyptian, Yemeni, Libyan, Bahraini and Syrian militaries, and how these three factors influenced the actions of each of their respective militaries towards the revolution.

## Tunisia

The Tunisian army was established at the time of independence in 1956, and has been recognized for its contribution to UN peacekeeping missions, especially in Rwanda. By 2008, the military consisted of approximately 36,000 personnel across the Army, Navy, and Air Force – accounting for 0.3% of the total population of 10.4 million and 1.4% of the country's GDP.

During the Jasmine revolution, the army was ordered to turn their guns on protesters, but refused. General Rachid Ammar spoke to demonstrators in Tunis who were determined to bring down the interim government, still dominated by Ben Ali's political allies. "Our revolution is your revolution. The revolution of the youth could be lost and exploited by those who call for a vacuum. The army will protect the revolution," he told the crowd. General Ammar played a key role in the country's popular uprising. He refused to follow Ben Ali's orders to shoot at the protesters, forcing the President to flee the country; since then, peaceful demonstrations have continued in the capital of Tunis.

Although the intervention by the armed forces defied the expectations of Arab militaries, the fact that officers sided with the Tunisian people actually makes perfect sense. The Tunisian military is not a large military, but has experience in peacekeeping operations, worked with and was trained by Western forces. Defense spending in Tunisia under Ben Ali was relatively low, reflecting not only the fact that the country has few external or domestic threats, but also part of the Ben Ali strategy to ensure that the armed forces could not threaten his rule.

## Egypt

The modern Egyptian army was created in the 1830s, and during the twentieth century has fought several wars (with Israel, Libya and Yemen). Moreover, some units assisted the US in 1991 in Operation Desert Storm for the liberation of Kuwait from Iraqi occupation. The army consists of approximately 379,000 troops, in addition to 479,000 reservists for a total of 858,000 strong – accounting for 1.1% of the total population of 80 million. In 2009, the budget of the military mounted to approximately 3.12% of GDP – receiving more than \$5.8 billion in U.S. military aid in that year alone. President Hosni Mubarak has had significant influence over the military structure since the late 1960s when he became the Chief of Staff for the Egyptian Air Force.

Despite the long and close relationship that existed between Mubarak and the military, he was left high-and-dry as the revolution progressed. It started with

differences in political positions between Officers and Enlisted Men, but, eventually, the higher echelons also defected.

Some observers argue that two of the main reasons why the army was willing to sacrifice Mubarak were: 1) to satisfy some of the demands of the revolutionaries in order to pacify them, and 2) because of its anger at his son Gamal and his colleagues, such as former – and recently convicted – IMF official Youssef Boutros-Ghali, who were accruing significant power through the financialization of the economy and other policies that weaken the power of the army and the more traditional national capitalist elite. This growing financial influence of Mubarak's family was also counterproductive to the higher military echelons who, as economic tycoons within the country, did not want to share their profits.

Egypt's Supreme Council of the Armed Forces (SCAF) which took over the political administration of Egypt after Mubarak was ousted in February, has made great efforts to appear open and responsive, yet their operations and guiding philosophy remain undefined as they are still not being transparent. Critics complain that the ruling military council still hasn't delivered on earlier promises to abrogate the emergency law and to enact the laws prohibiting former members of the Mubarak regime from standing in upcoming parliamentary elections.

Mistrust is running high in Egypt as people are growing suspicious that old-line politicians and generals are not listening because their pockets are being lined by powerful people with vested interests in the outcome. In fact, some Egyptian analysts are wary that the army might broker deals with the Muslim Brother party, giving them more power in Parliament in return for their silence on the military's financial dealings.

## Yemen

Yemen has the second largest military force on the Arabian Peninsula after Saudi Arabia, with approximately 400,000 active personnel and 450,000 reservists for a total of 850,000 troops – accounting for 3.5% of the total population of 23.6 million. Yemen's defense spending has historically been one of the government's largest expenditures as a result of the domestic security threats posed by terrorism and tribal conflicts. The defense budget increased from around \$540 million in 2001 to an estimated \$2 billion in 2006, which represents about 6% of the country's GDP. The US has also poured millions of dollars into Yemen to train the army against al-Qaeda.

The military was founded in 1990 when the Yemen Arab Republic (North Yemen) and The People's Democratic Republic of Yemen (South Yemen – formerly a socialist republic) united to form the Republic of Yemen under President Ali Abdullah Saleh.

Although the Saleh family is entrenched in Yemen's defense industry – with many of the President's sons, (half-)brothers and in-laws in commanding positions in the armed forces – defections to join the revolutionaries still took place. Due to divided tribal loyalties, South-North Yemen conflicts, and religious tensions between forces loyal to Saleh (a Zaidi Shia from North Yemen but not a direct descendant of Prophet Muhammad) and those loyal to the Houthis (a Zaidi Shia insurgent group operating in North Yemen and are allegedly a direct descendant of Prophet Muhammad), rifts within the army were inevitable.

On 20 March, after a major crack-down by the army against protesters, many top military and civilian officials resigned their posts. One day later, General Ali Mohsen, Saleh's half-brother and former chief military advisor – who is also close to the Salafist movement – defected. Mohsen pledged to protect the demonstrators in Change Square, signaling the first major blow to the regime. Mohsen is by far the most powerful figure in the Yemeni military and his announcement opened the floodgates as many officers have now come out supporting the revolution.

However, Mohsen's break with the regime is frequently viewed with cynicism by demonstrators and experts alike, who see this as a strategic move to set himself up for a post-Saleh future; his announcement put him in a position to be the leader of the military under the next government. This is something a number of prominent Yemenis are watching closely because he commands so much loyalty within the army.

Although a truce has been struck between Yemeni forces loyal to embattled President Saleh and the opposition tribesmen, it remains very fragile, with clashes often erupting and causing many civilian deaths and casualties on a daily basis. Among these troubles, Yemen's security forces have also been heavily deployed in many southern cities amid fears that clashes between the army and al-Qaeda fighters might spread to the strategic port city of Aden, making the situation in Yemen and the role of the army crucial.



## Libya

The Libyan army was established in 1951, after the country gained its independence. The defense budget is estimated at 1.2% for 2008. Libyan total forces are estimated at a little more than 40,000 – accounting for 0.5% of the total population of 6.4 million. Though the Libyan army has a large amount of military equipment at its disposal, the vast majority was bought from the Soviet Union in the 1970s and 1980s and has largely become obsolete as a large portion remains in storage and much of the remaining equipment has been sold to various African countries.

The Libyan army is generally regarded as a small and weak force, poorly armed and poorly trained. Keeping the army weak was part of Gaddafi's long-term strategy to eliminate the risk of a military coup, resembling the one that brought him to power in 1969.

Since the revolution started, the Libyan army has suffered massive defections and is barely surviving at 20% of its original fighting capacity. Gaddafi used brutal police and mercenary forces (from some neighbouring African countries) to violently suppress protests resulting in an armed uprising between pro-government and anti-government forces. Some from the army joined the rebels and weapons depots were plundered by protesters, bringing the country to the brink of a civil war.

The defection of some elements of the army to the side of the protesters in Benghazi did not trouble the late Colonel. His security chiefs did not hesitate to call for air strikes on their own rebellious barracks and citizens in the east of the country, which is one of the reasons why NATO forces were called upon to intervene. The Gaddafi government then has put the country's army chief, General Abu-Bakr Yunis Jabal, under house arrest after his defection and for not following through on orders to kill protesters. But later on he was reported to return to the regime and announce a general pardon to army members who defected to join the rebels and returned to the regime. On October 20, 2011 he was reported killed in Sirte along with Gaddafi, marking an end of an era for the Libyan military and old regime.

## Bahrain

The military of Bahrain is a small but well equipped military consisting of approximately 9,000 personnel – accounting for 0.8% of the total population

of 1.2 million. The defense budget of Bahrain is high, at an estimate of 6.3% GDP in 2004.

The Kingdom of Bahrain is part of the Gulf Cooperation Council (GCC), founded in 1981, with five other Gulf monarchies. Bahrain, in conjunction with its GCC partners, has moved to upgrade its defenses in response to the threat posed by the Iran-Iraq and Persian Gulf wars.

Bahrain houses the headquarters of the U.S. Navy's Fifth Fleet. And in 2003, George W. Bush designated the country as a major non-NATO ally of the U.S. Since then, it has been granted over \$100 million in U.S. Foreign Military Funding to pay for various high profile weapons systems.

The history of Bahrain is a turbulent one with several coup attempts and lingering Shiite-Sunni tensions given that it is ruled by a Sunni Muslim royal family, but two-thirds of the population are Shiite. Hence, it was not surprising that the Arab revolution found its way to the country.

Reports surfaced during a crack-down on protests that army units had surrounded, cut off electricity to, and searched room by room the Salmaniya medical complex. The reports also included allegations of human rights violations and instances of excessive use of force. So, what began as a peaceful movement for democratization and constitutional reform in February gradually turned into a full-fledged clash within a month.

By 14 March, troops from a number of Gulf states, including 1,000 troops from Saudi Arabia and 500 police officers from UAE, arrived in Bahrain in response to a request from King Hamad Al Khalifa. The GCC shield force did not directly intervene but were primarily to be used for policing. Basically, their role was to keep Bahraini forces free to crush the huge protest movement, which they appear to have succeeded in doing – at least for the time being.

## Syria

The Syrian army was founded in 1946 when the country gained its independence. Approximately 3.8% of the GDP is spent on the military, which has around 500,000 personnel – accounting for 2.1% of the total population of 22.5 million.

For the past few years, Syria has reached out to Russia and Iran to obtain modern weapons that will further improve its combat capabilities. Although Russia's

foreign minister said his country's sale of weapons to Syria won't upset the balance of power in the Middle East, the U.S. and Israel oppose further arms sales to Syria fearing the weapons could fall under the control of Hezbollah fighters in Lebanon.

President Bashar Assad's younger brother, Maher, controls the Presidential Guard, the Republican Guard, and the Fourth Armoured Division – key units that form the security backbone of the state, together with the Alawite-dominated secret police *Mukhabarat*.

Senior Syrian army positions are carefully filled by loyal members of President Assad's Alawite minority; thus, reducing the prospect of military pressure on him to stand aside if protests grow. Although some officers from the Sunni Muslim majority have been promoted to senior ranks, Sunni influence has been weakened, and Assad's brother, Maher, controls key military units packed with Alawite soldiers. This fact makes the fate of many senior Syrian military officers closely tied to that of Assad.

The Syrian army has responded with an excessive use of force, killing thousands of protesters since the beginning of the revolution. So far, there have been no known high-level defections from the senior ranks of the army or other branches of the security forces. There have, however, been credible reports of junior officers and enlisted men, largely drawn from the Sunni majority refusing to open fire on protesters. Syrian soldiers who deserted have said they were forced to commit atrocities.

Defections from within the army may be coming in a matter of time. Once there is a very clear sign that the regime is getting close to the edge, the army will jump ship to salvage their situation. At first protesters are pinning their hopes on Ali Habib, the Defense Minister and a member of the minority Alawi sect to which the Assad's belong, and on Daoud Rajha, the Chief-of-Staff and a Greek Orthodox Christian. Both men are considered pro-western and are professional soldiers. However, In August 2011, amid regional pressure on the current regime to end bloodshed in the country, President Assad replaced Ali Habib (who was on the EU's travel ban and asset freeze list for Syrian officials) with Daoud Rajha as the Defence Minister.

At this critical time, Daoud Rajha should be encouraged by the EU and the U.S. – instead of being sanctioned – in order to induce divisions at the top in the Syrian army. Analysts are expecting that the President will eventually be replaced by a general or a small group of generals from the regular army, the one part of the Syrian state relatively unsullied of the killings (since the elite fourth

division, effectively commanded by Maher, is almost a separate entity). In fact, the army remains the only institution that can play a role in a transitional period since the Syrian National Council (SNC), which is the main opposition coalition, is still plagued by internal divisions. However, until then, Syria's security organs will move quickly and ruthlessly to suppress even the slightest hint of revolt within the military.

## Lessons Learned so Far?

Long gone is the belief that Arab militaries are the same, that *every* Arab military is unconditionally the “backbone” or “guarantor” of Arab regimes, and that these militaries will inevitably crack-down on protesters to protect the leaders. The above six cases – where revolutions have recently taken hold – highlighted the major historical, structural and ideological differences between the militaries of these countries.

It became clearer that where there are: 1) deep sectarian cleavages, and 2) where the minority sector is in power, members of the military have not defected from the regime. This is because, in these places, the high military ranks are usually packed with officers from the minority sect in power whose survival depends on its solidarity with the military – a fact that ends up curtailing the process of the revolution.

In the Syrian case, 13% are Shia which includes the Alawite ruling sect; while in Bahrain, the Shia constitute over 70% of the Muslim population, yet the Kingdom is ruled by a Sunni minority. In both cases the military, as a whole, did not defect and acted severely in its crack-down on protesters.

By contrast, in Tunisia, Egypt and Libya, the overwhelming majority are Sunni Muslim and the ruling parties – along with the high echelons of the military – are also Sunni. In these three cases, the military defected rather quickly and sided with the protesters since other non-ideological factors (mainly politico-economic) played a bigger role in their decision.

The case of Yemen remains the most complex one. This can be attributed to the fact that the sectarian divide is not as sharp as in other cases (with 52% of the Muslim population is Sunni and 46% is Zaydi-Shia). Also, although President Saleh is a Zaydi-Shia, he does not really represent the Shiite minority of the country, because he is a “non-Hashimi” Zaydi (meaning he is not a direct descendant of the Prophet Muhammad). Hence, he is not considered eligible to rule under the Zaydi Mutawakkilite Kingdom of Yemen rules of succession.

This combination of factors have attributed to the fuzziness of the reaction of the Yemeni army during this revolution, with some defections that can be better characterized as a shifting of tribal loyalties.

What does this mean for democracy support and transatlantic dialogue? It means that the military plays an essential role in the transition to democracy in the Arab world, especially where we see confessional armies at play. Hence, it should be well understood and included in the democracy promotion schemes of the transatlantic community. However, the fact that these militaries are different in their history, structures and ideologies, makes any prospect of a straightforward co-operation a rather challenging prospect. One thing that is becoming more certain, Arab militaries are indeed rational and self-interested actors; therefore, they will act as agents of democratisation insofar as the balance between their costs and benefits works to their advantages.

A historical reading of Western involvement with external militaries teaches us to be vigilant on two counts. First, today's friends are perhaps tomorrow's enemies. Therefore, a strategy of arming the rebels in the Arab world during these revolutions may actually backfire in the future. Second, as President Reagan once said: "No arsenal, or no weapon in the arsenals of the world, is so formidable as the will and moral courage of free men and women". Hence, the transatlantic community needs to think carefully about their course of action today in order to avoid standing alone on the wrong side of history.

**Table 1: An Overview of the Arab Military in the Revolting Arab States**

Country	Population in million	Year military Founded	Total # of Troops	% of the Population	Budget as % of GDP
Tunisia	10.4	1956	36,000	0.3	1.4
Egypt	80	1830	858,000	1.1	3.12
Yemen	23.6	1990	850,000	3.5	6
Libya	6.4	1951	40,000	0.5	1.2
Bahrain	1.2	1982	9,000	0.8	6.3
Syria	22.5	1946	500,000	2.1	3.8



# MEDITERRANEAN MAYHEM: LESSONS FOR EUROPEAN CRISIS MANAGEMENT

SVEN BISCOP

The crisis in Libya was a textbook example of a situation in which Europe, through the European Union, should have taken the lead and proved that it is a security actor worth noting. Security Council Resolution 1973 authorizing the use of force, the most difficult precondition for intervention to fulfil; regional support in the form of an unprecedented request for intervention from the Arab League; absolute clarity in the US that it preferred not to take the lead. What more boxes needed to be ticked before the EU could step onto the breach and take charge of crisis management?

Alas, if all external conditions were fulfilled, the vital internal condition was missing: European unity. Luckily for Europe, and for the cause of freedom in Libya, France and the UK took the lead and with US support raised a broad coalition of North American, European and Arab countries that started military operations, with the participation of EU Member States Belgium, Denmark, Italy, the Netherlands, Spain and Sweden. But with Italy initially most reluctant to let go of its very own special relationship with the Gaddafi regime, with Germany in New York abstaining on UNSC 1973, and with a number of Member States maintaining complete radio silence, it proved impossible for the EU as such to contribute to the military operations, let alone to take the lead through the Common Security and Defence Policy (CSDP).

As a result, the EU remained nearly absent from the scene, in spite of strongly worded initial statements from the European Council and the Foreign Affairs Council requiring Gaddafi to relinquish power. The conduct of the military operations was entrusted to NATO, and their political direction to the coalition of the willing. Diplomatic efforts at mediation, limited as they are, were in the hands of the United Nations and the African Union. The Union thus not only was unable to engage in crisis management, but abdicated the political leadership as well.

Fortunately, thanks to French and British leadership, action was taken. But it is a shame that it could not be done through the EU. First, the operation did serve the interests of all twenty-seven EU Member States: no EU capital mourned the demise of Gaddafi and his regime. Furthermore, as was inevitable from the beginning, the issue has now ended up on the EU agenda anyway, when the

long-term perspectives for the country and the region are at stake. The EU can yet benefit from the Libyan crisis, if it learns some key strategic lessons.

## **Standing up for Europe's Vital Interests**

That vital European interests are at stake in the Mediterranean behoves no further explanation. Trade routes, energy supply, migration are but the most evident. The Libyan crisis has demonstrated once more what we knew already: nobody will automatically volunteer to protect our vital interests for us. Just like at the start of the Yugoslav conflict in the early 1990s, the US signalled that it was willing to contribute, politically and military, but not to take the lead. And rightfully so, for this concerned Brussels much more than Washington.

After the start of the operations, outgoing US Secretary of Defence Robert Gates amplified that message in his farewell speech in Brussels on 10 June 2011, in which he clearly warned Europeans that in the future Washington expects them to be capable of dealing with crises in their neighbourhood by themselves. Veiled threats of American disengagement from European security are a customary way of putting pressure on Europeans to step up their defence effort. Europeans know of course that the US can only allow itself to turn away from Europe and look towards Asia as long as Europe is secure – if the security of Europe were severely threatened, its vital interests would compel the US to intervene. In that sense, the US remains a European power. Yet, this time around the demand for more burden-sharing is more urgent and more sincere, because of the huge cuts in the defence budget that the US is facing.

EU capitals will hopefully realize that more leadership and effort is expected from the EU therefore, at the very least in what it has dubbed its Neighbourhood.

## **Thinking and Acting Strategically**

Defending our vital interests requires strategy. The first strategic choice is to prioritize the regions where those interests are most directly at stake, and act accordingly. This would amount to a specific Crisis Management Strategy.

The Eastern and Southern Neighbourhood definitely counts among those priorities. So do Central Asia and the Gulf, and maritime security from Suez to Shanghai and in the future probably in the Arctic, in view of the interests at



stake. Sub-Sahara Africa can probably be added, given the continued need for external help with peace support. Another priority is assisting the UN in maintaining collective security, notably to uphold the Responsibility to Protect that has found its first application in Libya. Moral responsibility and defending our interests thus often coincide.

Three factors explain Europe's reluctance, erroneously, to think in strategic terms about priority regions.

First, strategy is too much identified with the military. The aim is not to delineate a sphere of influence in which gunboat diplomacy will uphold Europe's interests. Rather the idea is to identify regions where our vital interests are most likely to be challenged in order to provide a focus for a long-term strategy of *prevention*, which in a holistic and multilateral manner puts to use *all* instruments of external action, in *partnership* with local and regional actors, to create long-term stability. But we must be aware that, as a last resort, precisely because these are priority regions for our vital interests, we might be required to take military action if no other means can work, and must organize monitoring and early warning and do our permanent military planning accordingly.

Second, the military option is too narrowly identified with EU-only military action. In fact, in crises demanding military action, depending on which partners want to support us, it can be implemented through NATO, CSDP, the UN, or an ad hoc coalition. Whichever is more likely to be effective in the case at hand. But the framework for the command and control of the military operations is but a technical matter. Any military intervention will be one part of a comprehensive strategy for the country and the region concerned, including a political, economic and social next to the security dimension. Regardless of the option chosen to command any military operation, as far as Europe is concerned the foreign policy actor setting this comprehensive strategy will always have to be the EU, for it is only through the EU that we have the instruments and the means to make our long-term policies towards these priority regions. It is at the EU-level therefore that priorities for crisis management must be set. In Kosovo European troops are deployed under NATO command; in Lebanon, under UN command; but in both cases Europe's comprehensive long-term political strategy for the country is defined through the EU. So it ought to have been for Libya: up to the EU, not to a coalition of the willing, to assume strategic control and political direction of all actions, even though the military operations are under NATO command, for eventually we review the Neighbourhood Policy and our specific Libya policy at the EU level as well.

Third, military action is wrongly identified with automatic participation by all Member States. In fact, as the record of CSDP proves, exactly the opposite is true. There is no expectation in the EU that all Member States take part in all operations. But there is a justified expectation that those not seeking to participate in a particular operation under discussion do not block, but provide political support to those proposing it, if it serves the vital interests of the EU and all its Members. Thus in the case of Libya, especially as the EU did adopt strong language calling for Gaddafi to leave, it could also have decided on implementing UNSC 1973 through a CSDP operation, under French or British command, without obliging all twenty-seven to take part. Unfortunately, the Council merely decided on a CSDP operation to support the humanitarian efforts, but only if requested by OCHA – a request which everybody in Brussels knew in advance was never going to materialize. “EUFOR Libya” thus only served to underscore the irrelevance of the EU in this crisis, while spending not insignificant sums on activating an operational headquarters.

Adopting a Crisis Management Strategy, as one of the sub-strategies to the overall European Security Strategy, would not in itself be a guarantee of the political will to act. But it would hopefully create the framework within which in the next crisis it will at least be more easy to generate the political will to *mandate* action under the EU aegis, to be undertaken by the Member States that are able and willing.

## Getting the Right Capabilities

Acting strategically requires capabilities. In the military realm, European capabilities remain deficient. The Libyan crisis hopefully can spur EU Member States on to take action.

Taken together, the twenty-seven EU Member States are the world’s second biggest military actor, after the US. But those impressive overall numbers hide strategic shortfalls in key areas, which the operations in Libya have highlighted. Precision-guided munitions (missiles), satellite observation, aircraft carriers, air-to-air refuelling: for lack of sufficient European capacity, US support was welcome and most necessary. The coalition of the willing could have undertaken an operation without the US, but it would have been much slower and, most importantly, much dirtier and nastier, with a greatly increased risk of casualties on our side and of civilian casualties in Libya: 90% of the strategic enablers that allow for a “clean” air campaign were contributed by the US.

Unfortunately, the political fallout of the Libyan crisis may negatively affect the “Ghent Initiative” for enhanced capability development that is now being discussed. The emphasis is on pooling and sharing of capabilities and task specialization, in order to enhance cost-effectiveness and operational output, and to create budgetary margin to address the strategic shortfalls. While it must be noted that pooling can be organized in such a way that all participants retain maximal flexibility to engage in separate operations, there is a big risk that Member States will now not be willing to engage in pooling and sharing with those seen as unlikely to join in when it comes to real operations. That impression can only be undone by those so accused, including by signalling their willingness to pool capabilities in substantive capability areas, to a substantive degree. That in turn will create the political energy necessary to ensure that the “Ghent initiative” becomes a long-term process, in order to arrive eventually at a forum for effective strategic-level dialogue between national defence planning. Only through CSDP can such military convergence be achieved as the only way to produce more deployable capabilities by *all* Member States, which will thus also benefit the two military most powerful Member States, France and the UK.

While the degree to which Member States will engage in substantive pooling of capabilities thus remains to be seen, nevertheless at the 1 December 2011 Foreign Affairs Council Member States did already make important decisions concerning the strategic shortfalls. In the fields of air-to-air refuelling and satellite communications especially the projects announced, if follow-up is assured, will be key in providing Europeans with some of the strategic enablers required for autonomous operations.

## Achieving Effective Prevention

One specific capability in which the EU is lacking is planning and conduct. The EU does not have a permanent operational headquarters. As a result, it cannot do permanent planning, so that whenever a contingency arises specific plans can be produced quickly. And it cannot but outsource the conduct (command and control) of an actual operation, either to a Member State or to NATO.

The Libyan crisis demonstrates though that the availability of NATO is not guaranteed, even though in the end Turkish objections were overcome (though in future crises they will undoubtedly re-emerge in view of Turkey’s new foreign policy stance). The only EU Member States able to conduct such complex operations are France and the UK, and then only with difficulty. The inevitable conclusion is that if Europeans want to be sure they are able to act in every future contingency, the EU needs its own operational HQ. Now is the opportunity to

set up an integrated civilian-military OHQ within the European External Action Service. Proposals to achieve this have been blocked however by the UK. All that the Member States could agree on was the activation, for the first time, of the small Operations Centre in the EU Military Staff for the new capacity-building operation in the Horn of Africa. An important but for now mostly symbolic step.

But even if a fully-fledged OHQ to command military operations is not feasible for the time being, the EU should still take steps to reinforce its *planning* capacity at one level above the OHQ: the military-strategic, or in the EU context, civilian-military strategic level (comparable to the level of SHAPE in NATO, which does not command any operations, but provides the link between the various OHQs and the political headquarters in Evere). The Union advertises itself as a great preventive actor, but in reality, effective prevention or early action are rarely achieved. One of the key factors explaining this is the absence of a sufficiently permanent planning capacity to elaborate policy options and contingency plans based on the situation reports produced by the Situation Centre even before any political decision is taken. As a result, the EU cannot but arrive late in the day. The Crisis Management Planning Directorate (CMPD) and the EUMS have the capacity to produce high-quality plans for operations envisaged well in advance, such as for the Sahel and the Horn of Africa. But they lack the staff to produce contingency planning and options in (potential) crisis situations, as soon as something starts brewing in a pre-identified priority region. This has to take place before any political decision: it is exactly to lay the groundwork for an informed political decision, which can then be implemented more rapidly. The new Directorate General for Crisis Response until now focuses more on quick reaction in terms of fact-finding and relief (and does so very effectively).

At the 1 December 2011 Foreign Affairs Council, the CMPD and EUMS were authorized to engage in more early advance planning, but it remains unclear whether the number of planners will be increased. The Council also decided on a review of crisis management procedures. Ideally, the CMPD will receive extra staff, both military and civilian, and a broad and clear *civilian-military* mandate, in order to engage in effective contingency planning for EU prevention and rapid reaction making use of all the tools at the Union's disposal.

## Conclusion

Today, the picture is mixed. In Libya, European countries were in the lead, but the EU was not. Now, the EU is coming back into the picture, for it is beyond

the capacity of those individual EU Member States to set and implement long-term strategy for Libya and the Mediterranean, grateful though one must be to them for assuming leadership of the crisis management. If the strategic lessons listed above are learned and absorbed, the next time hopefully the EU will be in the picture from the very start, to the benefit of all concerned.



## THE ARAB SPRING AND THE ARAB-ISRAELI CONFLICT: A VICIOUS CIRCLE OF MUTUALLY REINFORCING NEGATIVE REPERCUSSIONS

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Protests, revolts and the fall of decades-old leaderships have brought about political openings and the chance, at least in some Arab states, to embark on paths that could lead to more open, more just and more participatory political and economic systems. Yet, their repercussions with regard to peace in the Middle East, i.e. the implications for a settlement of the Arab-Israeli conflict, have been less positive. Indeed, the situation in the Eastern Mediterranean has become increasingly volatile and Israel has become ever more isolated in the region since the beginning of 2011. Although the Arab Spring has been one important factor in this, other developments, such as the frictions over recently discovered natural gas in the Levantine basin and a more assertive Turkish foreign policy, have added to it. As a result, not only does violent escalation loom large, the prospects of a two-state-approach to settle the Israeli-Palestinian conflict are dim. Protracted conflict will, in turn, have repercussions for transformation in Arab countries, above all in those neighbouring Israel – even more so should the struggle once more turn violent. It will also negatively affect European credibility and interests in the Arab world.

Already, Europeans and the US have missed the opportunity of the Palestinian UN initiative to realise the Palestinians' right to self-determination, define the contours of a two-state settlement and create a more balanced starting point for negotiations. Now, in face of the urgency of a two-state settlement and against the backdrop of the US administration's paralysis due to the US election campaign, Europe needs to act. The E3 (France, Germany and the United Kingdom) should take the initiative to move the Quartet process – re-launched in September 2011 – forward. In this, a mediation effort is needed that evens out, rather than exacerbates the asymmetric relationship between the two parties. Europeans should draw up the parameters of a conflict settlement (as already presented in February 2011 in the Security Council) and a binding time table, establish an oversight mechanism, get Quartet backing for it – and spell out the consequences of the (probable) failure of a negotiated solution.

## Israel Loses its Partners in the Region

Due to the Arab Spring, Israel has lost further partners in the region and thus finds itself increasingly isolated. As a result of the 2008/2009 Gaza War Israel's strategic alliance with Turkey had already come under strain. This has been exacerbated by the May 2010 flotilla affair and the row over the September 2011 publication of the United Nations Palmer Commission report on the same affair. Rather than leading to reconciliation, Israel still refused to apologise for the deaths of nine Turkish activists. Turkey expelled the Israeli ambassador, cancelled military cooperation agreements with Israel and announced its intention to increase its military presence in the eastern Mediterranean. This rather drastic reaction has to be read not only against the backdrop of Turkey's political and economic interests in the Arab world but also in view of fierce competition over exclusive economic zones in the eastern Mediterranean as well as the Cyprus question. As a result, Israel has not just lost its only strategic partner in the region, but also an alliance with an increasingly influential regional player. Indeed, while Turkish-Israeli relations have become rather hostile, at least with regards to the rhetoric, and in the process have produced stronger Israel-Greece-Cyprus and Turkish-Arab cooperation, considerable room for repairing relations remains. As a matter of fact, Turkey has taken on responsibility for Israel's security by installing the central radar of NATO's missile defense on its territory, which is intended, above all, to protect Israel from Iranian missiles.

With the end of the Mubarak era in February 2011, Israel lost one of its most important and reliable Arab partners. Since the formation of a transitional government in Cairo, relations have deteriorated. Deliveries of Egyptian gas to Israel, which had covered some 40% of domestic demand, have been disrupted time and again due to attacks on the Sinai pipeline. Egyptian political figures announced that they intended to renegotiate cooperation agreements – particularly with regards to Qualifying Industrial Zones (QIZ) and gas deliveries. Moreover, the military junta ruling the country bowed to public pressure and distanced itself from previous Israeli-Egyptian cooperation on the blockade of the Gaza Strip. Egypt's May 2011 decision to open the Rafah Crossing signalled a new policy here – in the end, however, Egypt loosened the blockade only slightly rather than removing it effectively.

Even the weakening of the Asad regime by the Syrian revolt has proved problematic for Israel. True, both countries have formally been at war with each other, Syria under Bashar al-Asad has deepened its alliance with Iran as well as positioning itself as the leader of the “camp of resistance” against what is seen as Israeli and American designs for the region, and it has supported militant movements such as Hamas and Hezbollah. Yet, Syria has proved reliable when



it comes to securing its border with Israel – which it has kept quiet for some 40 years (since the 1973 war). Indeed, over the last few years, Syria even cooperated with Israel, insofar as it allowed exports into Syria from the occupied Golan Heights. While the fall of the Asad regime could open the way for a more open, participatory and inclusive political system as well as for a détente in Israeli-Syrian and Israeli-Lebanese relations, this is by no means guaranteed. After all, it is rather unlikely that a new Syrian leadership would be any less robust in its demands for the return of territory occupied by Israel. In addition, in late November 2011, a gradual and peaceful transfer of power seems to be rather unrealistic. Rather, confrontations between regime, defectors and protesters are more and more developing into an armed power struggle and bear the imminent danger of large-scale civil war and atrocities between ethnic and religious communities. Already today, Syria's neighbours are affected by the violence in the form of refugees and cross-border violence. In the case of escalation of communal violence, which also risks bringing further regional meddling and proxy fighting, massive destabilising effects are to be expected – not only for Israel but also for other neighbours, in particular Lebanon.

## **Popular Influence Increases and Decreases Arab Regimes' Room for Manoeuvre**

The Arab Spring has affected next to all Arab regimes forcing them to seek renewed legitimacy. Against this background, the scope of action enjoyed by Arab leaders has been considerably diminished. True, Arab protests and uprisings have first and foremost brought to the fore domestic political and socio-economic grievances and demands. Burning Israeli and US flags has been at most a side-show. Arabs turned out to be unwilling any longer to accept repression at home in the name of resistance or steadfastness against Israel. Yet there has been no warm peace between Israel and any of its neighbours, and thus a normalisation of relations between Arab societies and Israel has not taken place. Indeed, the very notion of this kind of rapprochement is overwhelmingly rejected by the Arabs as long as the Israeli occupation of Arab territories persists. This is why a growing popular influence on regional relations is a particular problem for Israel. After all, more representative Arab governments will have to legitimise their actions to public opinion rather than bending to external actors such as the US or simply pandering to the ruling elite's interests. In addition, those regimes that are not prepared to allow greater popular participation in decision-making will still (or maybe even more strongly) avoid taking deeply unpopular decisions.

For that reason, no Arab government is going to push for any peace initiative towards Israel's right-wing government in the months to come. Also, none of them will have an interest in positioning themselves on Israel's side or being perceived as doing so, e.g. by stepping in to prevent demonstrations and marches on Israel's borders should they occur. Rather, clashes between Palestinians and Israeli border guards might serve as a welcome diversion from domestic tensions for some neighbouring regimes – as was already the case on the eve of the Nakba anniversary on 5 June 2011 on the Syrian-Israeli border. Another source of tension stems from the very fragile security situation in the Sinai which has not only entailed repeated attacks on the gas pipeline but also serious cross-border attacks on civilians and military personnel in Israel leading to the killing of Egyptian border guards in August and again in November 2011. A crisis erupted when the Israeli embassy in Cairo was stormed and besieged by a mob in reaction to the August incident and its staff had to be evacuated – amidst escalating rhetoric on both sides. Further attacks from the Sinai bear the danger of violent escalation as well as of a further deterioration of Israeli-Egyptian relations and a dangerous dilution of Camp David arrangements. This remains true even if bilateral relations relaxed temporarily in the context of the October 2011 Egyptian mediation of the Israel-Hamas prisoner exchange.

## **Israel Misses the Chance to Refashion its Relations with the Neighbours**

The insecurity brought about by protests and upheavals in the region, the anti-Israel rhetoric of Turkey's Prime Minister, the strengthened influence of Hezbollah in Lebanon, the Iranian nuclear programme, as well as the perceived rise of Iranian influence in the region have reinforced the bunker mentality of Israel's right-wing government. The coalition under Prime Minister Benjamin Netanyahu has felt confirmed in its attitude that the time was by no means ripe for peace overtures or "concessions," even though parts of the Israeli Left, of the opposition of the Centre (Kadima) and of the security establishment urged the government to exert stronger efforts to reach a peace agreement with the Palestinians and to positively approach the changing environment. Instead, the government has concentrated on building up its military advantage over its Arab neighbours and Iran, on a diplomatic campaign to prevent recognition of Palestine and its admission as a full member to the United Nations and on shifting the debate towards the Iranian threat.

In the summer of 2011, the Israeli government was challenged domestically by a countrywide protest movement. The protesters demanded social justice,

affordable living space and fair costs of living – with Israel being the OECD country with income gaps second only to the US. Even though young Israelis were inspired by the Arab Spring, as their placards showed, only few of them demanded their political leadership to work for a rapprochement with Israel's Arab neighbours. Also, very few of them made the link between Israel's low expenditure for education and social welfare on the one hand and the cost of occupation and military strength on the other. In the end, the Israeli government did not exert serious efforts to make use of the changing regional environment to build new and better relations with the newly forming societies and systems.

## **Palestinian Power-Sharing Agreement and the Palestinian UN initiative**

The Arab Spring brought renewed impetus to efforts to overcome internal Palestinian division. In early May 2011, Hamas and Fatah, together with smaller Palestinian factions, signed a power-sharing agreement, after years of earlier talks and different mediators had failed to overcome the differences between the main competitors. The deal reflected the realisation of the leaderships in Ramallah and Gaza City (or rather in Damascus) that the people of the West Bank and the Gaza Strip were no longer willing to accept their competing governments' intransigence or the consolidation of two increasingly authoritarian systems. Unlike in other Arab states, Palestinian protests in mid-March 2011 focused not on the demand to overthrow the regime(s) but on overcoming internal divisions. This demand has also been consistently expressed in opinion polls as one of the Palestinian priorities for years. Other factors linked to the Arab Spring also had an effect on both movements' considerations. After all, both saw their regional supporters weakened or overturned: the Mubarak regime, the main supporter of Fatah, had already been displaced; the Syrian regime, Hamas's principal sponsor, was wobbling, which necessitated a reorientation of the Hamas leadership. In addition, an – at least temporarily – more independent, more self-confident and more constructive Egyptian foreign policy, which did not favour one Palestinian movement over the other let alone putting US-American or Israeli concerns first, allowed for the agreement to be sealed. Still, due to the contradictory interests of Fatah and Hamas, implementation of the agreement did not see progress until late 2011.

Another factor that had opened the way for the power-sharing agreement to be concluded was the lack of progress in the peace process. No bilateral Israeli-Palestinian negotiations had taken place since September 2010, when a temporary and partial settlement moratorium ran out. US President Barack Obama's

speeches on the Arab Spring and the Middle East delivered in May 2011 at the State Department and at the AIPAC (American-Israel Public Affairs Committee) Conference were overwhelmingly welcomed in Israel as confirmation of the US commitment to Israel and the strength of the Israeli-American friendship, as was Benjamin Netanyahu's speech before both Houses of Congress. For their part, the Palestinians welcomed Obama's insistence on a two-state settlement based on the 1967 borders with agreed land swaps. Yet, the Palestinian leadership also interpreted the speeches as clear indications that they should not expect active, consistent or balanced US mediation and that negotiations with the Netanyahu government would lead nowhere. The Palestinian leadership therefore focused its political efforts not on a renewal of negotiations but on mobilising international support for full membership in the United Nations, thereby trying to improve its international standing and internationalising the resolution of the conflict. In this approach, the Palestinians were able to rely on widespread international empathy as well as recognition of its efforts in state- and institution-building from international organisations. At the same time, it was clear from early on that full membership was a way off, as the US had announced its intention to use its veto in the Security Council. In the end, while Palestine was welcomed by a large majority as a full member into UNESCO in early November 2011, it did not even muster the nine votes necessary in the Security Council to pursue full UN membership.

## **Prospects and Conclusions for EU Policies**

The prospects for conflict settlement are anything but good. To the contrary: the mutual reinforcement of negative tendencies and the increased insecurity in the region make a constructive approach to conflict resolution increasingly unlikely. Following the failure to turn the Palestinian UN initiative into a constructive step towards Palestinian self-determination, an end to Israeli occupation and a peace agreement, there is a risk of heightened tensions and of a third intifada – which might well have larger regional implications than the last Palestinian uprisings. This danger is heightened even further due to the weakening of the Palestinian Authority as a consequence of Israeli and US reactions to the Palestinian move at the UN: the severe US reduction of financial support for the PA, the Israeli withholding of tax and customs transfers to the PA, as well as a renewed settlement drive. An option discussed ever more frequently among Palestinians is to dissolve the Palestinian Authority, hand all responsibility for the Palestinian territories back to the occupying power and concentrate the struggle on achieving equal rights within the State of Israel rather than independence from it. Such an approach, should it be pursued even against the strong interests of Palestinian elites, would clearly mark the definitive end of the Oslo process.

But it would most likely not see success – as Israel has no incentive to annex those territories on which the better part of the Palestinian population live and make them citizens – and it would certainly not help to solve the conflict.

The persistence of conflict, but even more its violent escalation, will be accompanied by all those elements that make the consolidation of more open and participatory political systems in Israel's neighbourhood less likely: oversized armies and an allocation of resources that favours military and defence over human development, a dissent-intolerant atmosphere, an unfavourable investment climate, a strengthening of radical forces and non-state armed groups and the further weakening of states as well as the Palestinian Authority. It will also negatively impact on Europe's relations with states and peoples in the region as long as Europeans do not follow up there stances with concrete and credible engagement at conflict settlement.

Already, European attempts to dissuade the Palestinians from presenting their initiative for full UN membership to the Security Council as well as (some) European countries' voting on the Palestinian UNESCO membership bid and their stance in the Security Council in November 2011 were in stark contrast to the enthusiastic European support for other Arab peoples' quest for freedom and self-determination. They were also out of sync with the agreed European approach towards the Arab-Israeli conflict: Europeans have held that the conflict should be settled through a two-state arrangement for its Israeli-Palestinian dimension, complemented by peace agreements between Israel and its Arab neighbors (Syria and Lebanon) on the principle of land for peace as well as peaceful, neighbourly relations between Israel and the wider Arab and Muslim world – as spelt out in the Arab Peace Initiative. It is with this intention that, since the beginning of the Oslo Process in 1993, the EU and its member states have supported the building of a Palestinian state with considerable financial and technical assistance. Accordingly, in March 1999, towards the end of the interim period agreed in Oslo, the EU announced that it would consider recognising a Palestinian state “in due course”, an intention reiterated in the EU Council Conclusions of December 2009 and 2010. In spring 2011 the UN, the International Monetary Fund and the World Bank all confirmed that Palestine had fulfilled the preconditions for statehood – to the extent possible under continuing occupation. At the end of July the United Nations Special Coordinator for the Middle East Peace Process, Robert Serry, told the Security Council that the Palestinian Authority was “ready to assume the responsibilities of statehood at any point in the near future”. However, the Europeans – in alliance with the US and Israel – tried to block the Palestinian initiative rather than using the opportunity to turn it into a constructive step towards conflict settlement. In

this, they have also signalled to the Palestinians that all peaceful and legal possibilities to achieve Palestinian rights under international law are blocked.

Today, the situation must be described as paradoxical: the contours of an Israeli-Palestinian settlement are well known, and have been sketched out in the December 2000 Clinton Parameters, the results of the January 2001 Taba Summit and the unofficial Geneva Accord of autumn 2003. Also, a two-state solution has become the internationally accepted paradigm for the settlement of the Israeli-Palestinian conflict, and has been supported by majorities in both populations. Still, the prospects for its realization are fast disappearing. The increasing fragmentation of the West Bank and the isolation of East Jerusalem neighbourhoods from their surroundings due to continued (or rather, reinforced) construction of settlements, settler roads, checkpoints and the separation barrier as well as the political and territorial separation of the West Bank and the Gaza Strip make a two-state solution increasingly unlikely. At the same time, there is no alternative that would satisfy the national aspirations of both people and would be acceptable to neighboring states such as Jordan and Egypt.

The plan presented by the Middle East Quartet (USA, EU, Russia and the UN) in September 2011 to resume Israeli-Palestinian negotiations puts the onus to lead on the Europeans. The USA will be in the midst of a (pre-)election campaign for the time to come and the US administration thus even less in a position to act as the “honest broker” that is needed to conclude negotiations by the end of 2012. While only a comprehensive regional settlement will be sustainable, for now mediation should, obviously, focus on the Israeli-Palestinian track. Here, active and consistent mediation is required – mediation that evens out, rather than exacerbates the asymmetric relationship between the two parties. In addition, rather than renegotiating basic principles of a settlement, Europeans should insist on the parameters that they presented in February 2011 in the Security Council: a territorial arrangement on the basis of the 1967 borders with an agreed exchange of territory; security arrangements that meet the needs of both sides; a just and agreed solution for the refugees; Jerusalem as the capital of both states. They should also draw up a binding time table, establish an oversight mechanism and spell out the consequences of the (probable) failure of a negotiated solution. Unless the E3 agree on a common approach on these issues and take the initiative, there is little hope, though, to move forward and resolve the conflict. Violent escalation is looming – and with it the demise of the two-state solution.

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