

Strengthening the strategic choice offered to the EU's southern Mediterranean neighbours

Steven Blockmans and Bart Van Vooren

1 February 2013

The European Neighbourhood Policy (ENP) currently lacks a strategic vision for states in the southern Mediterranean that would offer substantial returns in exchange for making tough reforms. This lack of real incentive can be resolved through a concrete prospect of regional integration pro-actively driven forward by the European Union. Inspired by current projects such as the Energy Community Treaty, the EU should explicitly incorporate “legally binding sectoral multilateralism” into the ENP. This would provide the Union’s partners with a tangible prospect of reaping real long-term benefits from EU cooperation and reinvigorate the ENP for the next decade.

Since 2003, the European Neighbourhood Policy has set out to attain security, stability and prosperity in wider Europe. While the EU – its institutions and member states alike – were caught by surprise by the Arab Spring, a comprehensive discussion on the future of the ENP by the Council had – coincidentally – already been planned for the first half of 2011. The revolutionary upheaval in the southern Mediterranean and the slow reforms in most of the eastern neighbourhood have pushed the European Union to revise its approach to the ENP. In March 2011, the European Commission and the High Representative presented some ideas on a new ‘partnership for democracy and shared prosperity’ with the southern Mediterranean. In May 2011, the Commission and the High Representative presented a full review of the ENP, introducing an enhanced form of conditionality which should see more political and financial support being given to those neighbouring countries that implement more reforms towards what has been called “deep democracy”.

This “more for more” (and “less for less”) type of conditionality lays the basis for a revamped differentiation between neighbours, one not based on geographical criteria but on their individual performances. However, this new policy language cannot disguise the fact that the revised ENP provides neither southern nor eastern neighbouring states with an explicitly formulated, strategic long-term goal or a detailed roadmap for realising it. Whether the principle of “more for more” can really achieve a leveraging effect and inspire broad-based reform as desired by the EU is to a considerable extent dependent on the prospects

Steven Blockmans is a CEPS Senior Research Fellow and Head of the EU Foreign Policy programme. Bart Van Vooren is Assistant Professor of EU Law and European Integration at the University of Copenhagen. This commentary builds on their joint article “Revitalizing the European ‘Neighbourhood Economic Community’: The Case for Legally Binding Sectoral Multilateralism”, *European Foreign Affairs Review*, Vol. 17, No. 4, 2012, pp. 577–604. It also appears as an editorial in the February issue of the *European Neighbourhood Watch*, No. 90, February 2013.

CEPS Commentaries offer concise, policy-oriented insights into topical issues in European affairs. The views expressed are attributable only to the authors in a personal capacity and not to any institution with which they are associated.

Available for free downloading from the CEPS website (www.ceps.eu) • © CEPS 2013

offered to neighbouring states. Whereas the eastern neighbours have reason to be hopeful that they may one day be offered a membership perspective (perhaps as early as November 2013, at the Eastern Partnership Summit in Vilnius), the southern neighbours have no such prospect as they are not considered 'European' in the sense of the EU membership clause in Art. 49 TEU. Thus, the EU has to develop its strategic commitment to the South if it wants the ENP to steer the revolutionary momentum in the direction spelled out in Art. 8 TEU, i.e. the creation of "an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation". Whereas extending economic integration is the EU's method of choice to beef up the ENP, slogans like "everything but the institutions" and "a stake in the internal market" have in the past ten years proven to be too vague, bureaucratic and technical to inspire and rally support from the people on the streets of Cairo, Tunis and Amman.

All southern Mediterranean states suffer from enormous economic differences and urban-rural discrepancies. These contrasts are one of the reasons that many citizens have not been able to profit to the same extent from the economic growth rates of recent years. With support from foreign investors and financial support from the EU, regimes have pursued a course of economic modernisation that all too often concentrates on the coastal regions dominated by the tourism industry - as seen in Tunisia, Morocco and Egypt - thus neglecting agrarian interior regions suffering from water shortage. The contrasts are compounded by the fact that the EU's agricultural imports from southern Mediterranean states are still hampered by trade barriers that disadvantage precisely the product categories in which Morocco, Tunisia, Egypt, and to a lesser extent Lebanon and Jordan have considerable competitive advantages. Similarly underdeveloped in the Maghreb and Mashreq is a national and consequently transnational transport infrastructure, which greatly complicates mobility within societies as well as the deepening of regional or sub-regional cooperation and integration structures as embodied, for instance, in the Arab Maghreb Union or the 2004 Agadir Agreement.

Reducing these discrepancies and eliminating them altogether in the medium term is therefore a challenge to which the ENP must rise if it wants to fulfil its objective of a prosperous and stable neighbourhood and break the cycle of successive support initiatives. Given that a key instrument of the ENP is the launch of Deep and Comprehensive Free Trade Agreements, there is an opportunity to move away from the asymmetrical free trade practices of recent years. At the same time, the hub-and-spoke approach of bilateral horizontal trade agreements can be complemented by establishing or strengthening vertical, intra-regional and inter-regional free trade pacts such as the regional convention regarding preferential pan-Euro-Mediterranean rules of origin. This would offer a chance to also pull the Union for the Mediterranean (UfM) out of the evident stagnation into which it has sunk since its establishment in 2008. This will unite both cooperation structures in the spirit of the EU's coherence requirement and open up a chance for the EU to contribute in a complementary manner to the success of national infrastructure programmes, such as those already underway in Algeria (as part of the national five-year plan) and in Morocco.

Whereas there is some rhetorical commitment to strengthening the regional dimensions of the ENP, for example through the UfM and the Eastern Partnership, these frameworks remain hazy, and few tangible multilateral proposals to that effect have been made. Notably, while the May 2011 ENP Strategy repeats the goal of forming a 'Neighbourhood Economic Community' as a long-term objective of regional integration across the neighbourhood, it makes no proposals on instruments or a strategy aimed at achieving that objective. Where the southern neighbours currently lack a concrete vision that would create a real incentive to

follow the ENP's 'more for more' logic, it is exactly the credible promise of prosperity through regional integration that can create the necessary impetus.

The European Union should explicitly incorporate "legally binding sectoral multilateralism" into the ENP to provide the prospect of real long-term benefits from EU cooperation to Mediterranean ENP partners. This would entail a pro-active strategy consisting of treaty-based legal integration between the EU and neighbouring countries and between the latter themselves, in sectors where such integration is clearly beneficial in its own right, thus translating easily into strategic goals worth fighting for. The Energy Community Treaty (ECT), the European Common Aviation Area Agreement and the draft Transport Community Treaty are good examples of such legally binding multilateral frameworks that could revitalise the ENP. A first and straightforward opportunity for the EU to pursue legally binding multilateralism would be to propose the extension of the Energy Community Treaty to the South. The strong symbolism of such a well-defined project would enhance the political profile of EU-Southern neighbourhood relations where the UfM has faltered. As an explicit marker of a real and strengthened commitment by the Union and its member states – the latter being crucially important – it would unlock additional political will and administrative capacity. There is no silver bullet for EU engagement with the post-Arab spring Mediterranean, but the accession of Ukraine and Moldova to the ECT has already illustrated the potential of this approach. The attraction of a legally binding, sectoral regional treaty framework has proven to aid partner countries' administrations to rise above political turmoil, towards the procurement of relatively short-term and tangible benefits from cooperation with the EU and aligning national systems to the *acquis*.

Current EU policies certainly pursue binding multilateralism, but in a rather fragmented fashion – both in substance and geographic reach. It is incumbent on EU foreign policy that it pursues the principles that inspired its own creation, and regional integration is nothing less than the essence of the Union itself. As a consequence, in creating the special relationship with its neighbours, legally binding sectoral multilateralism must be placed front-and-centre in order to shape the post-Arab spring Mediterranean. Concretely, in their joint Communication of March 2013, the Commission and the High Representative, in consultation with the member states, should give substance to their strategic vision for the ENP by offering neighbouring countries the conditional, but real and concrete prospect of acceding to the existing multilateral treaty frameworks in the sphere of transport and energy, with a longer-term possibility in other domains as well.