

Daniel Gudan:

**Euro-Mediterranean Interdependence and
Economic Co-development**

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LIST OF ACRONYMS

AA	Euro-Mediterranean Association Agreement
AMU	Arab Maghreb Union
AP/APs	Action Plan/Action Plans
AQIM	Al-Qaeda in the Islamic Maghreb
CFSP	Common Foreign and Security Policy
DAC	Development Assistance Committee
DCFTA	Deep and Comprehensive Free Trade Areas
EBRD	European Bank of Reconstruction and development
EC	European Communities
EIB	European Investment Bank
EMEA	Euro-Mediterranean Economic Area
EMP	Euro-Mediterranean Partnership = Barcelona Process
EMPA	Euro-Mediterranean Parliamentary Assembly
EMRSC	Euro-Mediterranean Regional Security Complex
EMRSSC	Euro-Mediterranean Regional Security Super Complex
ENP	European Neighborhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ESDP	European Security and Defense Policy
ESS	European Security Strategy
EU	European Union
EuroMeSCo	Euro-Mediterranean Scientific and Cultural Organization
EUROSTAT	The statistical service of the EU
FDI	Foreign Direct Investment
FTA	Free Trade Area

FY Financial Year

GCC Gulf Cooperation Council

GDP Gross Domestic Product

GSP Generalized System of Preferences

ICI Istanbul Cooperation Initiative

MEDA Middle East Development Assistance

MENA Middle East and North Africa (region)

MPC Mediterranean Partner Country

NATO North Atlantic Treaty Organization

NEC Neighbourhood Economic Community

OSCE Organization for Security Cooperation in Europe

OECD Organisation for Economic Co-operation and Development

PA Palestinian Authority

PCA Partnership and Cooperation Agreement

RSCT Regional Security Complex Theory

RSP Regional Strategy Paper

SAA Stabilization and Association Agreement

SMEs Small and medium enterprises

SPRING Support for partnership, reforms and inclusive growth

TACIS Micro-financial assistance and humanitarian aid program

UfM Union for the Mediterranean

US United States

US MEFTA US Middle East Free Trade Area

WMD Weapon of Mass Destruction

WTO World Trade Organization

Part One:

Hypotheses, Theoretical Background, and Methodology

1.1 Introduction

Euro-Mediterranean cooperation and interdependence -the main focus area of this research- has serious importance for both of the cooperating partners: the EU and the countries in its southern neighborhood can both benefit from this partnership on many different levels. The European Union -as a part of its deepening integration process- has to build up its own independent foreign policy, and for this purpose its close neighborhood is obviously the best area to start with. To create a region of peace and prosperity in its surrounding regions is highly important both for socio-economic and security reasons.¹ For the Mediterranean partner countries this partnership is also essential as it offers them an opportunity to get external help for the development of their economies and to gain broader access to European markets. The Euro-Mediterranean Partnership was established in 1995 at the Barcelona Conference as the main institutional base for the current cooperation between the EU and its partners in the MENA² region. In the framework of this research both the historical premises and the current institutional context of the partnership will be examined including the Union for the Mediterranean and the European Neighbourhood Policy (ENP).

After the introduction of the institutional framework of this cooperation, Euro-Mediterranean security and economic interdependencies will be evaluated to discover the “hidden realities” lying behind these institutional cooperation forms. Several sectors of security and economic interdependence will be closely studied to gain a deep insight of these ties, which will make us able to give a fair evaluation of the institutional framework outlined before. This evaluation will be focused on the ENP, because of its unique and effective structure and its potential to become the EU's main tool of foreign policy making in its neighborhood.³

Finally, the Arab uprisings of 2010/11 will provide a perfect “test ground” for the concrete implementation of our knowledge on Euro-Mediterranean cooperation and interdependence and show us how these ties work in the contemporary inter-regional political arena. The ENP plays a central role in the EU's reactions to the uprisings, therefore -here again- it will be the key element being studied to understand the EU's capabilities and intentions.

1 Based on: Marseille Declaration, 2008: <http://www.ufmsecretariat.org/en/wp-content/uploads/2010/12/dec-final-Marseille-UfM.pdf>

2 "MENA" in this work will be used to describe the EU's southern neighbours including Morocco, Algeria, Tunisia, Libya, Egypt, Israel, Jordan, Occupied Palestinian Territory, Lebanon, and Syria but excluding Turkey, Iraq, Iran and the Gulf states

3 The most detailed source on the ENP: <http://www.enpi-info.eu/>

1.1.1. General statement of the problem area

This dissertation will draw up a multilevel analysis of Euro-Mediterranean cooperation and interdependence. It will examine several layers of this partnership: first it will shortly summarize the theoretical and methodological background used during this research, then the research itself will take place exploring both the security (political/societal) and economic aspects of this partnership in detail.

This project will have a serious duality of approaches from its very beginning: In the first part contemporary neorealist IR theory will be applied as background for a security-focused analysis of the Euro-Mediterranean cooperation, and later as a complementary point of view different theories of International Political Economics (IPE) will be utilized to describe the economic interdependencies between the two halves of the region. This duality will follow through almost the entire project: theories, methodologies and the research itself will have two independent “legs”, with the aim that in the end these two approaches will complement each other in a synergistic way, merging into third kind of approach with a significantly enhanced explanatory power.⁴

To provide a historical perspective, first the evolving institutional background will be explored from the first institutions of cooperation between the two shores of the Mediterranean Sea to the two main contemporary systems, the Union for the Mediterranean (UfM) and the European Neighbourhood Policy (ENP). Since the mainly multilateral UfM has several problems in its development now-days and did not fulfill the role it aimed to, more attention will be dedicated to the bilateral mechanisms of the European Neighbourhood Policy, which seems to have a much more powerful effect in the MENA region but where appropriate, examination of the UfM will be drawn in as well.

After the introduction of the theoretical, methodological and institutional background, the core element of the dissertation will take place, focusing on the current state of the partnership and the Mediterranean Region. Here will be examined both the security and economic aspects of the partnership in detail. As mentioned above, for the security-focused examination mainly Barry Buzan's neostructuralist theory will be used as a background and for the economic examination different IPE theories will be utilized. For the research on the security aspects of the partnership focus will be on examining original EU documents and expert studies on the partner countries, while the economic research will mainly involve the processing of statistical data instead.

4 On the importance of interdisciplinarity see: Allen F. Repko (2008): *Interdisciplinary Research: Process and Theory*, SAGE

While examining the complex political background of Euro-Med relations, the effects of the 2010/11 Arab revolutions in the region must be addressed as well. The main assumption here will be that while the EU is largely interdependent on security terms with the MENA, it has also an economic leverage over the region, therefore it could use its economic weight⁵ to reach stabilization and “defend” itself from a possible security deterioration. Using the EU's economic capabilities to reach stabilization in the MENA can be an especially appealing strategy if we recognize that the main drivers of the Arab uprisings were coming from the region's economic decline. Here the assumption will be that the EU could positively contribute to Arab economies even without raising the amount of direct aid or development loans offered for them. The long term solution could come from a deeper Euro-Mediterranean economic integration instead, offering market access, circular mobility and trade opportunities for both sides. To prove these assumptions, security and economic interdependencies of the two sides will be examined showing that these interdependencies are deep, therefore the development of institutional cooperation amongst these players needs to be taken seriously on the high policy making level.

From the side of EU policy making, the focus will mainly be on the analysis of the European Neighbourhood Policy and on its Action Plans, showing how the EU deals with these economic and political relations and discovering a possible ENP reform agenda based on the findings. As a case study, the examination of some individual countries (Egypt, Jordan, Tunisia and Morocco) will take place to show how the partnership works in practice in these rapidly changing countries of the region.

The final part of the dissertation will try to develop scenarios on the basis of the research findings, and measure the probabilities of different outcomes depending on the future behaviors of the actors. This conclusive part will answer the two research questions set out below, and summarize the effects of the discovered political and economic developments. At this point the two theoretical-methodological approaches used in this research will merge into one interdisciplinary approach to show how two different fields of social science can complement each other to give a clearer picture of one complex case.

5 Although this economic weight seems to be shrinking because of the current euro-crisis, the economic leverage of the EU over the MENA is still very significant.

1.1.2. Research purpose and significance of study

The real significance of this work comes from its timing: the 2010/11 Arab revolutions can serve as a perfect political background to give a first test to the EU's baby-aged foreign policy and its institutions. The main research purpose therefore will be to give a fair evaluation to the EU's new common foreign policy system's (especially the ENP's) first steps in the European neighborhood, and see if the EU can live up to its political and economic weight at least in the geographical areas next to its immediate borders, and if its able to use this weight for the benefit of both sides of the Euro-Mediterranean region.

Examining the European Neighbourhood Policy from its foundation in 2004 until now-days we can easily identify two general principles it's driven by: security and (democratic) reform. This duality of goals are sometimes competing, sometimes complementing each other. The developments of now-days give a perfect example of the first: the EU was seriously hesitating to give any specific answer to the Arab revolutions in the beginning and also did not make any political steps to encourage protesters due to it's own security reasons. This diplomatic inactivity shows that the short term security principle outranked the long term reform principle on the EU's foreign policy agenda this time. Since the EU had quite smooth relations with the authoritarian regimes of the region, the theoretically supported democratization movements toppling these EU-friendly dictators were not honestly welcomed in reality at first. The EU has fears that the new democratic governments in the south will be less cooperative in handling the migration problem for example, or even become Iran-shaped theocratic states. On the other hand, following the Turkish-style democratization process they can develop to be more western-friendly too. Whatever will be the final outcome of the process, the EU has an opportunity now to throw in its economic and political weight to shape the region's future, even if it has only limited capabilities to do so.



Catherine Ashton herself described the „J theory of democratization”⁶ not long ago in an open lecture:⁷ if we have the vertical axis as „stability”, and the horizontal axis as „openness” we can describe the move from authoritarian control towards an open democracy with a J shaped graph. This means that

6 Ian Bremmer, 2006; The J curve: a new way to understand why nations rise and fall

7 See: http://www.arthmultimedia.com/documents/uni_corvinus/corv_catherine_ashton.mp4

from the security aspect the moment of transition from one to the other is the most sensitive. When a state has authoritarian leadership stability is high but this comes at the price of low openness. When a country opens up, authoritarian stability starts to decrease until a certain point when the regime collapses. After the transition, a new and more open democratic system emerges which develops a new type of stability reaching the opposite end of the J curve.

If Lady Ashton herself recognized and described this rule, we could assume that the EU's foreign policy owners are conscious of the fact that right now, in the process of transition can the Union gain the most influence in the region, and this should implicate strong and confident actions. The revolting states are at the bottom of the J right now, and might need assistance to climb upwards. What tools can the EU use to help climbing? Military intervention was only a limited option (and also not needed any more, since the regimes already collapsed from the inner pressure), but economic help and technical assistance is much needed.

Until recently the above described relative ineffectiveness of the ENP embodied a comfortable compromise: the bilateral Action Plans⁸ (the core units of ENP which set the agenda and conditioning of cooperation with the EU for the partner states) prescribe democratization and socio-economic reform as conditions for financial help in exchange, but these conditions were never taken seriously by the authoritarian regimes and have never been truly enforced by the EU. The EU did not put too much pressure on the regimes and in exchange these countries were partners in handling migration and counteracting Islamist movements. This pragmatic attitude showed that in the conflict of the short term security interests versus the democratic values -until now at least- the first was the dominant. Now, that security is gone the only way forward for the EU is to act along the democratic values, and as the J theory shows us this can lead to security on the long term solving the EU's classic dilemma about its southern neighbors. The process of redrawing the EU's southern neighborhood policy has already begun and we can identify two core elements of its needed reforms:

The first of these elements is of course money: the increase of financial assistance given to these countries looks already quite sure. The amount and form of giving is far less predictable: French and Spanish ministers have called for serious increase of direct financial support to the region, redirecting money from the Eastern Partnership. The possible increased role of the European Investment Bank has also arisen, but most probably the real outcome will be the mixture of these

8 All of these Action Plans can be downloaded from the ENP info site: <http://www.enpi-info.eu/>

possibilities. The southern partnership will gain more weight financially in the ENP and also the EIB will activate more development credits with friendly conditions. The question will be the amount: will this financial „mixture” be enough to help these states through the bottom of the „J”, or will the ENP fail to gain substantial influence like it’s predecessor, the Euro-Mediterranean Partnership did? Will an inwards looking and economically challenged EU be able to act? The answers to these questions will be derived from the evaluation of the EU's official answer to the Arab Spring titled “Support for Partnership, Reform and Inclusive Growth” (SPRING)⁹, which has already allocated a 350 million Euro extra aid package to support Egypt, Jordan, Morocco and Tunisia (Libya is not included yet), but -however ambitious this plan seems to be- the real effects of it will depend on the correct implementation.

However important money is, the main purpose of this study lies rather in the second element. Our assumption is that the EU can gain significant influence in the region not by the short-term financial aid it plans to provide, but by developing a long-term agenda for deeper economic integration. This makes us believe that the second -and far more important- element of the reforms should be the recognition of deep inter-regional interdependencies and the renovation of the ENP accordingly. As we will assume, the core reason for the Arab spring to break out was the overall economic decline of the region, which led to the demise of the “social contract” that existed before between the authoritarian regimes and their suppressed people. As demographic expansion together with economic stagnation lowered the well-being of people in the region, they lost trust in their elites and attempted to oust them. By succeeding in taking out the rulers -however- the economic problems did not get solved for the MENA. This is where the EU could come in and provide not only short term financial aid, but also a long-term perspective for economic development by deepening the Euro-Mediterranean economic integration. This would provide European market access for the products of the region and FDI transfer for MENA domestic economies, which would put them on a sustainable development path and therefore stabilize them politically.

Summarizing the significance and purpose of this research we can identify the core element of it as an attempt to clarify the inter-regional security and economic factors of contemporary Euro-Mediterranean relations, therefore to get closer to understand the dynamics of it. Once the picture becomes clear, it will be easier to identify appropriate tools at the EU's disposal with which it can help its southern neighbors to climb towards prosperity, securing the materialization of the Union's main foreign policy goal: a circle of peaceful and prospering neighbors at its borders.

9 Details of the program: http://ec.europa.eu/europeaid/documents/aap/2011/af_aap-spe_2011_enpi-s.pdf

1.1.3. Research questions and hypotheses

The current research on contemporary EU-MENA relations can be split into two separate question groups. One group can be formed around the rapidly changing security relations and the dynamics of interactions between the EU and its southern neighbors. This line of the research implies the deep examination of EU-MENA security interdependencies and the evaluation of the EU's policies in respect of these. The first group of research questions therefore can be formulated as the following:

(1) How could we describe the sectors of Euro-Mediterranean security interdependencies? How do the EU's foreign policy tools (mainly the ENP) reflect these interdependencies and could they be improved? Finally, what did the Arab revolutions change in the original status-quo in these sectors?

The second group of questions comes from the EU's proposed deeper involvement in the MENA's economic development. As the region's dominant economy, the EU could use its economic potential to stabilize its neighborhood and to build a mutually beneficial economic cooperation with its southern partners. Therefore the second group of research question can be stated as following:

(2) How could we describe Euro-Mediterranean economic interdependencies? How do the EU's external economic policies (aid, trade, FDI) reflect these interdependencies and could these policies be improved? Could a deeper Euro-Mediterranean economic integration be profitable for both of the cooperating partners?¹⁰ Finally, how did the Arab revolutions change the prospects of these economic relations?

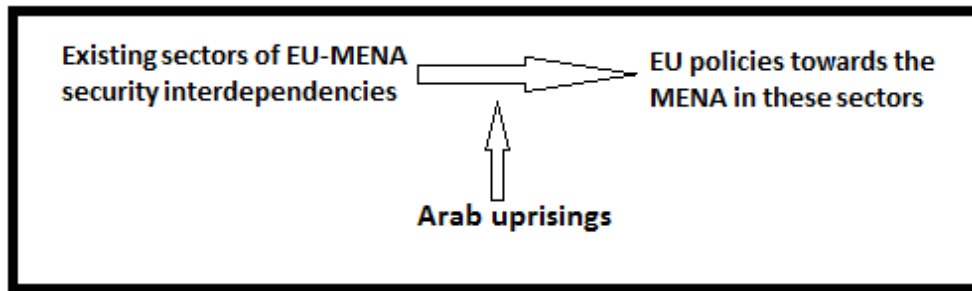
The two hypotheses of the current work can be derived from the questions above:

H1: The Euro-Mediterranean area has several sectors of security interdependencies that are deep enough to transform the area into a single security complex.¹¹ This interdependence was highlighted by the Arab Spring, which posed new challenges to EU policy makers. The level of interdependence is not reflected correctly by the current set of EU policies therefore they do not meet these challenges and their review is unavoidable.

¹⁰ By deeper integration we propose a common Euro-Mediterranean Economic Area as did Andre Sapir and Georg Zachman (2012): A European Mediterranean Economic Area to Kick-Start Economic Development, in: Egmont Papers Nr. 54, Egmont – The Royal Institute for International Relations

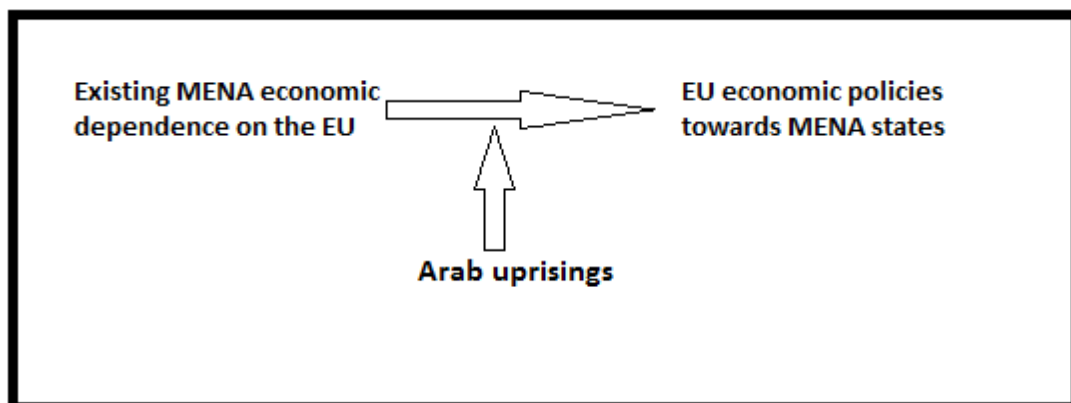
¹¹ A detailed description of security complexes will be lined out in the "Theoretical Background" chapter of this thesis.

When proving H1, at first existing sectors of security interdependencies will have to be discovered, and identified as “independent variables”, and then different EU policies (ENP mainly) will have to be evaluated accordingly as “dependent variables”. Finally, the Arab uprisings as “intervening variables” have to be examined to see what they changed in the original system and how policy improvements should reflect these changes:



H2: The Euro-Mediterranean area is economically interdependent but this is asymmetrical: the Arab states are much more dependent on the EU than the EU on them. This dependence gives the EU a potential economic leverage in the region especially as the Arab Spring was triggered by mainly economic reasons. Current EU policies do not coordinate this potential efficiently, therefore their revision is highly desirable and reaching a deeper Euro-Mediterranean economic integration should be the main goal of this revision.

When proving H2, first the economic dependency of MENA states on the EU will have to be proved and identified as “independent variable”, then different European external economic policies will have to be evaluated accordingly as “dependent variables”. Finally, the Arab uprisings as “intervening variables” have to be examined to see what they changed in the original system and how policy improvements should reflect these changes:



Both of H1 and H2 are based on a hidden assumption (H0), which is that the current economic crisis of Europe will be solved sooner or later and economic collapse and the disintegration of the EU is avoidable. Although a serious European economic meltdown is not entirely excludable, this scenario will not be discussed in this work, and the existence and ongoing acting ability of the EU will be taken for granted.

1.1.4. The framework of hypothesis testing

Before explaining what framework will be used to prove the two hypotheses, it is useful to narrow down the area of issues this thesis will cover. Exploration of related issues will cover:

- Theoretical issues: exploration of IR theories applied to Euro-Mediterranean relations in this research.
- Methodological issues: exploration of IR methodologies applied to Euro-Mediterranean relations in this research.
- Historical issues: short exploration of the historical evolution of inter-regional ties.
- Institutional issues: exploration of the current institutional background.
- Security issues: exploration of sectors of security interdependence.
- Economic issues: exploration of economic interdependence.
- Policy evaluation: Evaluation of the EU's Mediterranean policies (mainly the ENP).

As Euro-Mediterranean relations could serve as an infinite source of academic research, here we will have to narrow down the area we cover and exclude some closely related issues because of length limitations. Some related but excluded areas are: (1) Geopolitical issues: Chinese, Russian and Turkish influence on the region (2) The Arab-Israeli conflict (3) Issues of the “Greater Middle East” (Iraq, Iran and the Gulf states) (4) The Eastern Partnership (The eastern “arm” of the ENP) (5) Internal EU issues (Conflicting Member States and EU institutions) (6) Other external policies of the EU (Peace missions, EEAS, etc.). These are all relevant areas of research and their exclusion might seem to be an oversimplification of the subject, but as they cover widely different approaches their inclusion would make this work fragmented, which should be avoided.

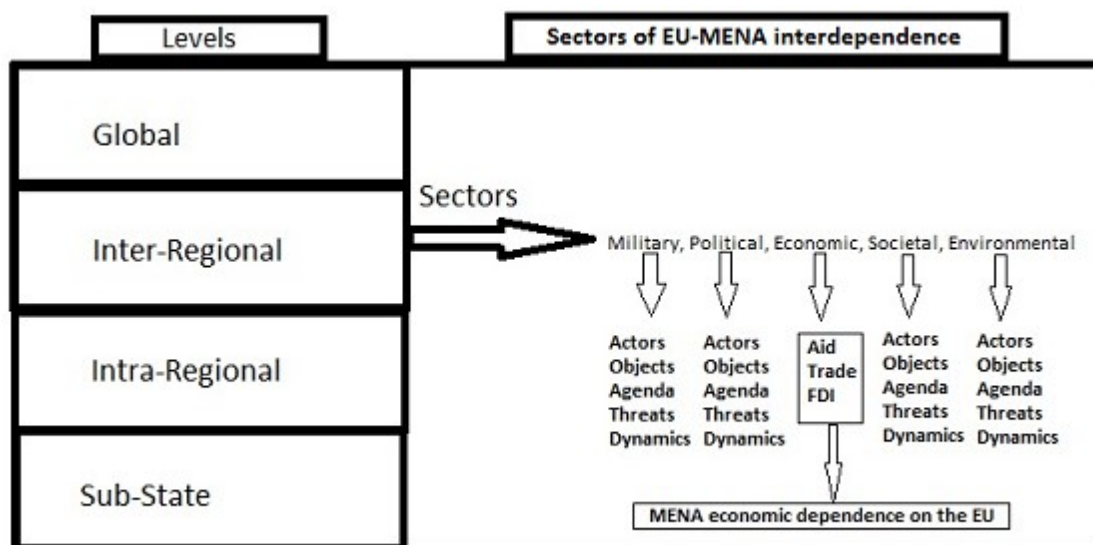
After the explanation of theoretical, methodological, historical and institutional issues the research on security, economic and policy issues will follow a modified version of Barry Buzan's sectoral approach which will be applied to Euro-Mediterranean relations. This framework will consist of four elements: (1) Examination of security interdependencies on Buzanian terms, (2) Examination of economic interdependencies, (3) Examination of the effects of the Arab Spring on these interdependencies, and (4) Evaluation of EU policies related to these interdependencies.

The "algorithm" of exploration (1-4) will be used generally to the whole MENA region, with examples taken from all the countries surrounding the Mediterranean Sea but as this region consists of many diverse entities -here again- the focus area has to be narrowed down somewhat. To be able to see a more detailed picture (the "micro-physics" of the ENP), some individual countries must be selected and explored deeper. After having explored the overall (macro-) picture of Euro-Mediterranean relations on both security and economic fields, four individual countries will be selected as case studies to have a deeper insight into the micro-level of the developments. These countries will be: Egypt, Jordan, Morocco and Tunisia. The selection of these countries are based on the idea of representation: Egypt and Jordan represent two Mashreq countries while Morocco and Tunisia represent the Maghreb, Egypt and Morocco represent the bigger, Jordan and Tunisia the smaller ones, while in Jordan and Morocco there were only reforms during the Arab Spring the other two had revolutions and regime changes. All this diversity could lead to a relatively wide coverage of issues in the end without having to explore all the countries one-by-one. The exploration of the four case studies will go in parallel with the evaluation of the ENP designed for them and with the search for the economic reasons that are lying behind the revolutions. These together will add up to the proving of the assumption that the economic challenges in the MENA could be perfectly met by a deeper economic cooperation initiative from the EU's side.

The work on hypothesis testing will be largely build on Barry Buzan's Regional Security Complex Theory¹² (RSCT), because of the theory's well-structured and elegant way of dealing with interdependencies. The original research framework of Buzan will be closely followed, but applied on only one geographical level and altered in the economic sector. This sector will get larger attention than the others, and the methodological approach used here will be also different than in the other four sectors. The exploration of economic interdependencies will be embedded into the Buzanian sectors/levels system of security in the following way:¹³

12 See: Buzan, Barry - Ole Waever (2003): *Regions and Powers: The Structure of International Security*, Cambridge University Press, Cambridge

13 The illustration is the author's own work (2012)



Out of the Buzanian geographical levels, this thesis will use exclusively the inter-regional level as Euro-Mediterranean relations fall into this area. The five Buzanian sectors (Military, Political, Economic, Societal and Environmental) will be explored according to Buzan's original issue areas (Actors, Objects, Agenda, Threats and Dynamics), but the economic sector will be altered and explored through terms of economic interactions (Aid, Trade and Foreign Direct Investment). While the four “original” sectors are expected to show signs of interdependence, the economic sector is expected to show asymmetric relations and dependence. As the first step of hypothesis proving, this will prove the base statements of H1 and H2. The second step of hypothesis proving will be the evaluation of the EU's Mediterranean policies in each sector (“Agenda”), while the third step will examine the effects of the Arab Spring on each sector. This last sectoral issue (“Dynamics”) will describe the latest developments in the MENA including the effects of the revolts and propose the adaptation of EU policies to these developments. These two steps together will prove (or partially falsify) the main statements of H1 and H2.

Here we already have to mention that Buzan's theory (RSCT) was originally applied to Euro-Med relations by Astrid Boening,¹⁴ whose groundbreaking research on this field is developed further by the current work by extending it to the examination of the five sectors described above. Therefore we are building our work on an already existing theoretical idea but we are first in the practical application of the current research framework.

14 See: Astrid Boening: (2008) “Pronouncements of its Impending Demise were Exaggerated: The EuroMed Partnership Morphing into a Regional Security Super Complex”, University of Miami working papers

1.1.5. Literature review

Academic literature on Euro-Mediterranean relations is largely widespread, therefore here we will only be able to form a comprehensive review of literature related strictly to this current thesis, not to the entire circle of issues connected to Euro-Mediterranean relations. The three areas of literature closely related to this current thesis are the following:

- (A) Literature on the theoretical background of the thesis: neorealism and international political economy, especially the area of complex interdependencies
- (B) Literature on the history and the current institutional background of Euro-Mediterranean relations, focusing largely on the current issues of the European Neighbourhood Policy
- (C) Literature on the political and economic effects of the Arab Spring on Euro-Mediterranean relations

(A) Literature on the theoretical background of the thesis

The first "group" of literature builds up the theoretical base of the thesis. Based on classical realism (Morgenthau, 1948), several new forms of realist thinking got widespread in the post-war decades of academic IR. Out of these, the most influential was Kenneth Waltz's structural realism (Waltz, 1979), which accounts for the complete renewal of the realist school by introducing the structure of state-capabilities as the main analytical area to the study of International Relations. Based on Waltz's work -again- several offsprings of neorealism got recognised in IR studies in the 1980s and 90s. Out of these, Barry Buzan and his colleagues at the "Copenhagen School" namely Ole Weaver and Jaap de Wilde are the most influential contributors of contemporary neorealist theory.

The work of Buzan and the Copenhagen School manifested itself in several books of the authors in the last three decades out of which three are especially significant for the Regional Security Complex Theory which will serve as the main theoretical tool of this thesis: "The Logic of Anarchy: Neorealism to Structural Realism" (1993) is the book where Buzan sets out the complete "renovation" of Waltzian neorealism updating the notion of the international structure to a more complex level giving it therefore much more explanatory power. This update means already some incorporation of liberal-theory elements. The second step is "Security: A New Framework for Analysis" (1997) where the field of security and securization becomes the main focal point, to culminate in the third step, "Regions and Powers: The Structure of International Security" (2003)

where the author finally lays down the Regional Security Complex Theory and applies it to several regions of the World basically covering the whole planet.

In “The Logic of Anarchy: Neorealism to Structural Realism”¹⁵ (1993) Buzan sets out several updates to neorealism with the following main points: 1) The Waltzian static IR structure becomes dynamic, in which the actors and the structure continuously form each other creating a dynamic international environment, 2) To the structure/actors duality a third new level is added, interactions. With this move Buzan incorporates some liberal theoretical points. 3) The black box of the state is opened up and the Waltzian homogenous notion of power is deconstructed to its layers, making each state a special type of power holder. (e.g. the USSR as mainly military power while the EU as mainly economic power). These three reform developments in realism make already a strong base for further theoretical progress towards the Regional Security Complex Theory (RSCT).

The next step, “Security: A New Framework for Analysis”¹⁶ (1997) puts security in focus, and sets out the sectors/levels duality of analysis using the three levels set out in the previous work while with the concept of sectors referring to different arenas where we speak of security. The list of sectors is set out as the following: Military, Political, Societal, Economic, and Environmental¹⁷ therefore this theory can be regarded as a widening to traditional materialist security studies by looking at security in these new sectors as well. Securitization is probably the most prominent concept of the book: it's argued that security is a speech act with distinct consequences in the context over international politics. By talking about security, an actor tries to move a topic away from politics into an area of security concerns thereby legitimating extraordinary measures against the socially constructed threat. The process of securitization is inter-subjective meaning that it is neither a question of an objective threat or a subjective perception of a threat. Instead securitization of a subject depends on an audience accepting the securitization speech act. This means that Buzan integrated some socio-constructivist elements in the theoretical base of his new theory as well.

As a third step in “Regions and Powers: The Structure of International Security”¹⁸ (2003) Buzan sets out the concept of regional security complexes and shows how security is clustered in geographically shaped regions. Security concerns do not travel well over distances and threats are

15 Buzan, Barry (1993): *The Logic of Anarchy: Neorealism to Structural Realism*. Columbia University Press, New York

16 Buzan, Barry - Ole Waever - Jaap de Wilde (1998): *Security: A New Framework for Analysis*. Boulder, CO, London, England, Lynne Rienner

17 More detailed description of these sectors can be found in the "Theoretical Background" chapter

18 Buzan, Barry - Ole Waever (2003): *Regions and Powers: The Structure of International Security*, Cambridge University Press, Cambridge

therefore most likely to occur in regional level. The security of each actor in a region interacts with the security of the other actors. There is often intense security interdependence within a region, but not between regions, which is what defines a region and what makes regional security an interesting area of study. Buffer states sometimes isolate regions, such as Afghanistan's location between the Middle East and South Asia. Regions should be regarded as mini systems where all other IR theories can be applied, such as polarity, interdependence, alliance systems, etc. This book sets out the Regional Security Complex Theory (RSCT), which will be used as one of the main theoretical bases for this dissertation.

Finally, Buzan's contemporary neorealism (RSTC) is connected and applied to Euro-Mediterranean relations by the works of Astrid Boening whose publications serve as the starting point of this current work. Starting with her dissertation "From the Barcelona Process to the Union for the Mediterranean: Sectors and Levels of Integration and Trust in the Mediterranean Region" (Boening, 2009) where the Buzanian sectors/levels approach is applied to the Euro-Mediterranean region for the first time, she worked through this path to the application of Regional Security Complex Theory (RSCT) to the region in her article "Pronouncements of its Impending Demise were Exaggerated: The EuroMed Partnership Morphing into a Regional Security Super Complex" (Boening, 2009) creating the Euro-Mediterranean Regional Security Super Complex¹⁹ (EMRSSC) as new terminology describing complex Euro-Mediterranean interdependencies. Proving the existence of an EMRSSC on Buzanian terms using the RSCT is the focal point of the first part of this thesis.

The second part of this work builds on International Political Economy (IPE) theories, therefore the literature of this area has to be introduced as well. Shortly summarizing the history of IPE, we could start as far as the classical mercantilist versus free market debate of the 18th century Western-Europe. Here the two main opposing arguments of contemporary IPE has already occurred: mercantilists argued in favor of strict trade measurements against competitors for example in "Principles of Political Economy" published in 1767 by James Stuart while the opposing argument in favor of free markets can be tracked most famously in the works of Adam Smith for example: "An Inquiry into the Nature and Causes of the Wealth of Nations" (Smith, 1776). The debate about the optimal policies of international economics continued through the 19th and early 20th century with David Ricardo's "On the Principles of Political Economy and Taxation" (1817), where the author sets out the important notion of comparative advantages and with Friedrich List's "The National System of Political Economy" and most famously with Karl Marx's Capital (1894),

¹⁹ More on the Euro-Mediterranean Regional Security Super Complex can be found in the "Theoretical Background" chapter

although none of these authors can be considered exclusively IPE theorists. For these early economists IPE was considered only a marginal issue of general economics, therefore we can talk about an “independent school of IPE” only after WWII, when the current North-South global economic division started to gain surface in parallel with decolonization.

Post-War IPE has several subdivisions dealing with international trade, development, investment and several other issues, but here we will examine only three aspects: the general theory of (economic) interdependence, the liberal (free trade) school and the isolationist dependence theory:

- The notion of interdependence was already recognized in IR by the previously presented realist schools, but defined only as a set of vulnerabilities of states to each others actions. As globalization took an even faster pace in the 1970s, new explanations became necessary. Nye and Keohane (1977)²⁰ argue that interdependence consist of much more factors than simple vulnerability and there are several reciprocal (but not always symmetrical) areas of connections among states. In their later book (2002)²¹ they go further and state that multiple channels connect societies forming a system of complex interdependence amongst countries.
- Liberal theorists like Krugman (1987)²² argue that economic interdependence has its positive side as nations can specialize on selected products that they have the most resources for according to their comparative advantages. Free trade is therefore beneficial for all the trading partners, making the most out of the globally available resources. The theory looks at the internal factors of a country while assuming that, with assistance, "traditional" countries can be brought to development in the same manner more developed countries have been.
- Economic structuralist (or Marxist) theorists like Wallerstein (1974)²³ argue that economic interdependence has its negative side as it gives space for exploitation. His dependency theory builds on the notion that resources flow from a "periphery" of poor and underdeveloped states to a "core" of wealthy states, enriching the latter at the expense of the former. It is a central contention of dependency theory that poor states are impoverished and rich ones enriched by the way poor states are integrated into the "world system" of interdependencies.

20 Robert O. Keohane, Joseph S. Nye, Jr. (1977): *Power and Interdependence: World Politics in Transition*, Brown

21 Robert O. Keohane, Joseph S. Nye, Jr. (2002): *Power and Interdependence in a Partially Globalized World*

22 Krugman, Paul R. (1987). "Is Free Trade Passe?", in: *The Journal of Economic Perspectives* (American Economic Association) 1/2 pp. 131–144.

23 Immanuel Wallerstein, (1974): *The Modern World-System*, vol. I

In the current thesis there will be used a mixture of the two opposing theories (liberalism and dependence) and applied to Euro-Mediterranean relations to discover which policies would be optimal both from the EU's and the MENA countries' side to develop a mutually beneficial cooperation. As dependence and interdependence can be examined both in economic and security-related context, it is useful to emphasize here again that this dissertation utilizes two different set of theories to describe the current state of Euro-Mediterranean relations. The first part, with its core focus on the Regional Security Complex Theory describes mainly security interdependencies, whereas the second part focuses mainly on economics to apply a mixture of the above-stated IPE theories to Euro-Mediterranean relations. The novelty of this approach can be witnessed when these two fields are merged into an embedded approach, where IPE will be integrated into the economic sector of the Regional Security Complex Theory giving it a more comprehensive edge.

(B) Literature on the current institutional background of Euro-Mediterranean relations

On the historical roots of Euro-Mediterranean relations we can find many detailed and comprehensive works from several authors. As the historical background counts for only a marginal part of this thesis, the summarization of this field was possible using only a few reliable sources. The general historical context can be tracked excellently in the work of László Póti and Erzsébet N. Rózsa²⁴ (1999), where historical ties between the two regions and the origins of the current institutions of cooperation are set out in a comprehensive and clear way. Building on this work, one of the most comprehensive descriptions of the contemporary institutional structure can be found in a recent article of Erzsébet N. Rózsa²⁵ (2010) where the complex network of contemporary institutions of Euro-Mediterranean relations are synthesized and evaluated in a strict and precise way. An excellent evaluation of the historical progress of institutions tied together with a special study on the economic relations can be found in Tamas Szigetvari's dissertation²⁶ (2003) and the more recent works of the author as well.

Evaluation and criticism of the contemporary institutional background forms a much larger part of the current thesis, therefore the literature-base of this field is significantly larger as well. Several European think-tanks turned to the analysis of the EU's forming “common foreign policy” recently

24 N. Rózsa Erzsébet, Póti László (ed), (1999) *Európa régi-új régiója : A Mediterráneum*, SVKI, Budapest

25 N. Rózsa Erzsébet (2010): *From Barcelona to the Union for the Mediterranean - Northern and Southern Shore Dimensions of the Partnership*. HIIA Papers T-2010/9

26 Szigetvári Tamás (2003): *Euro-mediterrán Partnerség: Az Európai Unió és a mediterrán országok kapcsolatrendszerének elemzése és értékelése*. Ph.D. értekezés, Budapesti Közgazdaságtudományi és Államigazgatási Egyetem, Budapest

and the interest in the European Neighbourhood Policy attracted an increasing number of scholars in the last few years. Out of the several books and articles in the field, the most significant collection of essays was edited by Richard G. Whitman and Stefan Wolff²⁷ (2010) where the editors tried to collect the most relevant authors to develop a comprehensive evaluation of the ENP. The editors set out several questions regarding the ENP, one of which (and maybe the most significant) is why the ENP couldn't deliver the same kind of success for the EU as the enlargement did. The authors find different ways of giving answers: first they build a theoretical and methodological context for the academic approach towards the ENP, then they evaluate the institutional structure and the implementation. Some of the most relevant findings include:

- Ian Manner's “theorization” of the EU's normative power as a new kind of approach towards geopolitics with “attraction” and economic influence rather than hard (military) power.
- Ben Tonra's thoughts on the EU's identity building process both internally (as the developing identification of Europeans as EU citizens) and externally (inter-playing with the ENP) as the identification of the people outside of the EU's borders as “neighbors”.
- Sven Biscop's evaluation of the European Security Strategy (ESS) and how the ENP's operative Action Plans underline this strategy by focusing on primarily security issues.
- Carmen Gebhard's work on the theoretical assessment of the ENP's funding idea as some kind of “overstretching enlargement”, which means that the policy patterns of the EU-enlargement live further in the form of the ENP only without the “golden carrot” of EU-membership prospects.
- Sten Rynning and Christina Philkjaer Jensen's geopolitical approach towards the ENP and the assessment of how the evolving European geostrategy overlaps with Russian and American interests in the EU's neighborhood.
- Frederica Bicchì's evaluation of the ENP's impact on three Maghreb countries (Morocco, Algeria and Tunisia) concluding with the notion that individual countries could react very differently to the same incentives therefore the ENP's Action Plans should somehow reflect these “localities” and be more differentiated.
- Carlos Echeverría Jesus' notion that the ENP as a mainly bilateral approach towards the Middle-East could develop to be an effective tool in the EU's hands, but cooperation with the dominant US in the region is essential.

²⁷ Richard G. Whitman and Stefan Wolff (2010): *The European Neighbourhood Policy in Perspective: Context, Implementation and Impact*, Palgrave Studies

An other important collection of essays is edited by Thierry Balzacq²⁸ (2009) intends to assess governance and security issues in the neighborhood of Europe and evaluate the answers given by the EU to these challenges by the implementation of the ENP. Some of the most relevant findings include:

- Julian Jeandesboz's work on how the internal “power games” of EU institutions could affect negatively the coherence of the ENP, and why these institutional power competitions can undermine the effective implementation of any kind of common European foreign policy.
- Amelia Hadfield's long and detailed assessment of how institutional development led the EU to form the ENP and what are the main differences between the ENP and the Euro-Mediterranean Partnership (EMP) and how they could complement each other. We can see also a critical comparison of the ENP to the enlargement process concluding that the same set of tools will not work in a completely different cultural environment, especially without the “carrot” of prospective EU-membership.
- Nicole Wichmann's evaluation of the ENP as the EU's tool for rule of law promotion in different issue areas. (Judiciary reform, drug trafficking and corruption.)
- Elena Baracani's criticism of the ENP stating that the EU uses political conditionality unevenly with different countries in the neighbourhood therefore making the competition for EU financial assistance unfair.
- Shara Wolff's examination of the ENP as “external governance” of the EU deeply intervening into the domestic issues of neighbour countries by giving them strict and detailed Action Plans to execute.

Finally, some individual articles written recently on the ENP have to be mentioned as well. Rosemary Hollis²⁹ (2009) gives an evaluation to the ENP from the perspective of the Arab neighbor countries, concluding that from their point of view the “transition” from the Euro-Mediterranean Partnership to the ENP as the EU's main policy tool to “deal” with the MENA region has a negative message. Instead of focusing on the region's needs, with the ENP the EU started to “form” its neighborhood according to its own needs, forcing the Arab states into an unequal system. Michael Emerson and his colleagues³⁰ (2011) argue that the EU has to become a global player otherwise the global impact of Europe will diminish. The Lisbon Treaty gave way to the development of the

28 Thierry Balzacq (2009): *The External Dimension of EU Justice and Home Affairs: Governance, Neighbours, Security*, Palgrave Studies in European Union Politics

29 In: Andrew Gamble and David Lane (2009): *The European Union and World Politics*, London, Palgrave Macmillan

30 Michael Emerson, Rosa Balfour, Tim Corthaut, Jan Wouters, Piotr Maciej Kaczynski & Thomas Renard, (2011): *Upgrading the EU's Role as Global Actor – Institutions law and the restructuring of European Diplomacy*, CEPS

common foreign policy, but to gain a global impact the EU has still a long way to go. In addition to an effective ENP, Europe should centralize its foreign policy in other areas as well: a single EU diplomatic mission representing all member states, a single EU representation in international organizations and the financial boost of the European External Action Service (EEAS) could be a good start to gain a real global presence.

(C) Literature on the political and economic effects of the Arab Spring

Finally, the literature on the Arab Spring with special attention to its effects on Euro-Mediterranean relations has to be assessed as well. As the Arab Spring itself is a historically new phenomenon, academic literature on its effects is a young and new area too. Despite its relative new status, the Arab Spring has an amazingly intense attention from the academic community therefore we can talk about an already huge and diverse set of publications. Here we will not include all the connected literature, only the works related closely to the effects of these events to Euro-Mediterranean relations:

- Catherine Ashton³¹ (2012) herself argued on several forums for the necessity of high-scale European help for the Arab transitions.
- Timo Behr³² (2012) argues that the EU has set out an ambitious new agenda to help the Arab transitions, but has done it in an euro-centric way. To avoid this it will have to comply with seven norms: (1) *Primum non nocere*: The EU has to shirk excessive activism and ready-made solutions, by drawing on domestic impulses and emphasising local ownership. (2) *Broad-based Engagement*: This will require the EU to engage “illiberal society” in its neighbourhood that does not share all of its core values, such as gender equality. (3) *Articulating Interests*: The EU should be forthright in setting out its own interests and how these concretely relate to the normative goals it puts forward in its strategy. (4) *Democracy Partnerships*: When countries reject closer integration, the EU should work closely with regional organizations to provide democracy aid and assistance. (5) *Effective More-for-More*: When countries accept closer integration, the EU should inverse the logic of its conditionality and become more demanding and outspoken. (6) *Multilateral Partnership*: The EU should explore proposals for a more limited, but broadly-based multilateral framework of regional engagement and scrap the Union for the Mediterranean. (7) *Multipolar Mediterranean*: The EU needs to streamline governance and development issues into its

31 Catherine Ashton: Supporting the Arab Awakening, The New York Times, 02.02.2012.

32 Timo Behr (2012): After the Revolution: The EU and the Arab Transition, Notre Europe papers Nr. 54

strategic partnerships with new and old regional actors.

- Andre Sapir and Georg Zachman³³ (2012) go further with the three Ms and 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. They imagine the EMEA as the world largest economic area unifying around 700 million people with controlled south-north circular migration which would solve several economic problems on both sides.
- Dr. Hoda Selim³⁴ (2011) argues that the success of the Arab transitions depends on the answers to the short term challenge of providing a secure political environment in the transiting countries by their new elites, and the long term economic challenge of providing prosperity for their citizens. This process could be supported with external (EU) assistance through (1) Reducing regulatory and other barriers to facilitate private sector entry, (2) Financing education/training programs for the youth, (3) Guaranteeing more market-access for the Mediterranean partners, (4) Strengthening of human rights and governance institutions, (5) Aiding for the development of the Mediterranean civil society.
- Rosa Balfour³⁵ (2012) 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. She lists the changes and continuities of EU policies after the Arab Spring concluding that the three Ms: Money, Markets and Mobility are the most important factors of Euro-Mediterranean relations and it's unclear yet that how the EU plans to "give more" of any of these Ms.
- Erzsébet N. Rózsa³⁶ (2012) argues that the social and economic trends of globalization did not leave the Arab countries untouched and demographic movements, migration and urbanization play a key role in forming the current transitions in the Arab World.

33 Andre Sapir and Georg Zachman (2012): A European Mediterranean Economic Area to Kick-Start Economic Development, in: Egmont Papers Nr. 54, Egmont – The Royal Institute for International Relations

34 Dr. Hoda Selim (2011): the expected consequences of the revolutions, in: Femise Report on the Euro-Mediterranean Partnership, Forum Euroméditerranéen des Instituts de Sciences Économiques

35 Rosa Balfour (2012): Changes and Continuities in EU-Mediterranean Relations after the Arab Spring, in: Egmont Papers Nr. 54, Egmont – The Royal Institute for International Relations

36 N. Rózsa Erzsébet (2012): Demography, Migration, Urbanization – the "Politics-Free Processes" of Globalization, in: *Külügyi Szemle*, 2012/1. Hungarian Institute of International Affairs

Legitimation for the new governments could come from political and economic stabilization, where the creation of jobs for the young generation plays a crucial role.

- Tamás Szigetvári³⁷ (2012) follows the development of Arab economies in the last few decades, and shows how the demographic boom of the MENA and the dependence on oil exports led these countries to growing pressure for economic reforms in the 90s. As weak reform programs were unable to significantly change the trajectory of these countries, some made even more radical steps towards economic liberalization in the 2000s. As a consequence, these countries made significant gains in GDP growth in the last decade, but the society benefited from this unevenly. The short period of economic blooming ended with the global economic depression in 2008 which can be partially blamed for the growing social tensions in the region leading to the Arab Spring which shows the "bankruptcy" of the political bargain between ruling elites (dictators) and the people. Because of the diminishing incomes from tourism and the temporary decline of oil production the Arab Spring accounts for economic losses until now, but with an "inclusive growth" model this effect could be gradually reversed on the long term.
- Bruno Amoroso³⁸ gives a detailed analysis of Euro-Mediterranean economic issues, and although being written far before the Arab Spring, his work already lines out the most important questions of today about the region's economic future: (1) Economic co-development in the Mediterranean Basin is highly desirable and needs the active support of (at least) the southern EU-members. (2) The agro-protectionism of the EU has to come to an end, and a mutually beneficial agro-trade system must be developed making benefits for both sides. This can be based on the different climate circumstances of the two regions which allows trade in different seasonal agro-products. (3) Environmental threats and issues (like overfishing) should be dealt with on an inter-regional level. (4) A Mediterranean consensus on commodity specialization should be developed making the cooperation and coordination of these industries inter-regional. (5) Market monitoring systems should be developed to adapt production and prices to changing circumstances therefore protecting producers. (6) Specialization and cooperation in industrial development should be a priority to benefit from comparative advantages. (7) Research and development policies should be also coordinated to help advance the technology and knowledge transfer.

37 Tamás Szigetvári (2012): The Economic Aspects of the Arab Spring, in: *Külügyi Szemle*, 2012/1. Hungarian Institute of International Affairs

38 Bruno Amoroso: *On Globalization, Capitalism in the 21st century*, Palgrave 1998

1.2 Theoretical background

1.2.1 Introduction

Euro-Mediterranean relations can serve as an especially useful background for testing International Relations (IR) theories given the complexity and heterogeneity of the region and its affairs. The theorization of IR as a subdivision of social sciences can be tracked back to the end of the first World War, which means that it is less than a hundred years old. Compared to the relatively young age of the field we can identify a surprisingly wide spectrum of IR theories of now-days, which gives endless possibilities for scholars to build their arguments on these theories while examining the complex political structure of a given geographical area. The wide spectrum of IR theories of now-days -on the other hand- gives no space for all-inclusive studies as the amount of theories to be applied is just too big to comprehend them in a single body of work. This makes IR researchers to pick and select some theories from the spectrum and use them exclusively, bearing in mind that there could be different theoretical aspects of their field as well.

In the case of Euro-Mediterranean relations there are at least three big groups of IR theories to be applied to the region with a huge explanatory potential: neorealism, neoliberalism and socio-constructivism. As there are no black-and-white exclusively right or wrong approaches in IR, there should be always a mixture of theories used for real life examples, possibly extracting and mixing the most useful explanatory elements of the "ingredient theories" for the given case. In the following chapters therefore there will be an experimental triangulation of neoliberal (as economic globalization) and neorealist (as security complex) theories of Euro-Mediterranean relations using parts of both theories which can be most successfully applied to the given geographical area. As a complementary viewpoint, in the last chapter socio-constructivism and functionalism will be assessed as well, but only with a limited scope as the length of the current work can not provide space for a deeper tri-partite theoretical background. When using the mixture of neoliberal and neorealist elements in this study, we are not walking on an unbeaten path as this method of triangulation was a base characteristic of the progress of IR theories from the beginning. For example the optimistic post-WWI international liberalism has given way to the pessimistic realist theories after WWII and the two of them was synthesized in the English School later taking explanatory elements from both. Neither is this study new in using neoliberal and neorealist theories in parallel, the heterogeneity of theoretical background is more the norm than the exception of contemporary IR studies.

1.2.2. Neorealism and the Regional Security Complex Theory

The post-WWII disillusionment in “liberal idealism” of IR theorists gave way to a new group of theories, namely the realist school most prominently advocated by Morgenthau (1948)³⁹. Early realism stated that the international system of states is best understood if we see the system anarchic and the players (states) in it motivated exclusively by the pursuit of power. This ego-centrist view of state behavior leads to ad-hoc confrontations and alliances, but never produces a stable world system integrating states and coordinating state behavior. The radical assumptions of early realism were softened by Waltz(1979)⁴⁰, who developed a system-theory out of classical realism namely the Waltzian structural realism. Structural realism changes focus from the ego-centrist state behavior and looks towards the system level in which they "live". Different social and physical attributes of states as population, economic development, geographical situation, natural resources, etc. overall lead to a specific capability aggregate within each state, and this aggregate power sets the place for each state in the global structure. The capability-allocation formed structure gives different roles to each state in the system and the structure itself pushes states' behavior in certain directions.

When examining Euro-Mediterranean relations -as the Euro-Med partnership itself is a form of institutional cooperation amongst states- one can obviously not rely on the early realist theories shortly described above since they exclude almost all kinds of state-to-state cooperation. Still, as realism is a continuously developing field of IR theories, contemporary realist views should be incorporated into the examination as they provide a very important explanatory background.

When we talk about contemporary realism there is a wide spectrum of authors to choose from. Post-Waltzian realism developed in several directions in the last few decades but the most significant development of now-days in the realist field can be considered Barry Buzan's Regional Security Complex Theory.⁴¹

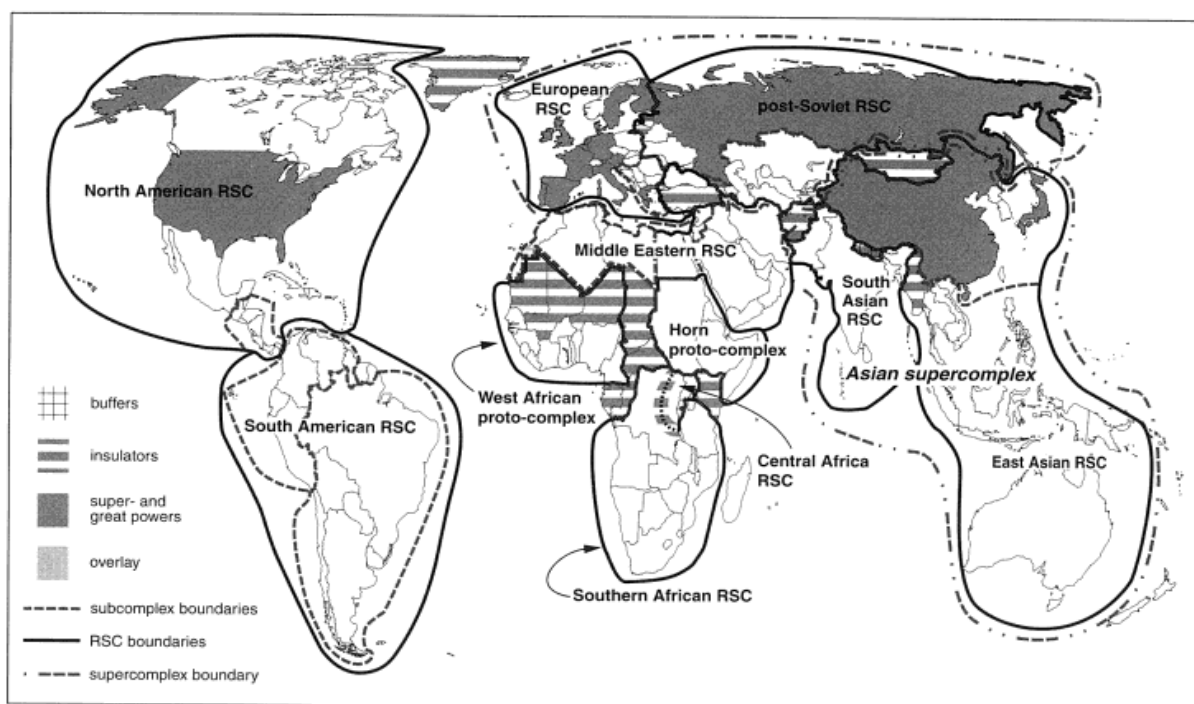
The Regional Security Complex Theory (RSCT) uses sectors and levels as core analytical units to explain international relations. Sectors are the different "competencies" of states as Military, Political, Societal, Economic, and Environmental capabilities and policies. Levels are the different geographical arenas where states function: on domestic, regional, inter-regional and global levels.

39 Hans Morgenthau (1948): *Politics Among Nations: The Struggle for Power and Peace*

40 Kenneth Waltz (1979): *Theory of International Politics*. McGraw Hill. New York

41 Literature on the development of Regional Security Complex Theory can be tracked at the “Literature Review” chapter of this dissertation.

The interplay of this sectors/levels duality gives the core analytical background for the RSCT theory, and the chosen level is the regional arena where most of the "fieldwork" is carried out. To justify the selection of the regional level as the core interest Buzan argues that between individual states and the global arena there is an intermediate analytical level, the regions through which we are capable of avoiding both the extreme oversimplifications of the unipolar view, and the extreme de-territorialisation of many globalist visions of a new world disorder. The regional framework brings out the radical diversity of security dynamics in different parts of the world and in the same time reflects the fact that most of the regular security issues are local and threats are therefore most likely to occur on regional level. As states within a region are integrated into the structure of their given region and play their roles according to the unique rules of that, regions are also integrated into the global structure which is therefore capable of forming them from outside. For a new regionalist theory there are at least two obligations to fulfill: one is to get rid of both the neorealist and globalist "absolute narratives" and admit the existence of different rules of play within each region, and the other is to define geographically these very regions. Regions used in the RSCT theory are set out as the following Post-Cold War constellation:⁴²



Map 2. Patterns of Regional Security Post-Cold War

We can count ten Regional Security Complexes (RSCs) covering the full geographical area of our planet. There are insulator states as well, not belonging to any RSC or belonging to more than one in

42 Barry Buzan (2003) : Regions and Powers: The Structure of International Security

the same time therefore the geographical coverage is not absolutely complete. However, maybe with the exception of Africa, we could say that the geographical coverage of RSCs is almost perfect.

As researchers interested in the Euro-Mediterranean region we can easily identify the two RSCs of our interest: the European RSC covering the area of the present day EU plus the EU candidate ex-Yugoslavian states on one hand and the Middle Eastern RSC on the other hand covering the Middle East and North Africa (MENA). Also as the consequence of Euro-Mediterranean research, we can correct immediately Buzan's map stating that the Euro-Mediterranean region itself should be viewed as an independent RSC instead of a separate European and Middle Eastern RSC given the complex interdependencies between the two regions and the international cooperation forms binding together the two shores of the Mediterranean Sea. The Euro-Mediterranean RSC would geographically look like the combination of the two RSCs with a little modification: it would include the whole European RSC and the Middle Eastern RSC but without the Gulf states. To prove the existence of a Euro-Mediterranean RSC is one of the key concerns of this dissertation.

When using Buzan's Regional Security Complex Theory and applying it to the Euro-Mediterranean space, the first thing we have to consider is the core structure of the theory itself, namely the notion of sectors and levels. Looking at the levels, we can assume that the Euro-Mediterranean area has both global, inter-regional, intra-regional, inter-state and sub-state levels of importance. Without collecting all security-related issues on all levels, here will be set out only a few examples for each. Global importance can be assumed for several cases related to this geographical area, like the Israel-Palestinian conflict, global oil supply and transnational (global) terrorism or the emergence of the euro as the second global currency on the other side. Intra-regional issues are several to choose from, with the most important of them surely the European integration itself on the northern side or the permanent conflict generation amongst the states on the southern. On sub-state level security issues water, food and environment related threats can be highlighted amongst many others.

Finally but most importantly we have to analyze the inter-regional level as well which was left out from the list above on purpose as our focus is set mainly on the interactions between two regions namely Europe and the MENA. Analyzing this relationship deeper with the help of the Regional Security Complex Theory needs to consider the other ingredient of the theory as well: sectors.

After looking through the Euro-Mediterranean area and identifying different levels of its importance, the sectors of security binding together the two halves of this space should be analyzed

as well. Buzan names five important sectors of security:⁴³ (1)Military, (2)Political, (3)Societal, (4)Economic, and (5)Environmental sectors, all of which have serious inter-regional importance in Euro-Mediterranean relations. To prove the superiority of inter-regional level in the Euro-Mediterranean area over the other levels listed and described above, we will have to examine the five sectors of this level more deeply.

(1)The military sector on inter-regional level has its special importance in the Euro-Mediterranean space. As the over-armed but under-governed southern neighbors of the EU pose a constant threat to each others stability, so do they threat European security in the same time. This preceived threat led to several EU missions being sent to the MENA with the purpose of maintaining stability in the neighborhood. Destabilization in the southern neighborhood can lead to security threats like migration, arms proliferation and the spread of terrorist organizations for the EU therefore is the well maintained presence. The peak of European military involvement in MENA affairs came in 2011 with the Arab revolutions, one of which -the Libyan- triggering direct European military action. At the time of writing a similar action in Syria can not be ruled out either. All of this leads us to the observation of a growing EU military involvement in MENA affairs strengthening the case for a Euro-Mediterranean common military sector which has partially already materialized in NATO's Mediterranean Dialogue.

(2)The political sector of Euro-Mediterranean relations is even more obviously present. From the colonial times through all kinds of different cooperation forms during post-colonial times until the Barcelona declaration in 1995 we can observe several cases of political interactions culminating in the complex network of institutional cooperation of now-days. Direct forms of political cooperation can be found in the minister's conferences of the Union for the Mediterranean or in the Euro-Mediterranean Parliamentary Assembly as well. The following part of this dissertation will begin with a detailed examination of institutional political cooperation in the Euro-Mediterranean space and the main focus area of this work, the European Neighbourhood Policy will be introduced as well showing an other important level of interactions in the political sector.

(3)The societal sector -although far less observed by experts than the others- is equally important in Euro-Mediterranean relations. Beyond the Anna Lindh Foundation, which is the official main tool of the EU aimed to the development of societal connections between the two regions, there are several individual projects founded by the Commission and other agencies with the same goal. These

43 Barry Buzan, Ole Waever, Jaap de Wilde (1998): Security: A New Framework for Analysis

projects cover several areas of inter-regional societal cooperation with the involvement of local civil organizations and NGOs. The work of these groups should not be undervalued as they provide one of the best vehicles of EU value projection towards the MENA and the common projects of European and Arab organizations are the best tools of improving cultural understanding. Some experts even assume that beyond the digital communication tools, the other main channel of democratic value projection were these "depoliticized" cooperation projects all of which added a significant extra motivation for the 2010/2011 Arab Spring to happen.

(4) The economic sector of Euro-Mediterranean security can be considered as the main sector of importance amongst the five listed here. As the EU being a "soft power" can not rely on "hard power solutions" like for example the US in Iraq, its main tools left are its economic policies toward its southern partners. When we explore the European Neighbourhood Policy in the next part of this work, we will see how important the economic motivating tools ("carrots") are for the EU when it comes to terms of cooperation agreements with its southern neighbors. Developmental contributions and other kinds of financial support along with prospects of admission to the huge European markets can be the core motivators for Arabic neighbor states to comply with EU policies. On the other hand the economic sector is also significant in the opposite direction: a stable and prosperous southern neighborhood could provide security within the EU as well, reducing the flow of immigrants and other economic threats into the north.

(5) Finally the environmental sector related to Euro-Mediterranean security needs to be understood as well. Beyond their own environmental problems of both regions (like deforestation, water scarcity, air pollution...etc.) there is a common environmental problem: the pollution of the Mediterranean Sea. This common problem can be seen also as a symbolic one: the sea should not divide, but should connect the people on its two shores, and environmentally so it does. The pollution emerging from one area can be disseminated in the whole Sea fast traveling with sea currents therefore posing problems for all coastal states both north and south. The wide recognition of this problem led to the incorporation of the "Depollution of the Mediterranean Sea" project to the body of the Union of the Mediterranean which will be analyzed in the following parts of this work as well.

The main body of this research will be carried out by analyzing each of these sectors through their issue areas (Actors, Objects, Agendas, Threats and Dynamics). Seeing the several sectors of Euro-Mediterranean inter-regional security interdependencies, we can agree with Astrid Boening (2009)

in her assumption that the two separate RSCs of Europe and the MENA should be merged into a single Euro-Mediterranean Regional Security Complex (EMRSC):

"In a world which is in greater political and socio-economic transformation than ever before, I propose an adjustment to the Regional Security Complex Theory delineated by Buzan and Waever (2003) with respect to the Middle East Regional Security Complex in favor of a *Euro-Mediterranean Regional Security Complex* (EMRSC) to more accurately represent the complex socio-economic and political inter-linkages and dynamics in fact observed. "⁴⁴

Explaining what a Euro-Mediterranean Regional Security Complex means and what factors distinguish this formation from a more traditional security community, she follows:

"Buzan (1991, 190, quoted in Pace 2003, 166) introduced the concept of a *security community* and a *security complex theory*. Security community, according to Buzan (1991, 218) represents the far end on the scale of security interdependence, wherein "disputes among all the members are resolved to such an extent that none fears... either political assault or military position on his continuum security configurations, related to the idea of a 'security community'". A security complex represents "a group of states whose primary security concerns are linked together sufficiently closely that their national securities cannot realistically be considered apart from one another (Buzan 1991, 190, quoted in Pace 2003, 166). "⁴⁵

And finally proving that the Euro-Mediterranean area can be understood and analyzed best as a single unit (region) with the Buzanian terms of Regional Security Complex Theory:

"The Euro-Mediterranean, according to the parameters outlined by Buzan, Waever and de Wilde (1998, 16), could be termed a heterogeneous security complex, as it abandons the assumption of being locked into specific security sectors, but rather features interactions across several sectors such as states, nations, firms (incl. NGOs) and "confederations" (in the widest sense, the EU), and across the political, economic, and societal sectors. Buzan, Waever and de Wilde (1998, 17) state that there is a "cause-effect nature of the issues around which securitization takes place: the 'facilitating conditions' for securitization. Second is the process of securitization [as the extreme version of politicization] (Ibid., 23) itself". "⁴⁶

44 Astrid B Boening (2008): Pronouncements of its Impending Demise were Exaggerated: The EuroMed Partnership Morphing into a Regional Security Super Complex

45 Ibid.

46 Ibid.

Concluding all these assumptions we can establish the Euro-Mediterranean Regional Security Complex as one (and the most important) of the four "theoretical legs" of this dissertation meaning that -although not exclusively- this theoretical background will serve as the firm base for the research outlined in the second part of the thesis.

1.2.3. IPE: complex interdependence and world-system theory⁴⁷

Globalization, meaning here the worldwide intensification of connections amongst societies deserves a place in the theoretical spectrum of Euro-Mediterranean relations as well. Globalization has several aspects: we can talk about cultural, economical, technological, migrational and many other means of globalization, all of which are recognizing the "elimination of distance and borders" amongst people therefore making them increasingly interdependent. This technology-driven integration of global cultures, markets, media, politics and several other factors can be seen as both a positive or a negative process. In this sub-chapter economical interdependencies will be the chosen factor of globalization to be examined closely, the positive and negative effects of global economic interdependencies will be drawn up and applied to Euro-Mediterranean context.

The two aspects (positive and negative) of global economic interdependencies have generated two different theoretical approaches of IR, namely the pro-globalist "modernization school" and the anti-globalist "dependence theory". These theories -as a subdivision of IR- are also called International Political Economy (IPE) theories, and while both of them acknowledges the fact that globalization is a central phenomenon in contemporary international relations, their diagnoses are completely different. After describing both of these aspects we will try to find the golden mean between them, and apply a moderate mixture of pro- and contra-globalist views to Euro-Mediterranean relations, possibly extracting the most relevant statements from both theories for this special case. Before starting with the two theories we can already make a first assumption here: as liberal trade policies and therefore global economic integration is mostly beneficial to powerful and well-developed states, pro-globalization theories echo mainly their aspect of the process, while weaker states being more vulnerable to exploitation through international trade are seeing the anti-globalist theories more adequate. In other words the global North-South economic division leads to a division amongst IPE theories as well, and these theories can well be tested on the local (regional) North-South division between the two halves of the Euro-Mediterranean region.

⁴⁷ Based on: William R. Nester: *Globalization, Wealth, and Power in the Twenty-first Century*, Palgrave Macmillan, November 2010

The pro-globalist school (For example: Krugman, 1987)⁴⁸ argues that global economic interdependencies are both natural and positive developments of our age therefore no measures are necessary to be taken against them. This viewpoint is "inherited" from the history of the firstly industrialized nations, mainly from Britain and the United States. These two powers as being first with the process of industrialization were able to pursue radically liberal international trade and investment policies since they did not have any competitors at that time. As later several new countries joined the industrialization race -for example Germany, Japan, Russia and more recently many East-Asian states- these "latecomers" had to compete with Britain and the US in international markets. To be able to compete with the two already established and strong industrial economies the new competitors had to protect their "infant industries" first, and only when these industries became stronger were they able to compete on the global stage. This protective international trade policy -known today as neomercantilism- became later the antithesis of Anglo-Saxon liberalism. The industrialized countries of the global North -Britain, US and the "latecomers"- reached a relative equal level of industrialization by now-days, therefore amongst them liberal trade is mutually beneficial although there can be found differences amongst them being the US and Britain still the most liberal traders and Japan more neomercantilist. These developments underlined the pro-globalization ideology, (as also being represented in the complex interdependence theory of Keohane and Nye)⁴⁹ giving strength to the argument that economic interdependence makes the process of globalization mutually beneficial for all. Institutions like the World Trade Organization (previously GATT), the World Bank and the IMF led by these industrialized nations rest therefore on the ideology of economic liberalism and pursue principles like tariff and quota eliminations and the most favored nation (MFN) rule.

On the other hand, there are still several non-industrialized "developing countries" mainly placed in the Southern hemisphere therefore called as the "Global South". These countries did not manage to develop sophisticated industrial economies yet, therefore they are unable to compete with their Northern partners in production and trade. The contradiction comes already here as the developed states and the WTO tries to extend the liberal market rules to these underdeveloped states what leads usually to their economic exploitation. As they have no developed industries, the only product they can offer for the global market is usually cheap labor and natural resources. This brings them directly into a neo-colonial relation with their old colonial masters and other industrialized nations,

48 Krugman, Paul R. (1987). "Is Free Trade Passe?", *The Journal of Economic Perspectives* (American Economic Association) 1/2 pp. 131–144.

49 Robert O. Keohane, Joseph S. Nye, Jr. (1977): *Power and Interdependence: World Politics in Transition*, Brown

making them both the natural resource supply and the export market for these nations. In this case therefore it's more adequate to talk about economic dependency rather than interdependency between the global North and South which makes the dependents -"the losers" of the system- leaning toward anti-globalist sentiment.

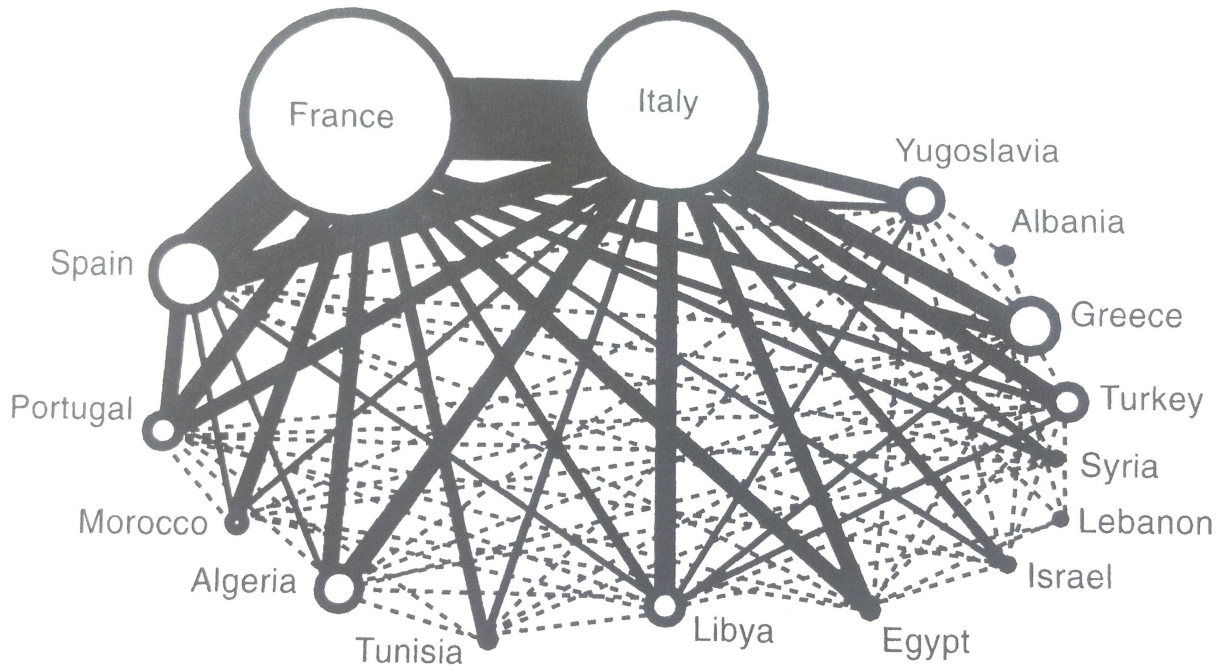
Dependency theory is most famously articulated in Immanuel Wallerstein's world system theory, which divides nations into three separate groups according to their role in the global economy: centrum, semi-periphery and periphery. Centrum countries are the "core" of the global economy where most of the decisions are made and most of the profits are accumulated. These countries have highly developed economies capable of forming global economic policies through investments and trade. Periphery states are on the other end: they have no developed industries and no real capabilities for global economic presence. Between these two there is a third group: semi-periphery. These countries are able to exploit periphery countries via economic expansion but are also exploited by core countries in the same way. Exploitation of the periphery makes these countries disinterested in globalization and generates resistance from their side: "The mark of the modern world is the imagination of its profiteers and the counter-assertiveness of the oppressed. Exploitation and the refusal to accept exploitation as either inevitable or just constitute the continuing antinomy of the modern era, joined together in a dialectic which has far from reached its climax in the twentieth century."⁵⁰

As dependence and interdependence rests on economic and also security-related factors, it is useful to distinguish between geopolitical and geoeconomic power to clarify the exact relevance of theories used in this dissertation. Geopolitical power rests mainly in military, diplomatic and other security-related capabilities and most IR theories are concerned about this kind of power when they describe their vision of "international order". Some of these theories were addressed in the first part of this sub-chapter with a core focus on the Regional Security Complex Theory. Geoeconomic power on the other hand lies in the economic capabilities of the nations, mainly described by IPE theories. This kind of power comes from each nation's economic performance and we can witness the use of this power in international financial, trade and investment policies around the globe.

After exploring both pros and cons of contemporary economic globalization and lining out the two main policy approaches towards it, the question naturally arises how these approaches can be applied to Euro-Mediterranean relations. First of all it should be clarified that Euro-Mediterranean

50 Immanuel Wallerstein, (1974): *The Modern World-System*, vol. I, p. 233

economic relations are highly asymmetric therefore we are more correct to speak about economic dependence in this case rather than interdependence. This implies that here dependency theories should be used rather than the pro-globalist "modernization theory"⁵¹, because the relations are clearly unequal between the well-developed and economically powerful European Union (centrum) and the underdeveloped MENA countries (periphery). The following trade-intensity map⁵² can clearly prove this and show how peripheral MENA states are relative to the EU:



However, this doesn't mean that economic cooperation and trade can not be mutually beneficial for both sides, it means only the polarization of the benefits. The other question is that if we know that the economic relations are asymmetric, what should this imply for the Arab states in the means of development policies and what should the EU do on the other side, how could it help this development? Traditionally Arab states tend to apply isolationist policies not only towards Europe, but towards each other as well. This strategy proved to be a failure, making these countries even more poor and therefore ironically even more vulnerable for exploitation. This tendency was recognized, and tried to turn back with several initiatives, most notably with the Barcelona Process and its plan for a Euro-Mediterranean Free Trade Area, until now with only moderate success.

Now, after the Arab Spring there is a new chance for development, but the questions of economic development strategy choices for the Arab countries are still open, and the EU's role in this process is not clarified yet either. The second part of this dissertation will explore these questions deeper and

51 Rostow's take-off theory for example, see: W. Rostow (1956): *The Take-Off into Self-Sustained Growth*

52 From: Bruno Amoroso: *On Globalization, Capitalism in the 21st century*, Palgrave 1998

search for possible solutions for both sides. Neither of the two economic policies outlined above are expected to take the winner's place in this context, the question is more about how these strategies can be mixed to deliver an optimal outcome and what role the EU can play with its several tools of intervention to help this process succeed.

1.2.4 Other relevant theories⁵³

Two other theoretical areas of IR have to be mentioned when one examines the complex interdependence of Europe and the MENA region, especially in the context of the Arab Spring. One is (neo)functionalism (A), which explores the “spillover” of European values to the EU's neighborhood, and the other is constructivism (B), which emphasizes the role of constructed identities and therefore interests of the players of IR. These theories are not deeply elaborated in this current thesis therefore they are only mentioned with the purpose of providing a wider “theoretical frame” for the work complementing the two main theories used here (neorealism and IPE).

A) Functionalism

When talking about Euro-Mediterranean relations and their theoretical background, one field of IR theories can not be left out from the spectrum for sure: (neo)functionalism. We could even state that this political theory lies at the very core of the European integration process itself, therefore it should form a firm base for the European Neighbourhood Policy as well.

According to David Mitrany⁵⁴ (and many other functionalist thinkers) the core principle of functionalism lies in the so-called spillover effect. As states give up (voluntarily or other way) parts of their functions to international or transnational formations and institutions, as a side effect other functions are more and more likely to follow. This spillover effect in the end can lead to economic and political integration seen on the example of the European Union itself.

Of course the Euro-Mediterranean cooperation is far from being as deeply integrated as the EU, but spillover effects can be found in this area as well. Different state functions transferred to cooperation forms like the Union for the Mediterranean can lead to a dynamical deepening process. The various functions transferred already include:

⁵³ These theories will not be directly used during this research, but their relevance should still be clarified to provide insights to the complexity of the field.

⁵⁴ David Mitrany (1975): *The Functional Theory of Politics*. New York: St. Martin's Press.

- Trade related policies (as of the development of a Free Trade Area)
- Culture related policies (partially transferred to the Anna Lindh Foundation)
- Development and investment policies (coordinated by EIB)
- Energy policy (Mediterranean Solar Plan and Euro-Mediterranean Energy Ring)
- Environmental policy (partially transferred to the UfM)
- Educational policy (Euro-Mediterranean University)

On the other hand, the Action Plans of the European Neighbourhood Policy contain also several forms of appropriations of state functions from the Mediterranean partner states. These are mainly security and economy related issues where the EU "motivates" its partners to comply with its policies therefore grabbing these functions partially out of the partner states' hands. These Action Plans will be examined in detail in the second part of this dissertation, therefore here we will not elaborate this area deeper.

The main point however of (neo)functionalism in the case of Euro-Mediterranean relations is not the functional convergence between the two regions detailed above but the indirect effect of it, the so-called democracy-spillover. This complex phenomena lies in the middle of the EU's efforts toward its neighborhood, therefore can be considered as the "open secret" of the European Neighbourhood Policy. The democracy-spillover happens when the accumulation of different trans-Mediterranean interactions (common projects and institutions on both state and sub-state levels) reach a level of intensity when the very political structures of the partners start to converge as well. This means that out of "social learning" through common projects and activities both the ruling elites and the people of the authoritarian regimes in the south get closer to the ideas of democracy governing their northern partners, and this process can lead to the transformation of their own societies to democracy in the end.

Although it is obvious that other relevant factors have contributed to the happenings of the Arab Spring as well, it can not be denied that the democracy-spillover effect from the side of the European Union had played a key role. This fact brings up several new questions which are not the focus points of the current work therefore are only discussed briefly here:

- How many credits should be attributed to the EU and the ENP regarding to the functional "incubation" of the Arab Spring?

- If there is a significant European "input" (and there is) to the preparation of the political climate for the Arab Spring in the revolting states, can we say that this is the first real success of the EU's soft power in spreading democracy and therefore serving the EU's interests as well? (Or maybe second only to the eastern enlargement?)
- If these assumptions turn out to be correct, can we say that the EU is capable now of a role to be a global "soft-superpower" helping democratization all around the globe and complementing in this process successfully the American hard power?

These questions lead far from the current topic of Euro-Mediterranean functionalism and will be only marginally elaborated in this dissertation, but it is important to remember here that functional convergence plays a key role in igniting social changes, and is capable to have even a global effect as seen on the example of the Arab Spring. As the EU's formation process and therefore its wakening foreign policy are both largely based on (neo)functional mechanisms, we can interpret the Arab Spring as a success of this approach which could give a global relevance to these events on the long term as well.

B) Constructivism

Finally -although only partially- we will discover a fourth area of IR theories applicable to Euro-Mediterranean relations, constructivism. The two main classic fields of IR theories outlined above -realism and liberalism- are both the products of classic rationalist social thinking perhaps best modeled in microeconomics. Both of these theories describe actors (states) as pre-social, self-interested, rational entities and the field of interactions (the society of states) being only the arena for pursuing their strategic interests. Both theories describe actors as "defensive positionalists" meaning that their actions aim to maintain at least, but better to expand their power in the international system. The main difference is that realists are thinking in a zero-sum game, where one's gains are always others losses because only the relative power gain counts as advance on others, while liberals think that absolute gains should be counted so the game is not zero-sum and therefore there can be mutually beneficial strategies as well. These presumptions imply that realists focus mainly on confrontations amongst states, while liberals explain the mutually beneficial cooperation forms and interdependencies.

While (neo)liberal and (neo)realist theorists were occupied with their IR theory debates based on the firm philosophical foundations of rationalism, in the 1970s a completely new genre of theories turned up, challenging the dominance of rationalism. Works of French philosophers Jacques Derrida, Michael Foucault and German sociologist Jürgen Habermas attacked the very philosophical base of Cartesian rationalism in social science, turning its focus from classical rationalist empiricism towards an interpretative mode of understanding and focusing on social science's unquantifiable aspects. Their main statements were the antitheses of rationalism:⁵⁵

- actors are inherently social entities, not egoistic rational individuals
- their identities and interests are socially constructed
- they are products of inter-subjective social learning
- knowledge is always attached to interests and there is no neutrality, therefore social theories should always be aware of their effects and positioned against all forms of oppression.

This so called "critical school of thought" was mainly occupied with the meta-structures of social sciences, therefore their works mainly stayed on philosophical levels of social theories, neglecting the possibilities of their application to social reality. This ambivalence provided convenient ground for counterattack from rationalist scholars, although some of them managed to integrate critical theory elements to their rationalist works like the already addressed Security Complex Theory of Barry Buzan shows it. Reacting to both these attacks and to the IR-earthquake of the collapse of the Eastern European Communist Systems which was not foreseen by any IR theories, a new theory was set on rise from the early 1990s.

Constructivism grew out of the scientific assumptions of critical theory, but tried to apply these assumptions to social reality, developing a new kind of empiricism. Constructivist thinkers stayed on the socio-constructivist and interpretative presumptions of critical theorists, but they applied these methods to study daily social discourse and practices. The attack from rationalists was therefore transformed to an opportunity by the constructivists to prove the plausibility of a non-rationalist, interpretative methodology. The main assumptions of IR constructivism can be summarized by one of the field's most prominent theorists, Alexander Wendt's own words:⁵⁶

55 Based on: *Theories of International Relations*, Palgrave Macmillan, 2009

56 Alexander Wendt (1999): *Social Theory of International Politics*, Cambridge University Press

- "Material resources only acquire meaning for human action through the structure of shared knowledge in which they are embedded."
- "Identities are the basis of interests"
- "It's through reciprocal interaction that we create and instantiate the relatively enduring social structures in terms of which we define our identities and interests."

These words mean that the focus of IR research should change from material structures towards identities and knowledge structures because these are the main drivers of human action. The other main assumption is that these structures are not only forming identities and their actions, but in the same time they are being formed by them. The main tool of research should be discourse analysis, mapping how identities construct each other, their interests and social institutions through social discourse. Constructivism in IR supposes that states have similar identities as humans therefore their interests and actions can be best understood by an international discourse analysis and both the attributes of international structures (institutions and systems) can be formed by states and reciprocally, states can be formed by international structures. Euro-Mediterranean relations can provide good examples of both of these two processes.

All of these constructivist assumptions can be applied to Euro-Mediterranean relations in several ways, most significantly by studying how the common institutions and initiatives (projects) can create a common "mental space" for the Euro-Mediterranean region by forming its actors' identities and interests accordingly. Some space will be therefore dedicated to the development of common projects and institutions in the region in the second part of this dissertation to show the "power of socialization" in the Euro-Mediterranean arena.

1.2.5 Conclusions

After summarizing the four theoretical areas to be applied in this dissertation to Euro-Mediterranean relations, we can make a few points of conclusions:

- Security-focused neorealism as represented here by Barry Buzan's Security Complex Theory and applied to Euro-Mediterranean relations by Astrid Boening tells us that the security concerns and threats of the two halves of the Euro-Mediterranean area are common and interrelated therefore the region can be analyzed as a single Security Complex. This implies that the closer cooperation between the two halves is determined to be mutually beneficial

and serves both parties' security and economic interests. This should drive -by only pursuing their egoistic self interests- to closer cooperation both of the parties on long term and open up dialogue and cooperation in several interrelated security sectors.

- Globalization and growing economic interdependencies are two other important factors of current IR realities, therefore they need their place amongst the analytical tools of Euro-Mediterranean relations research as well. As already outlined before, Euro-Mediterranean relations are asymmetrical, therefore we should speak of economic dependence rather than interdependence in this case. This fact should be the cornerstone of further research to be done in the next part of this dissertation, where the different policy approaches of Euro-Mediterranean players towards each other will be evaluated. Both the EU with its Neighborhood Policy tools and the MENA countries with their individual economic policies should build their strategies on existing socio-economic connections, to be researched as the core element of this work.
- The assumptions of neo-functionalism predict that the next wave of functional spillover of the European integration process will be directed to the neighborhood of Europe. First the formation of the EU itself, later the Eastern Enlargement and now the European Neighborhood provides a set of examples how some weak forms of cooperation in the beginning can lead to serious interconnections later, and how forms of cooperation in selected areas can spill over again and again to new policy areas bringing countries closer and closer. As different policy areas converge amongst states their political system adopts slowly as well, meaning that in the case of Euro-Mediterranean relations for example democracy-spillover is on long term inevitable. That how much role this spillover effect had in the Arab Spring is highly debatable, but we can not exclude completely this factor for sure.
- Finally but not lastly, the core role of common Euro-Mediterranean institution building should be addressed through the lenses of constructivist IR theories. These institutions -described in the first chapter of the second part of this dissertation- have a highly important role in identity-shaping for both the region's citizens and the governments of their states. A common Euro-Mediterranean identity could lead to common interests and therefore common actions in the region. Common projects are already running under the umbrella of the Union for the Mediterranean and the success and further extension of these projects can

significantly support the socio-economic convergence of the two sides. With a partially similar spillover effect that was described by neofunctionalism, we could hope for an identity-spillover from these common institutions and projects meaning that the governments and citizens of the Euro-Mediterranean are coming closer to each other mentally through the Mediterranean Sea which will connect rather than separate them in the future.

1.3. Methodology

1.3.1. Introduction

There is a very diverse and colorful array of contemporary IR which has several sub-fields and theories (see the previous chapter), but has also several different approaches of methodology. As a serious contemporary work in IR can not use a single theory as background, it can't either use only one kind of methodology. Both of these approaches have to be diverse while trying to show the "two sides of the same coin", in this case the Euro-Mediterranean relations. Before selecting proper methodologies for the current work we have to clarify some basic characteristics of it, answering the question what exactly is the thing we are making a study of:⁵⁷

1. Are we examining the dominant actors of IR: states, international organizations, TNCs, NGOs or terrorist organizations? What are the "objects" of our study?
1. Are we examining the dominant relationships amongst actors? Strategic political relations amongst great powers, trade relations, relations of dominance and dependence or the relations of solidarity between societies are the main points of focus?
2. Are we studying empirical issues like the distribution of military and economic power, global inequality, gender, environmental or crime statistics?
3. Or are we focused on ethical issues mainly like human rights, just wars, the ethics of interventions, the maintenance of cultural and biological diversity or the global redistribution of wealth?

⁵⁷ Based on: Theories of international relations, Palgrave, 2010

4. Are we incorporating the philosophical background of the social sciences into our study? Do we engage in the methodological and epistemological debates of IR or even go further to discuss the nature of causality, narratives and logic?
5. And finally: are we developing an interdisciplinary study? Can or should we incorporate theories and methodologies from other social sciences like sociology, economics, world history, psychology or others in our work?

Before choosing an approach and a work methodology for the current project, all of these questions should be answered to make us able to form a unique standpoint from which the whole project "makes sense" and shows its ability to add value to the current state of IR as a science. As the current work has a significant duality of both theoretical and methodological approaches, the following two sub-chapters will answer these questions in two different ways to show two sides of the same thing: first the methodological background for the security side of Euro-Mediterranean relations will be developed, later on a different methodology for the examination of economic ties.

1.3.2. Research methodology for the exploration of the security sectors

The first part of examination will consist of the evaluation of the security ties between the two halves of the Euro-Mediterranean region including some exploration of the transatlantic connections as well. Here the neorealist theory of Barry Buzan will be used as the main line of "thought organization" involving sectors and levels of inquiry as already described in the previous chapter. This part will use mainly non-positivist (discursive-interpretative) approaches. By following Astrid Boening's lead in theorizing the security aspects of Euro-Mediterranean relations on neorealist terms, we can answer the ontological questions of this work (raised above) as follows:⁵⁸

"Buzan, Waever and de Wilde (1989, 5) suggest an analysis *levels*, including national, regional, and international, and hereby "locate the actors, referent objects, and dynamics of interaction that operate in the realm of security" (Ibid.). Furthermore, these authors suggest an expansion of the political realists' power calculations and the military strategists' calculations of offensive and defensive capability by adding additional global systemic referent points (Ibid., e.g. pg. 8), thus defining additional sectors such as environmental, energy, human, societal, financial and

⁵⁸ Astrid Boening (2009): FROM THE BARCELONA PROCESS TO THE UNION FOR THE MEDITERRANEAN: SECTORS AND LEVELS OF INTEGRATION AND TRUST IN THE MEDITERRANEAN REGION, University of Miami

others. Buzan, Waever and de Wilde (1998) point out that *insecurity*, often associated with *(geographic) proximity*, makes security a *relational* matter. Hence the security perceptions of the states in the (wider) Euro-Mediterranean region are so interlinked as to have an internal dynamic, and the states' national security problems cannot reasonably be analyzed or resolved apart from one another (Ibid.)."

This implies that the work-flow here will follow a step-by-step approach evaluating the Buzanian sectors separately one after the other and each sector (except for the economic) will be analyzed through its issue areas (Actors, Objects, Agendas, Threats and Dynamics). At first the most relevant actors of the given sector will be identified, then objects (fields of cooperation) will be shown and agendas (EU programs on these fields) will be introduced. Finally under "Threats and Dynamics" the developments of the Arab Spring will be evaluated as "agenda changers" for EU policies, and possible reform agendas for the ENP will be proposed. From here the answers to the ontological questions can be derived too:

1. We are examining individual actors: the EU and its southern neighbors
2. Our focus of interest consist of mainly relational issues as "proximity makes security a relational matter"
3. The research involves empirical issues, mainly document analysis
4. Ethical issues will be marginally involved during policy evaluation
5. The philosophical background of social sciences is not a significant focal point here
6. Finally interdisciplinarity is present as there is an economic analysis embedded into a neorealist IR framework in the current research.

The methodology for this part therefore involves the following data collection methods: a review of Euro-Mediterranean institutional developments and programs since the very beginning of the European Economic Cooperation (1957) until now-days, and an interpretive reading of these activities to discover underlying norms. After exploring and interpreting the historical progress, data collection turns into contemporary sources such as EU, ENP and EMP websites, reports from research institutes focusing on socio-political and economic developments in the Mediterranean region and data from the foreign ministry websites of member states. The most important sources here will be the Action Plans of the ENP, because these documents show explicitly what the EU considers important about its relations with each partner country. The Action Plans will serve as a

starting point for the research, since they refer to most of the Buzanian issue areas (actors, objects, threats) that we need to identify and show the pre-Arab Spring agendas of the EU on these issues.

By a "deconstructive" analysis of official EU, ENP and EMP documents, underlying layers of norm transplantation, civil society learning, and different sources of motivation for regional economic and political cooperation can be explored. Finally, but maybe most importantly casual interviews with citizens, researchers and policy makers from the MENA region are undertaken to have an "insider look" on the subject which can give space to a discursive analysis of the current state of Euro-Mediterranean relations. Also, some on-field participative observation is involved, as this method is the most useful to "best capture the inter-subjective nature of reality and dialogical aspects of knowledge claims"⁵⁹.

After data-collection, data analysis takes place involving triangulation by first identifying and describing the institutionalization patterns and themes of Euro-Mediterranean relations from EU, ENP and EMP websites and other official resources, then comparing them to interview data and official publications by MENA governments and institutes and with secondary data from other researchers' and institutes' works in the field.

Triangulation of these sources can enhance the reliability and validity of the research results as none of these resources could be reliable enough to claim any "knowledge" true being based exclusively on only one of them. Triangulation here therefore means to develop a "third point of view" on the studied subject by carefully interleaving two different and sometimes contradictory sources. At the end, found patterns and trends are incorporated into established literature on Regional Security Complexes in order to understand and explain -organize into a knowledge structure (theory)- the products of analysis.

Regional Security Complexes -although being the dominant theoretical base in this part- are not exclusively used during the research. As the diverse methodological tools listed above, like discourse-analysis and participative observation imply, contemporary constructivism will have a place in the development of this analysis as well. By not breaking neorealism's dominance in the theorization of Euro-Mediterranean politics, it can still play a supportive/complementary role in "putting the puzzles together". This supportive part will gain its most significant role when the societal effects of the Arab Spring will be evaluated as these effects have more to do with identity and value issues than neorealist security and power relations.

⁵⁹ Audie Klotz and Cecelia Lynch, (2007): *Strategies for Research in Constructivist International Relations*, New York: M.E. Sharpe

1.3.3. Research methodology for the exploration of the economic sector

The second part of the work can be seen as almost the complete opposite of the first part on terms of methodology as it will utilize almost entirely positivist methods to draw up the complex economic interdependencies between the two halves of the Euro-Mediterranean space. Here the aim is to show different types of economic interdependencies amongst the Euro-Med partners (EU and the MENA states) and provide data for IPE (International Political Economy) analysis. Different IPE theories (described in the previous chapter) will be tested on the grounds of Euro-Mediterranean relations aiming to find one which describes the best the current economic realities.

Here the work-flow will mainly consist of the examination of different economic indicators (statistical numbers and their ratios) like imports, exports, GDP, FDI, HDI, amounts of aid given out/received and other indicators related to trade, redistribution and development. The main goal of analysis here will be to develop an "economic profile" for the region to make us able to evaluate the EU's economic policies towards its southern neighbours and to understand the prospects of these countries in the light of their "EU-dependence".

As a clearly positivist approach, this part will have a significantly different set of sources and tools of analysis than the non-positivist approach described before. Sources will consist of different statistical databases available online as EUROSTAT (the EU's statistical service), MEDSTAT (the EUROSTAT's subdivision for Mediterranean countries) and different OECD and World Bank datasets. The analysis of raw data will be software-based, using tools like Excel and SPSS. The outputs of this kind of analyzes are expected to be graphs and info-maps containing visualized forms of economic realities. These products of information can be then interpreted scientifically and used to figure out economic trends and developments in the Euro-Mediterranean economic space.

Finally, after being done with the toolbox of data analysis, results can be incorporated into contemporary IPE theories, which can be tested and evaluated according to how much they are capable of describing Euro-Mediterranean economic ties. Finding the most suitable theory for the region could add a significant new angle to the overall understanding of contemporary Euro-Mediterranean relations. Here -of course- again the method of triangulation will have to be used as there is no single theory expected to come out as a "winner", rather a mixture of overlapping theories can have the most explanatory power in the end.

The six questions about the ontological horizon of this project set out in the beginning of this chapter will have significantly different answers in this case than in the previous non-positivist one. As an entirely positivist approach is being used this time, answers change as follows:

1. We are examining one dominant actor: the EU, and its economic policies towards other actors (the MENA states).
1. The main focus is still on examining the dominant relationships amongst actors: mainly trade relations, relations of economic dominance and dependence and the relations of inter-regional solidarity.
2. The focus here is on studying empirical issues like the distribution of economic power, inequality of nations and their citizens, and economic development.
3. Here ethical issues are less represented but still, the inter-regional redistribution of wealth via trade policies and economic aid raise some significant ethical questions.
4. The philosophical background of the social sciences is not debated in this part.
5. Interdisciplinarity plays a crucial role here: as IR is categorized as "political science", this part makes a "sidestep" towards economics and IPE, which fields are categorized as a different area of science, although it is clear that they are so deeply interconnected that it makes not much sense to talk about one without taking into consideration the others.

Finally, after looking through the two different methodological approaches used during the two “geographically generalist” sub-chapters of the current work, the methodology for the case studies has to be outlined as well. The four cases (Egypt, Jordan, Morocco and Tunisia) will be split into a two-by-two grouping examining Mashreq and Maghreb countries separately but following the same methodological approach. Here the research will be built around each country's Action Plans, focusing on the contrasts between the EU's articulated policy goals with each country and the previously discovered security and economic realities. This direct comparison will make us able to evaluate the current ENP system in each case and draw some conclusions for possible reform agendas.

1.3.4. Conclusions

Summarizing the methodological issues related to the current work, we can clearly see that the duality of approaches stays consistent in this area as well. Methodology for the security-focused research will consist of work with documents and participant-communications, while the exploration of economic ties will consist of mainly work with statistical data and other sources of “raw” information.

As the duality of the theories, the duality of the methodologies has also a “secret” purpose: some relevant part of the Euro-Mediterranean realities can be explored only with “interpretative reading”, therefore document analysis is essential but the “truth” laying behind these documents can be checked only if we dare to touch some “pre-interpreted” raw data too and try to interpret it for ourselves. This hybrid methodology is expected to show both the actors' motivations and their agendas in the Euro-Mediterranean, but also tries to keep an eye on the economic realities behind them.

Part Two:
The evolving Euro-Mediterranean regional complex

2.1. The history and current institutional context of Euro-Med relations

Looking through the historical path of cooperation between the European Economic Community and the Southern Mediterranean states, we can easily identify a slow institutional progress from the simple bilateral agreements of the beginnings to the complex institutional network of now-days including the European Neighbourhood Policy (ENP) and the Union for the Mediterranean (UfM). After drawing up the historical origins and the institutional context of the present day cooperation forms, this sub-chapter focuses mainly on the European Neighbourhood Policy and shows that the ENP has two main directing principles: security and socio-economic reform. The last sub-chapter will focus on how the ENP mechanism works in practice and this will be described through the critical assessment of the two founding documents of the ENP: The „Wider Europe” communication of 2003 and the European Neighbourhood Policy Strategy Paper of 2004. The main tools of European soft power projection, the country-tailored Action Plans will be examined sector-by sector in the following chapter.

The other main unit, the UfM will be introduced as well but the examination will be much narrower than in the case of the ENP, it will only consist of the basic description of this institution as the present work is focused mainly on bilateral economic and political relations targeted by the ENP, rather than the multilateral socio-economic relationships targeted by the UfM.

2.1.1. Historical evolution of the Euro-Med Institutions

The beginnings of cooperation between the European Economic Community and the Southern Mediterranean states dates back to the foundation of the EEC. Already in 1957 the Rome Treaty of the newborn European Economic Community had references to the future forms of economic cooperation with the MENA region, and in the following years the number of treaties and agreements continued to grow. The European Economic Community made significant efforts to build prosperous economic relations between the south and north shores of the Mediterranean Sea, and the states in the south started to recognize the benefits of such cooperation as well.

While at the end of the 1950s Algeria was still part of France, this country was originally part of the Rome Treaty, and the other two Maghreb states, Morocco and Tunisia expanded their bilateral post-colonial agreements with France to bilateral EEC agreements. These were the first external relations of the Community. In the 1960s the EEC continued to make bilateral agreements in the region, and as early as 1969 reached preferential trade agreements with the Maghreb countries (Morocco, Algeria, Tunisia).

As the EEC grew more regional weight in the 1960s and the number of the external agreements continued to grow, the idea of a multilateral institution for the countries of the Mediterranean region has turned up in Europe. The main problem with the existing bilateral system was the unequal treatment of partners, which were never satisfied with their agreements when they saw that an other partner country managed to reach a better agreement with the EEC in a particular field. This problem could have been eliminated only with a multilateral agreement which treated all partners equally.

The first multilateral institution of Euro-Mediterranean relations was the Global Mediterranean Policy in which Israel, Morocco, Algeria, Tunisia, Egypt, Jordan, Lebanon and Syria participated. Within the Global Mediterranean Policy (GMP) formulated in 1972, the European Community negotiated a series of trade and co-operation agreements with southern Mediterranean countries with the exception of Libya. A special regime of agreements was spelt out for Greece, Turkey, Malta and Cyprus with a customs union or eventual membership in mind as well.

Unfortunately the global economic environment rapidly changed in 1973 with the first oil crisis, and this did not help the further development of the GMP as the economically challenged EEC turned inwards. The crisis prevented the EEC from deepening the economic relations with its Mediterranean Partners, and the failure of the multilateral system came clear as early as 1974. After the practical termination of the GMP, the community had to go back to the bilateral system of agreements which were ironically called GMP agreements. The EEC signed the first GMP agreement with Israel in 1975; then with Morocco, Algeria and Tunisia in 1976; and with Egypt, Jordan, Lebanon and Syria in 1977. These agreements contained three main chapters.⁶⁰

1. Commercial Co-operation. The EEC imports at preferential tariffs agricultural products in conformity with quotas fixed per lists of products and reviewed depending on Europe's economic situation (so as not to interfere with the Common Agricultural Policy). Industrial products are exempt from custom-duties, although the importation of textiles, foot-wears and refined petroleum products is subject to the quota system.
2. Financial and economic cooperation. Financial protocols specify the level of aid given to the Mediterranean partners. The aid takes various forms: grants, European Investment Bank loans at lower market interest rates and Commission loans at an 1% interest rate.
3. Social Co-operation. The EEC pledges to improve the standard of living of immigrant workers (most are from North Africa and Turkey), legalizing family grouping and giving them social rights equal to those of European citizens.

In 1982, the Commission articulated a new development plan for Europe's Mediterranean region (given Greece's entry in 1981 and that of Spain and Portugal in 1986) and recommended that a new policy should be adopted with regard to the southern Mediterranean states. The new policy encouraged the diversification of the agricultural production to prevent surpluses in agricultural products, and tried to reach acceptable trade compromises for Mediterranean partners aiming to access European food markets. These cooperation agreements and financial protocols were mainly ineffective, and were renewed twice without significant change. In 1990 the EEC realized the weakness of its bilateral Mediterranean

60 Source: Euro-Mediterranean cooperation, <http://www.medeas.be/index.html?page=2&lang=en&doc=767>

policies, and decided to revitalize the multilateral cooperation. The new „Renovated Mediterranean Policy” (RMP) heralded by the European Commission had a greater budget at its disposal for the financial protocols with narrower objectives and strategies:⁶¹

1. Support the Structural Adjustment Programmes elaborated by the IMF and the World Bank, with the particular aim of softening their social counter-effects.
2. Promote the creation and development of small and medium enterprises.
3. Encourage the protection of the environment.
4. Finance actions of regional scope and thereby reinforce horizontal co-operation
5. Emphasize the importance of human rights with a new clause enabling the European Parliament to freeze the budget of a financial protocol if serious human rights violations justify it.
6. Help societal actors such as universities, the media and municipalities contribute efficiently to the development and modernization of small enterprises by setting up "Med" programmes of decentralized co-operation.

As we will see later, the Renovated Mediterranean Policy came as a narrow precursor for the next multilateral system, the Euro-Mediterranean Partnership. As the communist systems collapsed in Europe, a new possibility turned up for the development of a multilateral partnership between the newly formed European Union and its Mediterranean neighbors. This new possibility has arisen from the end of the Cold War in the Mediterranean region as well, which led to the disappearance of Soviet influence from MENA politics. This situation opened up a political space for the EU to strengthen its positions in the region, and to launch a new multilateral system, which aimed to build up a structured and close cooperation between the newborn European Union and its southern neighborhood seeking to strengthen the EU's influence in the region.

The most active members of the EEC in proposing deeper cooperation with Mediterranean partners were always the Mediterranean EEC member states. In 1990 Italy Spain, France and Portugal together with 4 Maghreb states formed the so called 4+5 Cooperation Network, which expanded to 5+5 when Malta joined in 1991. The 5+5 Cooperation Network agreed to

61 Source: Euro-Mediterranean cooperation, <http://www.medeas.be/index.html?page=2&lang=en&doc=767>

deepen cooperation amongst its states in migration, agricultural, environmental and cultural issues, and to develop a common financial institution. Unfortunately the political developments in Algeria in 1992 halted the further development of the cooperation, but nowadays we can easily see that the 5+5 Cooperation Network together with the Renovated Mediterranean Policy was a huge step towards the next level of multilateral (regional) cooperation: the Euro-Mediterranean Partnership. These positive developments were further strengthened by the 1991 Madrid peace conference where the Israeli-Palestinian conflict was somewhat eased by multilateral negotiations, giving way to a possible regional cooperation.

The Barcelona Process was launched in November 1995 by the Ministers of Foreign Affairs of the then 15 EU members and 12 Mediterranean partners (Turkey, Syria, Lebanon, Israel, Jordan, the Palestinian National Authority, Egypt, Tunisia, Algeria, Morocco, Malta and Cyprus), as the framework to manage both bilateral and regional relations. Guided by the agreements of the Barcelona Declaration, it formed the basis of the Euro-Mediterranean Partnership which has become a new and innovative regional alliance based on the principles of joint ownership, dialogue and co-operation, seeking to create a Mediterranean region of peace, security and shared prosperity. The partnership was organized into three main dimensions, which remain today as the broad working areas of it.⁶²

- Political and Security Dialogue, aimed at creating a common area of peace and stability underpinned by sustainable development, rule of law, democracy and human rights.

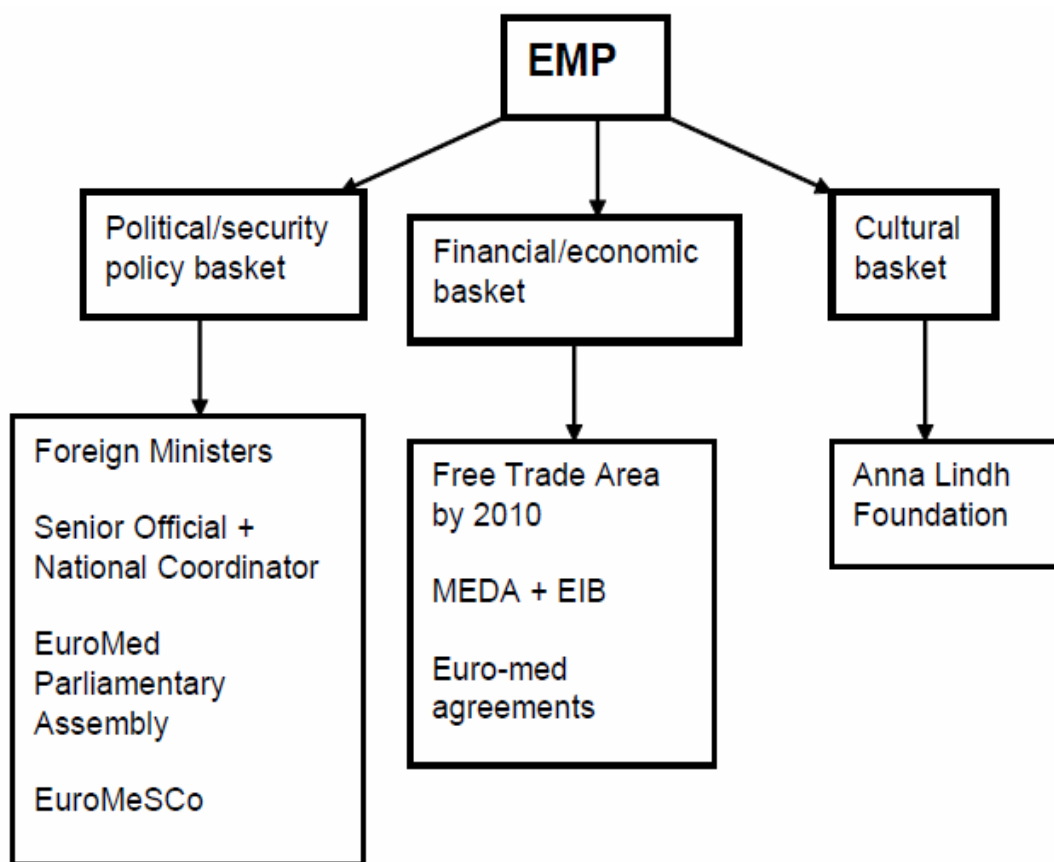
- Economic and Financial Partnership, including the gradual establishment of a free-trade area aimed at promoting shared economic opportunity through sustainable and balanced socio-economic development. During the Barcelona Conference, the foreign ministers of the 15 member states and the 12 Mediterranean Partners, (Maghreb and Mashrek countries including the Palestinian Authority as well as Israel, Turkey, Malta and Cyprus) officially approved the principle of the creation of a Euro-Mediterranean free-trade economic zone, planned for 2010. The Economic and Financial Partnership is financed by the European Investment Bank and a special European financial fund for the Mediterranean projects called MEDA.

- Social, Cultural and Human Partnership, aimed at promoting understanding and intercultural

⁶² Source: Anna Lindh Foundation: <http://www.euromedalex.org/about/our-mandate/union-for-the-mediterranean>

dialogue between cultures, religions and people, and facilitating exchanges between civil society and ordinary citizens, particularly women and young people. This part of the partnership is managed by the Anna Lindh Foundation through occasional project founding.

Under the umbrella of each sector, Euro-Mediterranean Ministerial meetings are being held in order to establish the political commitments which drive cooperation and activity across sectors. These meetings are accompanied by periodic meetings of Euro-Mediterranean Ministers of Foreign Affairs which evaluates the state of the partnership, its priorities and the progress made on different initiatives, while the bilateral cooperation based on the previous bilateral agreements continued in the form of standardized Euro-Med Agreements coordinated by a Senior Officer and a National Coordinator in each country. To develop a deeper level of political cooperation amongst partners, the Euro-Med Parliamentary Assembly was created to bring closer the members of parliaments from each participating country. Finally EuroMeSCo, a network of research centers based in partner countries was established to give a form of cooperation amongst policy makers and researchers of the region.

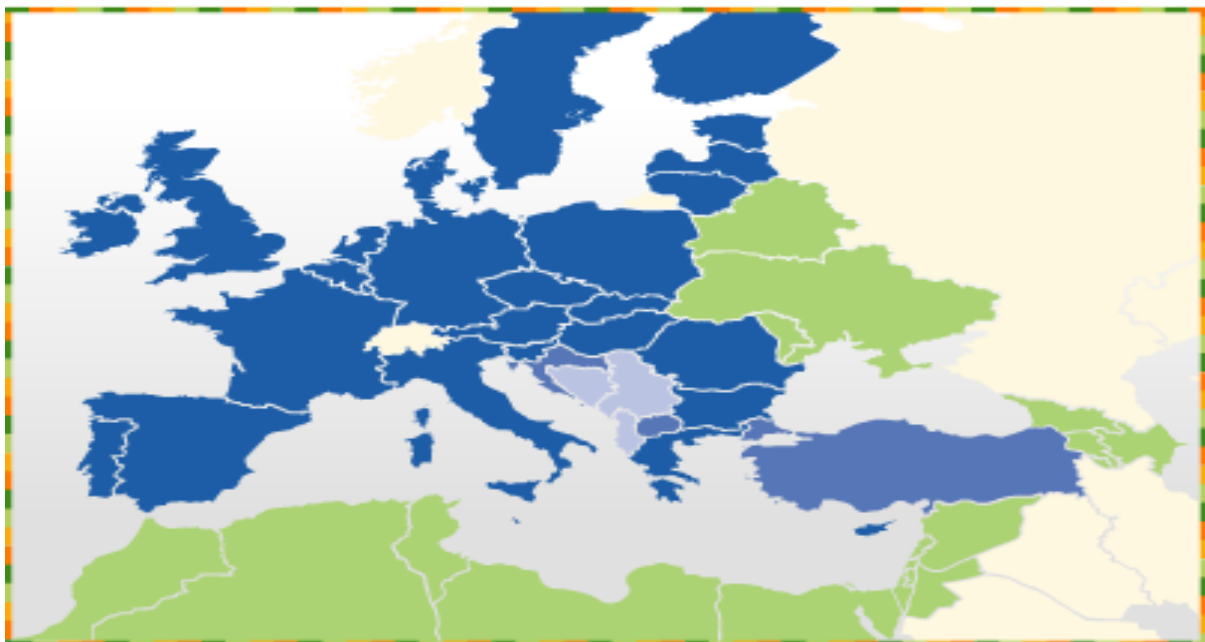


The structure of the Euro-Mediterranean Partnership. Source: Erzsébet N. Rózsa: From Barcelona to the Union for the Mediterranean - Northern and Southern Shore Dimensions of the Partnership, HIIA Papers T-2010/9.

2.1.2. The two main contemporary institutions of the cooperation: the ENP and the UfM

As the implementation of the Euro-Mediterranean Partnership suffered a lot from the delays in the Middle-East Peace Process in the 90s, and the created institutional framework was unsuccessful in deepening the cooperation, the EU realized the need to renovate again the relations with it's surrounding neighbors. The first initiative, the Wider Europe concept in 2003 was followed by a completely new system, the European Neighbourhood Policy (ENP) in 2004. This new concept (somewhat parallel with the GMP agreements) turned back to bilateral cooperation forms, and managed to reinvent Europe's foreign policy completely.

The new geopolitical reality after the 2004 enlargement of the EU brought politically unstable and low-income countries directly to the EU's external borders, and the development of the ENP can be interpreted as an institutional answer to the new situation as well. The ENP has a wider geopolitical coverage than the previous cooperation forms: it includes 10 Mediterranean partner states (Syria, Lebanon, Israel, Jordan, the Palestinian National Authority, Egypt, Tunisia, Algeria, Morocco, Mauritania), 3 East-European states (Belarus, Ukraine and Moldova), and 3 Caucasian states (Armenia, Georgia and Azerbaijan) therefore it can be considered as the umbrella organization for Europe's external policy. The states with EU-membership prospects (Turkey, Albania and the ex-Yugoslavian states) are not involved in the policy, because -as a strict criteria- the ENP gives no EU accession prospect to its partners.

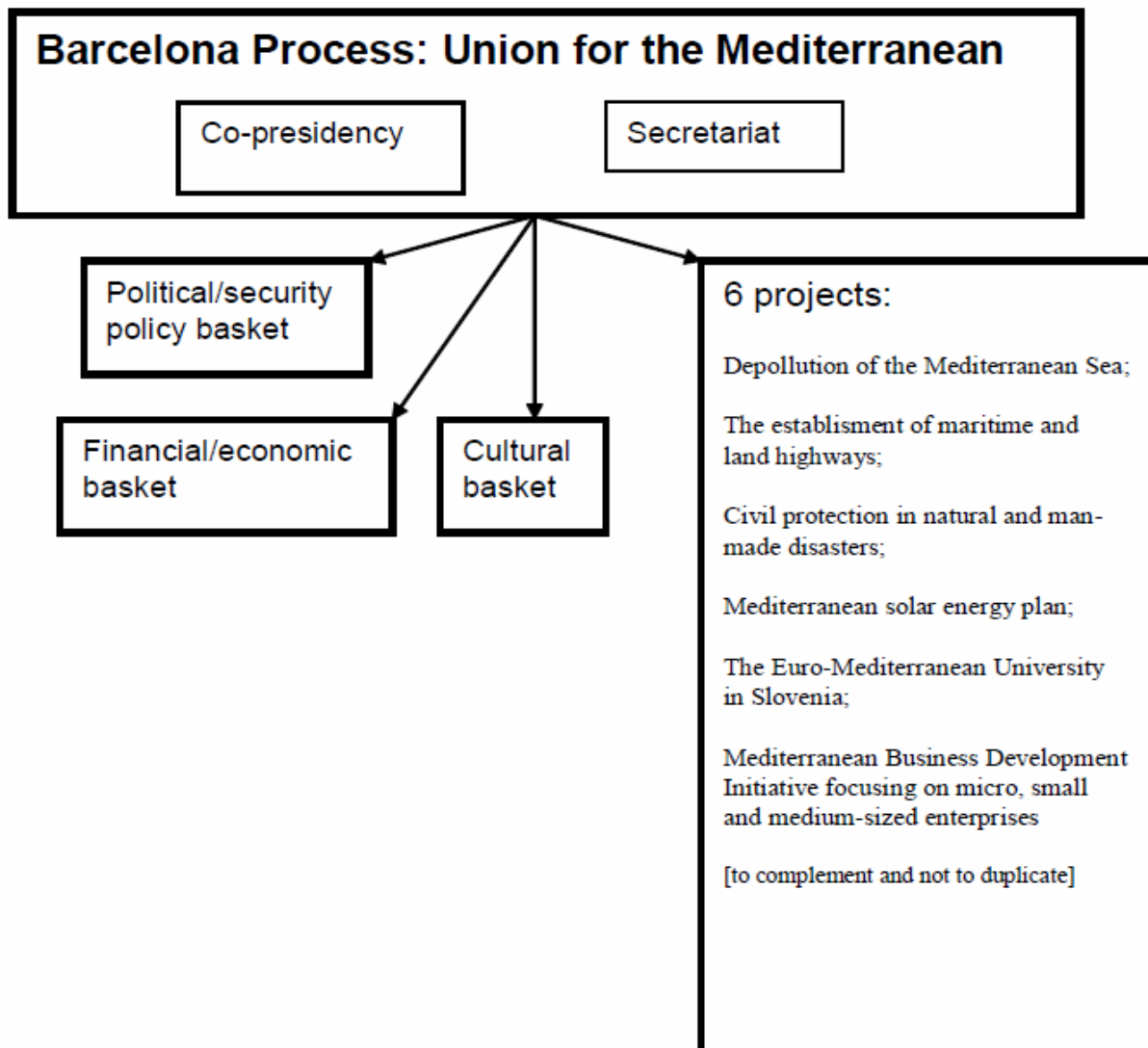


Source: European Neighbourhood Policy, http://ec.europa.eu/world/enp/index_en.htm

The implementation of the ENP works through the bilateral Action Plans, which are set out for periods between 3 and 5 years. The Action Plans (APs) are designed differently for each country, although they have a common structure. The implementation of APs are evaluated in Progress Reports indicating the development for the partner states in each field of cooperation. The core structure of the ENP can be identified as the „enlargement template”. This means that after the EU’s successful enlargement in 2004 it seemed to be appealing to „stretch” the enlargement template further to the EU’s new neighbors and to the Mediterranean partner states, hoping that this policy will be as successful later as the enlargement itself was. The main contradiction already rises here: the same conditionality is used in the ENP as was used during the accessing negotiations with the new EU members, but without the perspective of accession this time. This can seriously undermine the ENP’s credibility as we will see later.

The idea behind the invention of the ENP was not to substitute but to complement the Euro-Mediterranean Partnership. As the EMP is intended to be more like a multilateral forum for political cooperation, the ENP focuses on the concrete development of each partner country in various sectors. In order to gain influence the ENP has a system of conditionality to motivate partners towards the shared values of the EU: the better they perform is the closer they can get to the EU’s internal market and the more financial assistance they can get from the EU. This system we can identify as the instrumentalization of the EU’s soft power and here comes up already the second problem with the ENP’s perception in the south: as the EMP was a cooperation forum it was much more associated with co-ownership, while the mostly EU-tailored Action Plans resemble dictates for the southern partners. The EU has to reconsider the possibility of value-projection through the ENP as well since the accessing states were much more closer to the EU both in cultural and socio-economical means than the new ENP partners (except for Israel maybe), therefore the utilization of the enlargement template can be not as useful as it might seem at the first look. Still, out of the two main contemporary institutions (ENP and the UfM) together often referred as the Barcelona Process (BP), the most effective tool is the European Neighbourhood Policy and basically the only one not considered as being wrecked. This is the core reason why the main part of this research is focused on the ENP and refer only marginally to the other elements of the BP, although the UfM has significant advantages too on the side of socio-cultural relations and regional identity building at least.

The second contemporary policy tool of the EU dealing with its southern neighbors is the Union for the Mediterranean. In 2008 French president Nicolas Sarkozy keeping his campaign promises of revitalizing Euro-Arab relations started a new initiative called „Mediterranean Union”, which aimed to bring together all the states of the Mediterranean basin in one union. This plan was not negotiated with EU officials and was not part of the European external policy framework. The initiative was not supported by non-Mediterranean EU member states and was threatening the unity of the European Union. After several rounds of negotiations German chancellor Angela Merkel (the main opponent of the plan) and Sarkozy reached a compromise: the Mediterranean Union will be renamed as the Union for the Mediterranean (UfM), and will be build into the framework of the Barcelona Process. It will complement the BP with six new projects (as a virtual fourth basket of the EMP) supporting, but not substituting the original three baskets of the EMP in the following structure:



The structure of the Union for the Mediterranean. Source: Erzsébet N. Rózsa: From Barcelona to the Union for the Mediterranean - Northern and Southern Shore Dimensions of the Partnership, HIIA Papers T-2010/9.

As we can see, the three baskets of the original EMP structure remained untouched and a virtual fourth basket was added which consist of six new projects. (These new projects can be connected to the original baskets each, therefore the „virtual” status of the fourth basket.) Since the main problem with the implementation of the EMP was the unwillingness of the Mediterranean partners to cooperate in political issues, the new projects are completely depoliticized. They are touching mainly economic and infrastructural issues, which is useful but shows the EU's admittance of failing with the political basket. As the originally ambitious EMP was reduced to a depoliticized cooperation by the creation of the development-focused and project-based UfM, the „true weight” of the partnership moved to the ENP which still touches political issues through its Action Plans but moves from the multilateral „unity” towards a system of tailor-made bilateral cooperation. The work-sharing between the two institutions can be viewed positively as well: the sensitive bilateral political issues guarded by the ENP and the more general, less sensitive issues of multilateral development policies addressed by the UfM could lead to a complementary system of institutions. Still, as the ENP has much more leverage to implement reforms in the region, it will be the core unit of examination in the present work.

2.1.3. The ENP's founding documents: the „Wider Europe” and the ENP Strategy Paper

After showing the two main European instruments of „making business” with the southern neighbors and choosing the ENP as our preferred field of study, it makes sense to have a look at the two funding documents of the ENP to extract the overall fundamental values of the policy before we go to dig deeper and make a sector-by-sector assessment of it in the next chapter.

1) The „Wider Europe” Commission communication of 2003 describes the necessity and sets out the Commission's plans to deal with the new geopolitical reality of Europe after the EU's enlargement in the coming year. The paper acknowledges the interdependence of the 450 million people living within the EU's borders (the world's biggest single market) and the 385 million people living in its surrounding area (neighborhood). The EU realizes and accepts the challenge of taking responsibility of the well-being of people in its surroundings and develops this new policy to eliminate the possible emergence new dividing lines after the enlargement.

The communication proposes that „the EU should aim to develop a zone of prosperity and a friendly neighborhood -a ‘ring of friends’- with whom the EU enjoys close, peaceful and co-operative relations” and realizes that „all countries in the new neighborhood are confronted by the opportunities and challenges surrounding Proximity, Prosperity and Poverty.”⁶³

By the means of proximity the document identifies the main emerging challenges as it „increases the importance of a set of issues revolving around, but not limited to, the management of the new external border and trans-boundary flows. The EU and the neighbors have a mutual interest in cooperating, both bilaterally and regionally, to ensure that their migration policies, customs procedures and frontier controls do not prevent or delay people or goods from crossing borders for legitimate purposes.” But also identifies „threats to mutual security, whether from the trans-border dimension of environmental and nuclear hazards, communicable diseases, illegal immigration, trafficking, organized crime or terrorist networks will require joint approaches in order to be addressed comprehensively.” As we will see later, this duality in the EU’s approach will turn up from time to time in the later ENP documents as well.

By the means of Prosperity and Poverty the EU acknowledges that „proximity policy must go hand-in-hand with action to tackle the root causes of the political instability, economic vulnerability, institutional deficiencies, conflict and poverty and social exclusion.” All of these negative effects can be effectively cured only with an appropriate socio-economic development policy, in which the EU is willing to help its neighbors and highlights that „the benefits of increased economic growth to all sectors of society requires positive action to promote social inclusion via mutually reinforcing economic, employment and social policies. Attention to areas including education, health, training and housing is equally important. Increasing environmental and economic efficiency should also proceed hand-in-hand.” But what are the tools/methods in the hands of the EU to provide answers to the challenges of the neighborhood’s proximity, prosperity and poverty? The most the EU can do is to offer its neighbors the prospect of a stake in the EU’s Internal Market and in different European (infrastructural) networks while making efforts to intensify security related cooperation and financial assistance as well.

63 EU Commission, 3003, Brussels: Wider Europe — Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours

The detailed list of duties is being drawn up as follows:⁶⁴

- Extension of the internal market and regulatory structures
- Preferential trading relations and market opening
- Perspectives for lawful migration and movement of persons
- Intensified cooperation to prevent and confront common security threats
- Greater EU involvement in conflict prevention and crisis management
- Greater efforts to promote human rights, further cultural cooperation and enhance mutual understanding
- Integration to transport, energy and telecommunications networks and the European research area
- New instruments for investments promotion and protection
- Support for integration into the global trading system
- Enhanced assistance, better tailored to needs
- New sources of finance

As we see, the first two of the “offers” is market integration-related as the EU considers the possibility of giving access to its internal market the most appealing opportunity for its neighbors. (And this is a true assumption.) Promoting lawful mobility and cooperation on security issues follows on the list. These can be considered the EU’s main threat perceptions from the neighborhood therefore this part we could label as the EU’S “self-defense issues”. Human rights promotion is also a priority for the EU which predicts already one core conditionality for the EU’s financial help while integration into European networks gives another possibility for deeper relations. The last four “offers” are economy-related again: promoting trade integration and improving financial help.

Overall, we can say that in this very early list of „offers” we can already identify the core policy method of the ENP: giving economic incentives with security-related conditionality attached to them. The EU is ready to spend more on its neighbors and give them market access but only if they comply with its security and human rights-related expectations. Here we can’t go deeper into the examination of different offers and conditionalities, but we can already see the logic behind the EU’s approach which will fully surface in the next chapter when we make a sector-by-sector approach of the concrete and executable Action Plans.

64 EU Commission, 3003, Brussels: Wider Europe — Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours

2) Second in line is the main funding document itself, the European Neighbourhood Policy Strategy Paper. This communication was issued right after the EU's eastern enlargement in 2004 with its aim stated as: „We have acquired new neighbors and have come closer to old ones. These circumstances have created both opportunities and challenges. The European Neighbourhood Policy is a response to this new situation.”⁶⁵

This paper represents a much more crystallized idea of the new policy setting out details, mechanics and concrete aims of the ENP. Keeping most of the founding ideas from the Wider Europe concept, it identifies the main aim of the policy as „A Neighbourhood Policy for a European Union acting coherently and efficiently in the world” and names the Action Plans system (described in the next sub-chapter) the main tool in achieving this goal. It sets out the final geographic coverage as well: Eastern-Europe, The Caucasus and the Mediterranean. (Originally the Caucasus have not been included as having no direct border with the EU.) After describing how the ENP will complement (and not substitute) the existing institutions and their financial sources, it sets out the policy's main driving principles: Joint Ownership, Differentiation and Added Value. Joint ownership is proposed on two levels: initially the EU draws in the partners from the very beginning of the process by offering co-ownership of the Action Plans which are developed and agreed by a commission including members from both the EU and the partner country. Second, the monitoring and evaluation of the process (AP implementation) is also done by this hybrid committee. This means to ensure co-ownership and commonly agreed implementation of the policy. Differentiation is ensured by the tailor-made APs as all of them contains special measurements for each country adopting to the differences in partner's aims and capabilities. Added value is ensured by the additionality of the ENP: it runs parallel to other forms of cooperation, and tries to fill the gaps amongst previous policies.

After identifying two exceptions (Belarus and Libya, who have limited contacts with the EU), the paper identifies the main „priorities of action” which will form the backbone of the cooperation with all of the neighbors. The main priorities are (detailed further in the next chapter):

- Commitment to shared values
- A more effective political dialogue

65 European Commission, 2004, Brussels: European Neighbourhood Policy Strategy Paper

- Economic and social development policy
- Trade and internal market
- Justice and Home Affairs
- Connecting the neighborhood (European Networks)
- People-to-people programs and agencies
- Regional cooperation on the EU border

How these priorities are translated to concrete actions will be the main topic of the next chapter of this work using a sector-by-sector approach by the detailed examination of Action Plans. The document closes with the short introduction of the legal and financial background of the new policy, identifying the new main financial instrument, the ENPI (originally ENI) and its budget for the period 2007-2013. Finally, the work on the Action Plans gets a kick-start: „On this basis, the Commission, with the Presidency and the High Representative, will take contact with the partner countries concerned, with a view to completing Actions Plans with them before the end of July 2004. Member States will be kept fully informed of the development of these consultations.”⁶⁶

2.1.4 The ENP's work-flow through the system of Action Plans

After introducing its founding elements, we should have a deeper look at how the European Neighbourhood Policy works in practice. First of all, we have to identify the already introduced Action Plans (APs) as the main vehicles of „value and interest transport” between the EU and its neighbors. As already stated, APs are tailor made for each partner including offers for help and conditions to these offers by the EU. These plans are co-developed by the EU and the neighbors, but as the ENP is completely EU-financed they tend to mirror mainly the EU's interests and only marginally the interests of neighbors. Still, co-ownership is present as the process of implementation is also carried out and monitored by mixed committees including members from both sides.

To gain a deeper insight to the working mechanisms of the ENP, first the method of AP implementation has to be clarified. The work flow of the ENP includes three stages through which the progress towards EU values can be monitored and evaluated in the case of each partner country. These are the following:

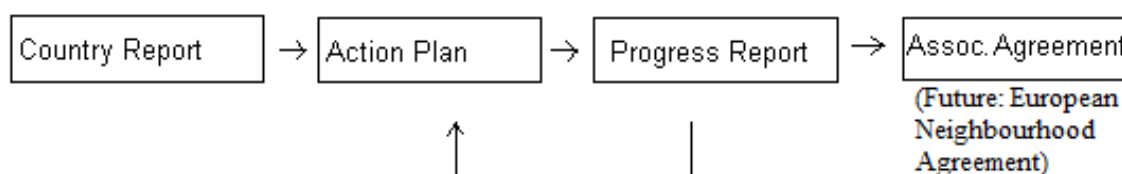
⁶⁶ European Commission, 2004, Brussels: European Neighbourhood Policy Strategy Paper

The first stage is the examination of each partner's current status: the Commission prepared Country Reports assessing the political and economic situation as well as institutional and sectoral aspects to evaluate when and how it is possible to deepen relations with the given country. Twelve Country Reports were published between 2004 and 2005. Country Reports are submitted to the Council which decides whether to proceed to the next stage of relations.

The next stage is the development of Action Plans with each country. These documents are negotiated with and tailor-made for each country, based on the country's needs and capacities, as well as their and the EU's interests. They jointly define an agenda of political and economic reforms by means of short and medium-term (3-5 years) priorities. They cover political dialogue and reform, economic and social cooperation and development, trade-related issues and market regulatory reform, cooperation in justice and home affairs and a human dimension. In exchange for reforms the EU provides greater integration into European programs and networks, increased financial assistance and enhanced market access.

The third stage is when the implementation of the mutual commitments and objectives contained in the Action Plans are examined through sub-committees with each country, and the outcomes are summarized in periodic reports on progress (Progress Reports). The Commission has already evaluated the overall progress of the ENP's first period (2004-2009), and twelve Progress Reports were adopted on 12 May 2009.

The findings of the Progress Reports are then effecting the new generation of Action Plans, which describe the outputs that the given country still has to deliver, while the already accomplished ones get to be integrated to the bilateral Association Agreements, therefore they become parts of the legal relations between the EU and the given country:⁶⁷



Finally, it makes sense to summarize the aims and tools of the ENP in one comprehensive table before we jump into the detailed examination of Action plans in the next chapter:

⁶⁷ Source: The author's own work (2011)

GEOGRAPHIC COVERAGE	Eastern Europe,	Belarus, my Ukraine
	Southern Mediterranean	Algeria, Egypt. Israel, Jordan. Lebanon. Libya, Morocco, Palestinian, Authority, Syria, Tunisia
	Southern Caucasus	Armenia, Azerbaijan, Georgia
OBJECTIVES	1. Strengthening stability, security and well-being for EU; member states and neighbouring countries,	
	2. Preventing the emergence of new dividing lines between the enlarged EU and its neighbours.	
WHAT IS OFFERED	Short term: Reinforced political, security, economic and cultural cooperation (through 11 incentives)	1. Extension of the internal market and regulatory structures;
		2. preferential trading relations and market opening;
		3. Perspective for lawful migration and movement of persons;
		4. Intensified cooperation to prevent and combat common security threats;
		5. Greater EU political involvement in conflict prevention and crisis management
		6. Greater efforts to promote human rights, further cultural co-operation and enhance mutual understanding :
		7. Integration into transport, energy and telecommunications networks and the European research area;
		8. New instruments for investment promotion and protection;
		9. Support for integration into the global trading system;
		10. Enhanced assistance. better tailored to needs:
		11. New sources of
WHAT IS ASKED	Long term;	Some economic and political integration
	Commitment to common values in the following fields:	Democracy
		Rule of law
		Good governance
		Respect for human rights (including minority rights)
		Promotion of good neighbourly relations
		Principles of market economy, free trade, sustainable development and poverty reduction
		Essential aspects of EU's external action (the fight against terrorism and Q proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution)
INSTRUMENTS	Short term:	Action Plans
	Long term:	European Neighbourhood Agreement,
ACTION PLANS	Guiding principles:	Joint ownership
		Differentiation
	Two broad priority areas	Commitments to shared values and to certain objectives of foreign and security policy
		Strengthening democracy and the rule of law, the reform of the judiciary and the Strengthening against corruption and organised crime;
		Respect of human rights; and fundamental freedoms (including freedom of media expression), rights of minorities and children, Gender equality, trade union rights and other core labour standards, and fight against the practice of torture and prevention of ill-treatment;
		Support for the development of civil society;
		and cooperation with the International Criminal Court;
		The fight against terrorism and Proliferation of weapons of mass destruction, as well as abidance by international law and efforts to achieve conflict resolution.
	Commitments which will bring partner countries closer to the EU	Political dialogue and reform,
		Trade and economic reform;
		Equitable socio-economic development,
		Justice and home affairs:
		Connecting the neighbourhood transport (energy, environment, information society, environment, research and development);
	Progress monitoring	People to people contacts
		In the bodies established by the Partnership and Cooperation Agreements or Association Agreements. The Commission will report periodically on progress accomplished.

Source: Baracani 2005.

2.2 Four sectors of EU-MENA security interdependence

2.2.1 The structure of Action Plans: revealing the sectors of interdependence

The examination of inter-regional sectors of interdependence between the two halves of the Euro-Mediterranean area will follow closely the structure of the Action Plans in this chapter. The four Buzanian sectors of security (Military, Political, Societal and Environmental) are perfectly represented in the structure of APs therefore all we have to do is to categorize the several „points of action” in the APs into the four Buzanian sectors and give them a systematic evaluation in the light of the post-Arab Spring realities of the MENA region. The methodology of this chapter will therefore follow the original Buzanian structure: first we identify the Actors, Objects and Agenda components of each sector with the help of the APs which will show us the EU’s main fields of concern regarding the MENA. Second, we give a post-Arab Spring „reality check” to these concerns by identifying the most recent Threats and Dynamics in the region in the examined sectors. Finally we can conclude our examination by identifying areas where the pre-Arab Spring ENP architecture is „missing the point” and give recommendations how it could be changed to make it able to formulate better answers to contemporary challenges.

As already introduced before, APs are tailor-made for each country therefore a truly comprehensive examination would invoke the complete check of each partner country’s AP one-by-one. Of course this process would far exceed the limits of this current work but there is no reason to give up our need for a comprehensive picture: APs are individual and different for each partner but their structure is largely similar. The only differences are in the weight-points of each AP but the examined „points of action” are recurrent in each document. This means that we can examine the structure of APs „in general” and give space occasionally to country-specific investigation when it’s necessary. In this introductory part we can already draw up the general structure of APs, showing the overall build-up of these documents and the list of the „priorities of action”, which priorities will be later categorized into the four sectors of EU-MENA interdependence.

The structure of the Action Plans can be divided into four main parts:

- „Introduction” explaining the aims of the AP in general
- „New Partnership Perspectives” summarizing the EU’s offers to the cooperating partners
- „Priorities for Action” which summarizes the EU’s expectations to the partners
- „Actions” describing the EU’s expectations in details

The „Introduction” shortly summarizes the historical evolution and institutional context of the relations between the EU and the given country and strongly emphasizes that the ambitious aims of the AP are a product of joint ownership, meaning that the AP was created and agreed by a committee including members from both sides. The key sentence here is the following: „The Action Plan will take into account the balance between the acceleration necessary for dynamic implementation and modernization of the [given country’s] economy and the imperatives of a sustainable socio-economic development.” The „balance” means here that the EU is aware of the limits that these countries can offer in terms of socio-economic development, therefore it will be patient regarding the speed of such reforms.

„New Partnership Perspectives” describe what the EU can offer to the given country in exchange for the requested socio-economic developments. The offer is the following:⁶⁸

- The perspective of moving beyond the existing relationship to a significant degree of economic integration including through a stake in the EU’s Internal Market, which aims to promote the free movements of goods, services, capitals and persons and the possibility to participate progressively in key aspects of EU policies and programmes.
- An upgrade in the scope and intensity of political cooperation.
- Deepening trade and economic relations through the continued reduction of trade barriers on both sides, increased access to each others’ markets including in agriculture and services and continuous upgrading of economic legislation. This will stimulate trade and foreign direct investment and accelerate economic growth accompanied by a sufficient strengthening of the private sector and business conditions leading to a greater economic integration with the European Union.
- Increased financial support: EU financial assistance will be better targeted to support the implementation of the actions identified in the present document, as well as the implementation of the Association Agreement and development, modernization and reform agenda of the Government of Egypt, in particular developing human resources and enhancing the business climate to increase investment and employment. The European Commission is furthermore proposing a new European Neighbourhood and Partnership Instrument (ENPI) for this purpose, also covering cross-border and transnational cooperation between Egypt and EU Member States. There will also be support for infrastructure investment as well as for the development of the private sector and partnership through the European Investment Bank and FEMIP;

68 Source: Egyptian Action Plan, http://ec.europa.eu/world/enp/pdf/action_plans/egypt_enp_ap_final_en.pdf

- Prospect of gradual opening of or reinforced co-operation in relevant European Community programmes promoting cultural, educational, environmental, technological and scientific links;
- Support for meeting EU and international norms and standards and for modernization efforts including through technical assistance and twinning, as well as targeted support and advice for legislative approximation through mechanisms such as TAIEX;
- Enhanced direct cooperation between administrations based on the bodies set up by the Association Agreement in particular institutionalized thematic sub-committees. In light of the fulfillment of the objectives of this Action Plan and of the overall evolution of relations, consideration will be given to the possibility of a new contractual relationship.

As we can easily identify, the EU tries to attract its partners already at the first pages of the APs. The most appealing is probably the offer of greater economic integration with the European Union which leads to gain access to the EU's internal market. The two main problems arise already here: the offer is blurred (there is no agenda set), and excludes any kind of (even partial) future membership prospects, which can be strongly demotivating. Increased financial support on the other hand is an offer which can easily convince a country that the ENP participation is useful on the short run but can raise doubts about the long term commitment.

The reform developments the EU expects in exchange are listed at the „Priorities for Action” part, where we can already identify the two main issue areas directing European policies towards neighbor countries: security and economics. The following list is the original 19 points mentioned in the Egyptian AP (in shortened forms):⁶⁹

- Enhance political dialogue and co-operation, based on shared values
- Enhance dialogue on security issues such as disarmament and arms control
- Enhance the effectiveness of institutions entrusted with strengthening democracy and the rule of law and consolidate the independent and effective administration of justice.
- Promote the protection of human rights in all its aspects
- Increase economic integration with the EU
- Improving macroeconomic governance, reforming the financial sector, strengthening the role of the private sector, enhancing the business climate
- Boost industrial development and enterprises capabilities and competitiveness through improved skills, better access to finance, promotion of new technologies
- Deepen and enhance the existing economic dialogue and identify areas suitable for gradual regulatory upgrading and approximation with EU technical legislation
- Proceed in reforming the tax system, improving public finance management, and

⁶⁹ Source: Egyptian Action Plan, http://ec.europa.eu/world/enp/pdf/action_plans/egypt_enp_ap_final_en.pdf

upgrading public institutions.

- Promote south-south trade, through encouraging FDI participation in regional projects such as: infrastructure, trade facilitation, energy and transport.
- Strengthen cooperation on poverty reduction through employment and social development.
- Promote cooperation in the area of education, science and technology
- Promote cooperation in the area of information technology and communications through promoting information society and its sustainability
- Strengthen co-operation on migration-related issues, including the effective joint management of migration flows.
- Promote cooperation on fight against organised crime, including trafficking in human beings, fight against drugs, fight against money laundering, and police and judicial cooperation.
- Promote co-operation in the transport field, in particular on developing infrastructure
- Enhance cooperation in the energy sector, in particular through energy policy exchanges
- Strengthen the environmental dimension of public policy.
- Strengthen links and co-operation in “people-to-people” contacts in youth and sports, culture and audiovisual areas and civil society

As we already see here, most of these points fit into our sectoral research agenda and we will be able to gather them into the four Buzanian sectors of interdependence. (Except for economy-related issues which are the topic of the next chapter.) If we go further into details and check the „Actions” part, the picture becomes a bit more complicated: it includes around 450 points of action, which count for at least 80% of the AP’s text. These „Actions” are the detailed specifications of the already listed „Priorities for Action”, therefore we do not have to „re-sectorize” them, instead they just show a deeper level of each sector from where we can pick issues that are highly relevant to the actual focus of our research.

2.2.2. Military sector and hard security issues

From the APs we can gather two relevant points of action regarding hard security that have high importance for the EU and therefore for the ENP as well (original long forms):

- Enhance dialogue on security issues such as disarmament and arms control; nonproliferation of weapons of mass destruction and their delivery systems, including the objective of establishing a zone free of WMD and their delivery systems in the Middle East; strengthening the fight against terrorism; peacekeeping.

- Promote cooperation on fight against organised crime, including trafficking in human beings, fight against drugs, fight against money laundering, and police and judicial cooperation.

What are the Actors, Objects and Agenda components of these points? What are the Threats and Dynamics in this sector? These are the questions we try to answer in this sub-chapter. The first point can be examined around three main issues: 1)Co-operation on foreign and security policy, 2)Combating terrorism and promoting disarmament 3)Non-proliferation of weapons of mass destruction and their means of delivery. The second point can be split into two other areas: 4)Fight against organized crime and drugs, money laundering, financial and economic crime and 5)Law enforcement cooperation. Of course, here we will not be able to examine in depth all of the relevant actual issues these points refer to but we can still pick the most relevant ones to show some details of MENA-EU interdependence in this particular sector.

1) Co-operation on foreign and security policy is the broadest issue out of the six mentioned above. Here we face a really broad set of issues therefore we will have to pick and focus only on the most important ones. These are: cooperation in jointly agreed areas of Common Foreign and Security Policy (CFSP) and European Security and Defense Policy (ESDP), participation in NATO's Mediterranean Dialogue, cooperation through the UN framework and cooperation in regional crisis areas: Palestine, Western Sahara and Lebanon. Finally, the ongoing civil war in Syria has also high relevance.

Participation in the work of the EU's common security-related institutions (CFSP and ESDP) can be described with only modest success. As CFSP and ESDP are themselves still „young” and quite underdeveloped areas of the EU's common policies one can not expect serious relevance from them regarding the neighborhood either. (The only Mediterranean partner yet involved in CFSP dialogue is Jordan.) On the other hand some coherency can be definitely detected in the relations between the ENP and the CFSP/ESDP: The European Security Strategy Paper (2003) lines out exactly the same areas of concerns we found here in the APs: „As such the ESS identifies a string of key threats Europe needs to deal with: terrorism, proliferation of weapons of mass destruction, regional conflict, failed states, and organized crime.”⁷⁰ This means that the ENP-ESDP convergence could produce more EU-MENA security cooperation on the long term.

⁷⁰ European Security Strategy Paper, European Commission, 2003

Participation in NATO's Mediterranean Dialogue shows a more relevant engagement from both sides. This „platform” can be seen as the main tool of EU-MENA cooperation on security issues, therefore it has a huge relevance for the ENP as well. Containing all NATO members plus seven Mediterranean partners (including Israel) it gives the main consultation possibility not only to EU-MENA army chiefs but also for consultations amongst MENA countries. Furthermore, NATO's relevance in the region is obviously important not only because the EU alone have no capabilities to maintain peace in the MENA but also because of the active role NATO played recently in the region. Although the „Iraqi Freedom” operation was widely perceived negatively in the region, more recently the no-flight zone operation in Libya was seen more positively. This action was a common NATO-EU success which gave also more relevance to the Mediterranean Dialogue as well and Libya, a former NATO enemy got already invited: in the 2012 Chicago Summit, NATO heads of states issued a declaration citing Libya was "welcome" as a NATO partner "if it so wishes", through the Mediterranean Dialogue.⁷¹

On the other hand cooperation through the UN and the cooperation in crisis areas shows a mixed picture. There are several crisis areas in the region, but the most problematic issues are as follows: the Palestinian-Israeli conflict, the Western Sahara conflict and the conflict in Lebanon. UN-EU-MENA cooperation in Palestine is widespread: the EU is a main financial donor of the Palestinian state while the UN has a longstanding mission (UNRWA) in the area promoting peace. Jordan and Egypt play also an important supportive role in the peace process. Unfortunately all these efforts seem to be fruitless yet and the process shows no linear progress, rather cyclical ups and downs. Still this conflict remains one of the most important elements of EU-MENA security interdependence. The conflict in Western Sahara is also a longstanding problem of the region where we can witness some UN-EU-MENA cooperation. As the main source of Algerian-Moroccan tensions, this conflict has already wrecked some regional cooperation initiatives (the Arab Maghreb Union for instance) therefore it's highly relevant for the ENP as well. Here the roles are again that the EU gives financial help while the UN has a mission to maintain peace (MINURSO), but in this case we can not talk about any supportive role of local regimes. In Lebanon the setting is quite the same: there is a UN peacekeeper contingent (UNIFIL) and some financial support from the EU, but long-term stability can't be reached as powers in the region are not supportive of the peace process (Iran, Syria and Israel).

71 See: NATO Chicago Summit, <http://www.chicagonato.org/>

After the three „frozen conflicts” described above, we also have to mention the ongoing civil war in Syria. As a UN Security Council resolution was not possible in this case, we can not speak of UN-EU-MENA cooperation in this case but still this conflict has a serious importance for EU-MENA relations anyway. EU-NATO inactivity in this case can seriously backfire later as there will be far less pro-western elements in Syria’s new government once the current regime collapses. This could trigger problems in the implementation of the ENP in Syria later which could negatively affect the „governability” of EU-Syria relations as well.

2) Combating terrorism and promoting disarmament is an other highly important issue of EU-MENA interdependence: main actors in this area include different regional branches of Al-Qaeda and other armed groups which are highly active in the region. Besides the already mentioned conflict in Syria where currently several armed groups fight the government with different ideological backgrounds (not all of which are West-friendly!), in Libya there are also several armed groups still in „operation” after the end of the civil war there. Other groups, like Hamas in Gaza or Hezbollah in Lebanon are also presenting serious concerns for the EU, therefore will have to be tackled through the ENP in some form. On the long term all of these groups will have to be disarmed and this should be reflected as a main ENP priority. The latest negative developments in this area include the re-activation of Al-Qaeda in the Islamic Maghreb (AQIM) in Mali, which is largely the effect of the Libyan civil war and will have to be dealt with through the UN Security Council. AQIM is also active in Algeria, Libya and Mauritania which gives further challenges for the ENP’s implementation on the long term.

3) Non-proliferation of weapons of mass destruction is an other highly sensitive issue: Libya, Syria, Algeria and Egypt all have stocks of different WMDs: they don’t possess any nuclear weapons but chemical and even biological weapons they all have. To ensure that in the present turbulent times these weapons are not falling into the hands of AQIM or other armed groups is a high priority for the EU therefore in the ENP implementation it should have an important role. On the long term, disarmament of WMDs (and light weapons too) should be on the agenda and be implemented as one of the „hard” conditionalities for Europe’s financial engagement in the MENA.

4) Fight against organized crime, drugs, money laundering, financial and economic crime play also an important role in EU-MENA relations. Drug supply routes from Africa and South-

America all cross the MENA before arriving to Europe therefore an other important ENP priority should be to deal with these „import” routes with common actions. Illegal drug and weapon business and human trafficking generates a lot of „black cash” which arrives mainly into European banks through money laundering. In this field the EU itself should be more effective, taking bank regulations and money-tracking more seriously. North African states (especially Morocco) are themselves drug producers, selling most of their products in Europe which can be effectively pushed back not only by more effective cooperation on border controls but also by the MENA local authorities’ more aggressive actions against the local producers.

5) This leads us to the last issue: law enforcement cooperation. In this field EU-MENA cooperation improved a lot recently. The EU recognizing the interdependence between its own safety and the effectiveness of MENA law enforcement implemented several cooperation projects between European and North African police forces. This helped local authorities not only to boost human capacities and the quality of their technical equipment but also improved institutional capabilities through „technical assistance”. Success in this area motivates the EU to engage even more and open funds progressively for law enforcement cooperation projects in the future.

As conclusions we can identify several actors, objects and agendas in the arena of EU-MENA „hard security” relations. A clear agenda from the EU’s side is to engage more deeply in the security issues of its southern neighbors with the purpose to prevent itself from security threats. Common institutional solutions to fulfill this aim include cooperation within the CFSP/ESDP agenda with the southern partners, but this cooperation is really underdeveloped yet. An other, more successful form is the cooperation within the framework of NATO’s Mediterranean Dialogue, which could have a progressive future in the light of the recent NATO mission in Libya. Cooperation within the UN peacekeeping agenda is existing, but the „frozen conflicts” this cooperation deals with have shown no signs of progress in the last decades. Objects threatening peace in the MENA are weapons of mass destruction which are quite proliferated in the region. Although no MENA country has used them lately (even Syria withholds them during its civil war), the possibility of use is present. Controlling these WMDs and preventing them to fall into the hands of different radical armed groups should be top priority on the EU’s MENA-agenda, therefore represented widely in the ENP. Several different actors are making EU-MENA relations even more interdependent: Activism of the

Al-Qaeda in the Islamic Maghreb (AQIM) in North-Africa and the Sahel should inform the EU about the need to fight terrorism more heavily and effectively in the region, while the disarmament of different armed groups (mainly in Libya and Mali) should be also on the top of the agenda. Agents of organized crime, drugs, human trafficking and money laundering are also heavily present in the inter-regional ties and the EU has successfully identified the best tool to fight these: law enforcement cooperation. Growing EU activism in these fields both confirms and tries to deal with these hard security threats of inter-regional interdependence, which are well summarized by the following map (witness trafficking routes aiming to reach Europe and how they cross the huge territory controlled by AQIM and its allies)⁷²:



Further „hard security” threats and dynamics emerging from the new post-Arab Spring setting are elaborated in the last chapter of the current work but the main issue areas described here give already a sight of strong security interdependence between the EU and the MENA and pose an effective argument to deal with these two regions as a single Security Complex.

2.2.3. Political sector: good governance, human rights and freedoms

The political sector of EU-MENA interdependence (meaning here mainly domestic MENA political issues affecting the EU) have a high importance for Euro-Med relations therefore for the ENP itself as well. The recent political transitions in the MENA (Arab Spring) will not be

⁷² Source: Morocco on the move, <http://moroccoonthemove.wordpress.com/2011/12/13/special-report-al-qaida-seeks-new-somalia-in-n-africa-w-sahara-dispute-cited-as-obstacle-to-counterinsurgency/>

elaborated in this sub-chapter as these issues will be the focal point of the last chapter of this work. Rather, here we will elaborate some general political improvements requested by the EU in the APs from its Mediterranean partners and see how these issues tackle the supposed interdependence. From the APs we can gather three relevant points of action regarding the domestic political sector (shortened forms):

- Enhance the effectiveness of institutions entrusted with strengthening democracy and the rule of law and consolidate the independent and effective administration of justice.
- Promote the protection of human rights in all its aspects
- Enhance political dialogue and co-operation, based on shared values and fundamental freedoms

From these three points five core issues can be clearly distinguished: 1) effectiveness of (government) institutions 2) strengthening democracy 3) rule of law 4) independent and effective administration (bureaucracy) 5) protection of human rights and fundamental freedoms.

The most important out of these are the ones which intend to enhance the partner countries' domestic institutional framework (1. and 4.) with the aim to promote the rule of law in the region (3). These requirements have a far reaching effects: the business environment depends largely on the quality of a given country's institutional background and one of the main business sector, tourism depends on it even more. We can see therefore these demands of the EU as the core interests of the MENA partners as well. The World Bank's ease of doing business index⁷³ shows us that most MENA partners (with the only exception of Tunisia) were in the lower half of the index list which indicates that there is a lot of space to progress.

Rule of law and a stable institutional background is inevitable not only for doing business in a given country but it also affects all aspects of societal progress. The main backdrop against an effective bureaucracy and good governance in MENA states is corruption. Transparency International's corruption index⁷⁴ places all MENA states amongst the most corrupt ones

⁷³ World Bank ease of doing business: <http://www.doingbusiness.org/rankings>

⁷⁴ Transparency International's corruption index: <http://www.transparency.org/research/cpi/overview>

which indicates that this is a core problem of the region. An ineffective bureaucracy hostile to doing business together with corrupt politicians and decision-makers can easily ruin the prospects of economic progress in the region. This indirectly affects EU-MENA interdependence as the gloomy economic prospects and the growing crowds of the jobless youth raise a heavy migrational pressure towards the EU. Also as these conditions were triggering economic stagnation, they indirectly (and sometimes directly) presented a source of political unrest leading the region into the events of the Arab Spring. Now we can easily conclude that the autocratic governments should have listened to the EU before it was too late as the Egyptian AP writes: „Pursue and support the government in the further modernization and development of public services rendered to citizens, promoting accountability, transparency and contestability.”⁷⁵

The other main source of the unrest were the lack of democracy (2), human rights and fundamental freedoms (5). Before the Arab Spring the „request” from the EU to strengthen democracy in the region was mainly a theoretical issue. MENA states were governed mainly by autocrats and monarchs, therefore there wasn’t really a democracy to strengthen. Still, even pre-Arab Spring there were issues to bring up without directly challenging the regnating governments: decentralization and strengthening dialogue with European partner agencies. Both of these can be seen as a possible source for the (often contested) democracy-spillover effect, which states that connections with democratic counterparts in Europe through the demonstration effect could change the mentality of local officials and give the establishment a bottom-up pressure for reform. This together with decentralization of governance (and the spread of internet-penetration) can help the people avoid more effectively direct government control and undermine the government’s monopoly on political life.

Protection of human rights and fundamental freedoms forms also a relevant set of issues within the political agenda of EU-MENA relations. The most pressing issue here is the brutality of state police in each MENA autocracies which also added to the several sources of public unrest. (In Tunisia it was even the main triggering issue.) Human right violations were the parts of everyday life in MENA states, police assaults and imprisonment without legal verdict were common. Again, if autocrats would have listened to APs before the upheavals they might have prolonged their own careers as these issues mounted to more and more popular unrest. The other serious human-rights related issue is the inequality of women in

⁷⁵ Source: Egyptian Action Plan, http://ec.europa.eu/world/enp/pdf/action_plans/egypt_enp_ap_final_en.pdf

MENA societies. This issue brings us far from the current topic (to the values of Islam) but still, it deserves to be mentioned as the need for more freedoms for women was recognized immediately after the new governments took place in the revolting countries. For example the EU's request to „Promote the enhancement of women's participation in political, economic and social life as well as their role in the political decision-making process by supporting the formulation and implementation of Egypt's government policies and programmes" was recognized even by Mohammed Morsi's new Islamist government in Egypt who managed to include women in his new government.⁷⁶

Finally, freedom of association and of expression and pluralism of the media forms an other huge set of issues within MENA domestic policies. Pre-Arab Spring media was completely controlled by autocratic governments and this was only lately counterbalanced by the growth of internet-penetration in the region. This issue was widely covered during the upheavals how Facebook and amateur videos of atrocities were used to maintain popular dissent and help to organize resistance against governments.⁷⁷ Pluralist media did not come by EU-advised reforms to the MENA but it came with technological development. Freedom of association was also widely controlled, therefore forcing people to illegally organize themselves, but when they openly started to „associate" on Tahrir Square it was again too late to recognize their right for it and the EU's recommendation became enforced by the people themselves.

As the several (Buzanian) objects, actors and agendas of the political sector can not be fully elaborated in this short sub-chapter we just took some sample elements to show EU-MENA interdependence in this field as well. Because of the recent uprisings in the Arab World (Arab Spring), this sector will have to be examined in much more detail than the other three in this chapter. This is why we will give the whole last chapter of the current work to this topic and elaborate the effects (threats and dynamics) of the Arab Spring there. Here we just have to remind us again that the engagement of the EU in the uprisings and the turmoil in EU policy making that they caused in Brussels gave a clear confirmation to this interdependence, which was far less admitted before.

76 See: Mohamed Morsi to pick woman and Christian as Egypt's vice-presidents,
<http://www.guardian.co.uk/world/2012/jun/26/mohamed-morsi-christian-woman-egypt>

77 See: Facebook and Twitter key to Arab Spring uprisings: report by Carol Huang
<http://www.thenational.ae/news/uae-news/facebook-and-twitter-key-to-arab-spring-uprisings-report>

2.2.4. Societal sector: employment, education and migration

EU-MENA societal ties and interdependence is often an overlooked sector of inter-regional relations. After politics, economics and „hard security” sectors of interdependence, the societal sector might seem to be as having only second priority but this can not be confirmed if we have a deeper look into the concrete set of issues. Surprisingly high number of „points of action” tackles the societal sector in the APs which indirectly confirms that this sector enjoys high priority amongst EU decision-makers (shortened forms):

- Strengthen cooperation on poverty reduction, employment and social development (1)
- Promote cooperation in the area of education, science and technology (2)
- Promote cooperation in the area of information technology and communications through promoting information society and its sustainability (3)
- Strengthen co-operation on migration-related issues, including the effective joint management of migration flows (4)
- Strengthen links and co-operation in “people-to-people” contacts in youth and sports, culture and audiovisual areas and civil society (5)

Far the most important issue is poverty reduction and employment (1) which is closely related to the „management” of migration flows (4). The EU realizing that the main security threat steaming from the MENA is uncontrolled migration flows to it’s territory made several bilateral arrangements with MENA governments on migration, rewarding them for „keeping home” their potential migrants. The temporary collapse of these arrangements during the Arab Spring led to the uncontrolled flow of migrants to EU territory triggering a humanitarian crisis (most affected was Italy). On the other hand, assimilation problems with already EU-citizen migrants gave an other boost of priority to this issue even before the recent „floods”.

The following map shows the main MENA-EU migrational patterns.⁷⁸

⁷⁸ Image Source: Medsec project: <http://www.medsecnet.org/>



The „realist and short term solution” to migrational threats is being treated as only half-effective among EU policy makers now-days as it became clear that these bilateral arrangements treat only the symptoms but not the real causes of the migrational problem. The real causes are at least twofold: poverty and youth unemployment. These two issues are of course interrelated and again, they also played at least a partial role in the recent uprisings. Poverty levels are high and growing throughout the Southern Mediterranean:

Number of Poor People at Alternative Poverty Lines, 1987 and 2001

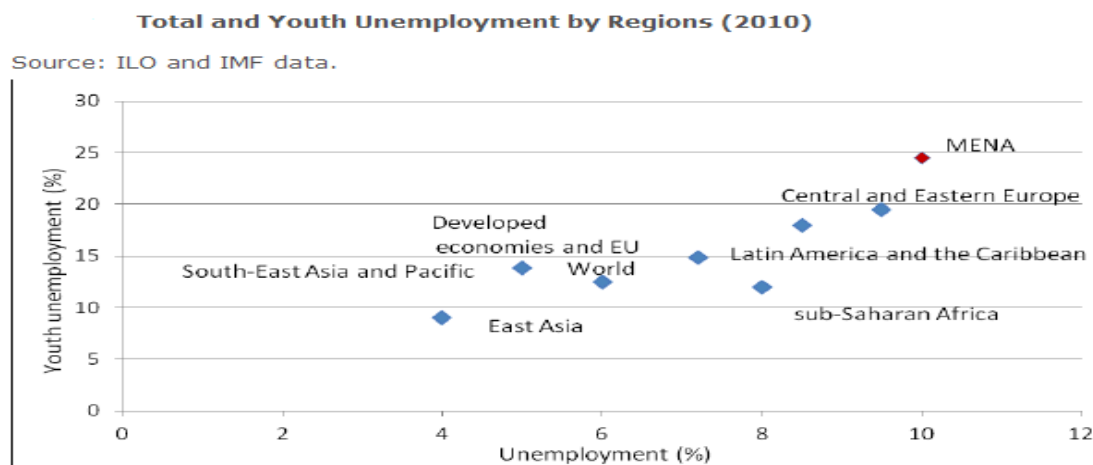
Country	Number at \$2/Day (millions)		Number at \$3/Day (millions)	
	1987	2001	1987	2001
Algeria	2.3	5.1	6.4	11.2
Arab Republic of Egypt	24.2	28.6	38.0	47.6
Islamic Republic of Iran	7.0	3.5	13.9	10.1
Jordan	0.1	0.3	0.3	1.1
Morocco	3.0	4.1	7.8	9.5
Tunisia	1.3	0.5	2.7	1.7
Republic of Yemen	2.2	9.5	4.4	14.1
Total	40.1	51.6	73.5	95.3

Source: World Bank Global Poverty Monitoring Database.

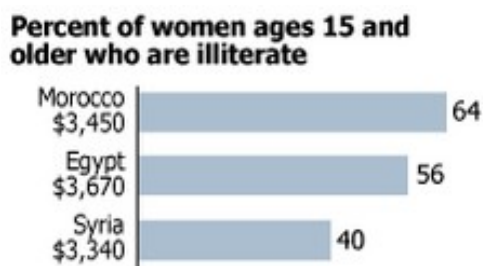
The issue is the most pressing in Egypt and Morocco, where a significant percentage of the population have to live under the poverty line, Jordan and Tunisia are less affected. Poverty reduction in these states works mainly through food subsidies, which also forms a huge chunk of government expenditure. When food price shocks occur or government budget deficits rise allowing less subsidies for basic foods, it immediately generates societal tensions within these societies. Reducing poverty is a really complex issue and there are no „magic recepies”, but

developing the economy forms the only possible answer on the long term. (More about this in the economic chapter.)

The other really hard issue is youth unemployment. The demographic boom of MENA societies led to an „overload” of young people in these states. The „classic” answer to this was securing „fake” governmental jobs for them and prolonging their educational career. Both of these strategies turned out to be only short-term solutions and generated even more government expenses and educated youngsters with no real work prospects after their graduation. Unemployment (and the under-employment of educated people) gave an other boost to societal tensions and contributed significantly to the causes of the recent uprisings in the region. Both youth- and overall unemployment is the highest in the MENA amongst the world’s regions:



An other closely related but a little bit less significant issue is education, science and technology (2) information society(3). Education presents a two-sided problem as not only over-education (as discussed above), but in parallel with this under-education is also present. Women illiteracy is a serious problem in poorer MENA societies (Jordan and Tunisia are both richer and have almost 100% literacy rate)⁷⁹:



⁷⁹ Source: Population Reference Bureau
<http://www.prb.org/Publications/PolicyBriefs/EmpoweringWomenDevelopingSocietyFemaleEducationintheMiddleEastandNorthAfrica.aspx>

The overall illiteracy rate is 42% in the whole MENA which signals a serious weakness of the educational system. Higher education shows a more bright picture in numbers, but this could be at least partially the effect of the already discussed over-education problem. Both (higher-) education and science-technology cooperation forms exist between the EU and MENA states, but this is again a field where the EU can not contribute significantly into solving these problems, this will be (together with unemployment) one of the biggest challenges for the new post-Arab Spring MENA governments.

Progress in the field of information society shows a different picture. Not because of government incentives but because of the rapid spread of wireless technologies, the traditionally low internet-penetration of MENA societies started to change in the recent years significantly.⁸⁰

INTERNET USERS, POPULATION AND FACEBOOK STATISTICS						
AFRICA	Population (2012 Est.)	Internet Users Dec/2000	Internet Users 31-Dec-11	Penetration (% Population)	Users % Africa	Facebook 30-June-12
Algeria	37,367,226	50,000	4,700,000	13.4 %	3.4 %	3,566,140
Egypt	83,688,164	450,000	21,691,776	26.4 %	15.5 %	11,341,180
Morocco	32,309,239	100,000	15,656,192	49.0 %	11.2 %	4,576,280
Tunisia	10,732,900	100,000	3,856,984	36.3 %	2.8 %	3,103,500
Israel	7,590,758	1,270,000	5,313,530	70.0 %	5.9 %	3,693,260
Jordan	6,508,887	127,300	2,481,940	38.1 %	2.8 %	2,481,940
Kuwait	2,646,314	150,000	1,963,565	74.2 %	2.2 %	824,880
Lebanon	4,140,289	300,000	2,152,950	52.0 %	2.4 %	1,571,900
Oman	3,090,150	90,000	2,101,302	68.8 %	2.3 %	520,840
Palestine (West Bk.)	2,622,544	35,000	1,512,273	57.7 %	1.7 %	1,025,480
Qatar	1,951,591	30,000	1,682,271	86.2 %	1.9 %	727,980
Saudi Arabia	26,534,504	200,000	13,000,000	49.0 %	14.4 %	5,536,280
Syria	22,530,746	30,000	5,069,418	22.5 %	5.6 %	n/a
United Arab Emirates	8,264,070	735,000	5,859,118	70.9 %	6.5 %	3,190,660

As we see, internet penetration grew almost tenfold in most of MENA societies during the last decade (witness also the significant rate of Facebook usage), which prevented governments to sustain media-monopolies and control the flow of information centrally, also partially adding to the set of sources for the current upheavals.

80 Source: Internet World Statistics, <http://www.internetworldstats.com/stats5.htm>

Growing internet usage automatically strengthened links and co-operation in “people-to-people” contacts in youth and sports, culture and audiovisual areas and civil society (5) which was an other EU „wish” in the Action Plans. Growing virtual EU-MENA “people-to-people” links through the internet had an undeniable demonstration effect about the lifestyle and values of their European counterparts amongst the Arab youth. European lifestyle and economic wealth in contrast with the day-today miseries of their own societies documented on internet videos mounted additional pressure against the authoritarian regimes. The already suggested „democracy spillover” effect might not come to MENA societies mainly through the ENP and its civil NGO cooperation programs as EU officials planned, but it flooded the minds of youth people through the internet. (Of course this doesn’t implies that these ENP programs are useless.)

Concluding on the societal sector of EU-MENA interdependence, employment, education and migration seem to be the most pressing issues, in which the EU can provide only little help for progress. Taming the migration pressure is one of the top EU priorities and Action Plans reflect this but on the other hand tools in the EU’s hands to tackle this problem are limited. (Except for short-term administrative solutions.) MENA governments themselves will have to come up with solutions in these areas and this group of problems can easily become their biggest challenge in the coming years, even capable to decide their success or fail in the long term. On the other hand, progress in the field of information society is significant although this is not the fruit of any government policies (or the ENP), but the simple consequence of technological progress. Loosing the capability to control the flow of information played a significant role in the collapse of authoritarian regimes during the Arab Spring, and internet-transmitted demonstration effects played a key role in generating popular dissent. Case studies in the last chapter of this work will also elaborate these issues further.

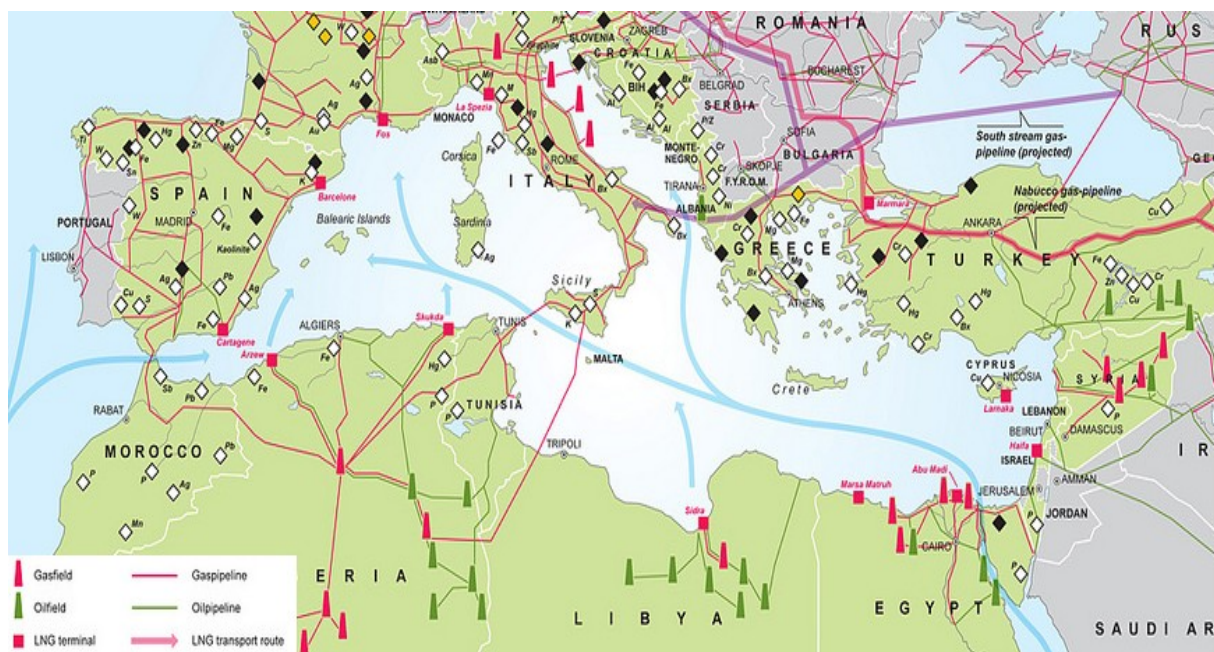
2.2.5. Environmental sector and the EU’s energy dependence

The last set of EU-MENA interdependence issues are found in the environmental sector. Here we will use a wider definition for this sector, which will include not only purely environmental cases but also other ones closely related to them like energy usage. The APs are providing us only two „priorities of action” closely related to environmental and energy issues (short forms):

- Enhance cooperation in the energy sector, in particular through energy policy exchanges(1)
- Strengthen the environmental dimension of public policy(2)

But here we can include two flagship projects of the UfM as well: The De-pollution of the Mediterranean Sea(3) and the Mediterranean Solar Plan(4).

What the EU wants to achieve through energy policy exchanges(1) is to make partners „cooperate in the development of an overall long term energy strategy converging towards EU energy policy objectives.” This includes several issues and involves also the environmental improvement of the MENA’s energy sector infrastructure but the dominance of a „hidden aim” here is undeniable: As EU dependence on MENA hydrocarbon reserves proves to be highly significant, the EU really would like to take some control of this issue and secure the stability of its incoming energy supplies. The APs formulate this as to „Enhance energy policy cooperation through information exchange (eg workshops on general energy policy; energy statistics, data mining and forecast systems; energy investments; energy technologies transfer and industrial cooperation; and electricity and gas markets and interconnections.” Interconnectedness of the Euro-Med gas markets is undeniable as we can see on this map showing MENA hydrocarbon resources and MENA-EU trade routes and pipes:⁸¹



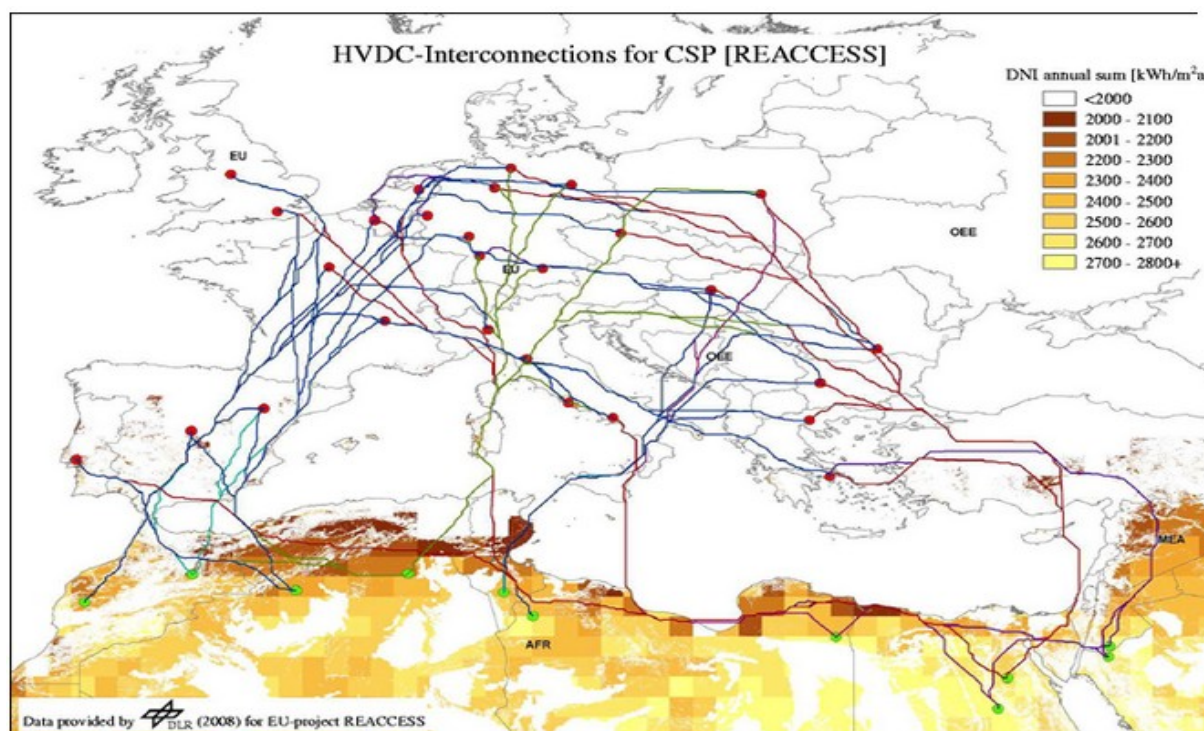
⁸¹ Image Source: MEDSEC project, <http://www.medsecnet.org>

Southern EU members import most of their gas and oil supplies from North Africa therefore we can suspect that green technology transfer and industrial cooperation here enjoys only a lower degree of EU ambitions and the real aim is the building of forecast systems and securing of smoothness of supplies. The ENP here shows clear signs of a highly „realist approach” aiming to take as much control of MENA supply routes as possible. This can be at least partially the consequence of bad experience with the EU’s other main energy supplier, Russia. Strategically thinking, EU oil and gas companies try to acquire as much shares of MENA oil companies as possible and they also take concessions to produce gas and oil in the region themselves. This tendency was also recognized by Russia and Gazprom made efforts to gain control over MENA reserves effectively building an EU-supply monopoly for himself. The final outcome of this race is yet to be seen.

An other significant energy cooperation project is the Mediterranean solar plan(4). Here environmental motivations are much more obviously present but the EU’s economic interests are also widely involved. The plan itself is to bring North African solar power into the EU through the connected „Euro-Med energy ring” (which is the planned connection of EU-MENA electricity transmission networks) and the development of solar power plants throughout the Sahara. This could have a special importance for both of the partners: „The development of solar power in North Africa, which could bring carbon-free electricity to Europe, might easily be the most important trans-Mediterranean cooperation of future years. The potential is vast. The Desertec project, backed by a consortium of mainly German companies, dreams of 100,000 megawatts (MW) of solar-generating capacity – enough to satisfy all of North Africa’s burgeoning electricity needs, and 15 percent of Europe’s as well – by 2050, for a €400 billion investment. The (mainly French and Spanish) Medgrid consortium is aiming for 20,000 MW by 2020, with a quarter coming to Europe.”⁸² Of course, beyond the environmental significance, economic interest are also embedded: Germany, the biggest electricity user of Europe will soon phase out its nuclear power plants and plans to substitute them with renewable energy sources. This need is coupled with the supply of German (and other EU) companies’ solar power products therefore the plan generates both supply and demand for European industries. The plan itself is far from completed and it’s only scheduled to be ready by 2050, but a prototype plant will be installed in Morocco as soon as 2015.

82 Nick Witney and Anthony Dworkin: A Power Audit of EU-North -Africa Relations, ECFR, 2012

The final „Euro-Med energy ring” will bring solar power from high direct normal irradiation (DNI) MENA countries by the following infrastructure:⁸³



Other, non-energy-related environmental dimensions of public policy(2) cooperation issues are widespread. Some mentioned by the APs are: „co-operation with the EU to implement multilateral environmental agreements with particular emphasis on climate change, desertification, biodiversity and waste management”, „co-operation to achieve the commitments by the parties with regard provisions under the Kyoto Protocol and the UN Framework Convention on Climate Change”, „co-operation with the EU for protecting marine environment through the adoption of specific actions”, „co-operation regarding the integrated coastal zone management” and several others. Desertification and water scarcity (affecting seriously agriculture and food resources) form the most pressing issues being present on both shores of the Mediterranean Sea. Parts of Spain, Italy and Greece are seriously threatened by desertification, while on the southern shore the process is already highly visible.⁸⁴ Desalination and the use of underground water resources will play an even more important role in the future of the Mediterranean Basin. The deeper elaboration of all the issues mentioned by APs is far beyond the length limitations of the current work and with mentioning these subjects we only aimed to show again how the APs indirectly admit EU-MENA interdependence in this sector by raising this really huge set of issues.

⁸³Source: REACCESS project, <http://reaccess.epu.ntua.gr>

⁸⁴ See: MEDSEC, <http://www.medsecnet.org/index.php/en/maps/thematic-maps/desertification.html>

Finally, two areas of the environmental cooperation deserve special attention as both of them are connected with the Mediterranean Sea itself therefore have a symbolic significance. One is the UfM project „De-pollution of the Mediterranean Sea”(3) and the other, closely related one is fisheries. The pollution effects of the Mediterranean Sea could serve as a perfect example of EU-MENA interdependence: North African sea pollution reaches EU shores quickly and vice versa. This broad sea-centered project encompasses many initiatives that target good environmental governance, access to drinkable water, water management, pollution reduction and protection of the Mediterranean biodiversity. Here again we have no space for a deeper elaboration but the common management of the common Sea could easily turn out to be one of the most important projects bringing together governments and other social actors throughout the whole Mediterranean Basin while making a good case for cooperation.

The case of the fisheries is closely related to Sea management issues but as it has special importance within this field we have to explain it a bit more detailed. One of the problems is the overfishing of the Mediterranean Sea. This was „committed” together by the Northern and Southern Mediterranean states, therefore gives no right of accusation to any of them. We can only recognize the fact that the Sea has reached the limits of its regeneration capabilities and can not provide more fish resources for the people, its already unsustainably over-fished.⁸⁵ This should imply common EU-MENA action in this field as it's mentioned in APs: „Reinforce the cooperation in order to implement the actions identified in the Declaration of the Ministerial Conference for the Sustainable Development of Fishery in the Mediterranean (Venice, 25-26 November 2003) in the framework of the relevant international instruments.” The platform of cooperation therefore seems to be existing but results have yet to come.

The other geographical area of common fisheries is the Atlantic coast of Morocco. In contrast with the Mediterranean Sea, this area is still one of the richest fish resources in the world and therefore a highly valued asset. Fishing rights are exclusively in the hands of Morocco but EU companies (mainly Spanish) are „renting” the fishing rights there. Overfishing of the area by EU vessels raises problems for local Moroccan fishers therefore raise tensions in EU-MENA relations as well. This issue (coupled with the Western Sahara problem) recently rose to high EU policy making levels,⁸⁶ proving the case of high EU-MENA interdependence again.

85 See: National Geographic Online, <http://newswatch.nationalgeographic.com/2012/03/02/overfishing-leaves-much-of-mediterranean-a-dead-sea-study-finds/>

86 See: Public service, <http://www.publicserviceeurope.com/article/1267/eu-morocco-fisheries-deal-is-illegal>

Concluding on the environmental sector of interdependence we can state that the sector has a really huge set of issues, out of which some are surprisingly high on the list of priorities. Energy cooperation between the two regions is widespread and beyond the obvious economic reasons it is also very important for the „greening” European industries. (It’s worth mentioning here that this is one of the rare cases of EU-MENA interdependence when the EU is much more dependent on the MENA than vice versa.) Cooperation on desertification, biodiversity, waste management and other environmental issues is less significant yet but the APs show real EU interests in deepening cooperation in this field. Finally de-pollution of the Mediterranean Sea and the common management of fisheries gives us a symbolic and very important field of interest for both of the cooperating partners.

2.2.6 Conclusions: EU-MENA interdependence and the inter-Regional Security Complex

Summarizing the discovered four sectors of interdependence we can agree with Barry Buzan in that „Adjacency is potent for security because many threats travel more easily over short distances than over long ones. The impact of geographical proximity on security interaction is is strongest and most obvious in the military, political, societal and environmental sectors.”⁸⁷ (Although as we will see in the next chapter, economic ties are also highly visible.) These impacts of geographical proximity are widespread but the most important ones we discovered in this chapter are already making the case to treat EU-MENA interdependence as a ground for a common inter-Regional Security Complex:

- Hard security challenges, especially fighting transnational terrorism and the instability in the Sahel brings EU-MENA security interests close and form a possible base of common military actions. (This could happen in the current situation in Mali for example.) Nonproliferation of WMDs is an other example where inter-regional interests could converge.
- Political ties are close as the recent uprisings (Arab Spring) in the MENA affected seriously the EUs policy making agenda, even triggering military intervention in the

87 Barry Buzan and Ole Waever (2003): *Regions and Powers*, Cambridge University Press, p.45

case of Libya. Establishing good governance and the rule of law after the uprisings is the main challenge in front of the new MENA governments, and the EU is capable to give technical and financial help for the process.

- Societal EU-MENA interdependencies are -again- widespread: Unemployment and poverty in the MENA are the main causes of migration pressure towards the EU and this pressure is even strengthened by the demonstration effect of modern media outlets showing Arab youth how different their lives in Europe could be. Migration is high on the EU's agenda as well: recognizing the unsustainability of the previous purely administrative migration prevention system, the EU will have to turn towards more sustainable options. These options involve the different economic improvements that the EU could support to its Arab partners which will be the core focus of the next chapter.
- Environmental and energy issues are showing again a high degree of interdependence. Energy connectedness -both hydrocarbon and electricity- is an already obvious fact, but there are several plans to develop connections even further. New gas pipelines and the possibility of transporting clean solar energy from the MENA to Europe will deepen EU-MENA interdependence in the future even further. On the other hand, overfishing and the pollution of the Mediterranean Sea are common inter-regional „crimes” and have to be resolved also on an inter-regional level giving space for further fields of cooperation in the future.

Reading through all these sectors and issues of interdependence, we can recite again Barry Buzan and wonder if his definition of Regional Security Complexes allows us to call the Euro-Mediterranean space a unified inter-Regional Security Complex. Are they „so interlinked that their security problems cannot reasonably be analyzed or resolved apart from one another?”⁸⁸ Our answer to this question is a definite yes. Southern Europe is so interdependent with the MENA that its (and therefore the EU's) security cannot be resolved apart from it. EU-MENA interdependence and the ENP just seems to exactly fulfill Buzan's definition of an (Euro-Med) Regional Security Super-complex: „Strong inter-regional level of security dynamics arising from...spillover into adjacent regions.”⁸⁹

88 Barry Buzan and Ole Wæver (2003): *Regions and Powers*, Cambridge University Press, p.44

89 Ibid., p.62

2.3 The sector of EU-MENA economic interdependence

2.3.1. Introduction: Action Plans and EU-MENA economic ties

In this chapter several forms of EU-MENA economic interdependencies will be tested and evaluated. The absence of economic issues from the previous chapter was on purpose: this sector will be elaborated much more in detail therefore it takes up a structurally distinct place from the other four sectors and forms an entire chapter of this work. Economic issues are widely represented in ENP Actions Plans, six of the 19 “priorities of action” is formed around economic questions (shortened forms):⁹⁰

- Increase economic integration with the EU
- Improving macroeconomic governance, reforming the financial sector, strengthening the role of the private sector, enhancing the business climate
- Boost industrial development and enterprises capabilities and competitiveness through improved skills, better access to finance, promotion of new technologies
- Deepen and enhance the existing economic dialogue and identify areas suitable for gradual regulatory upgrading and approximation with EU technical legislation
- Proceed in reforming the tax system, improving public finance management, and upgrading public institutions.
- Promote south-south trade, through encouraging FDI participation in regional projects such as: infrastructure, trade facilitation, energy and transport.

⁹⁰ The list is an excerpt from the Egyptian Action Plan

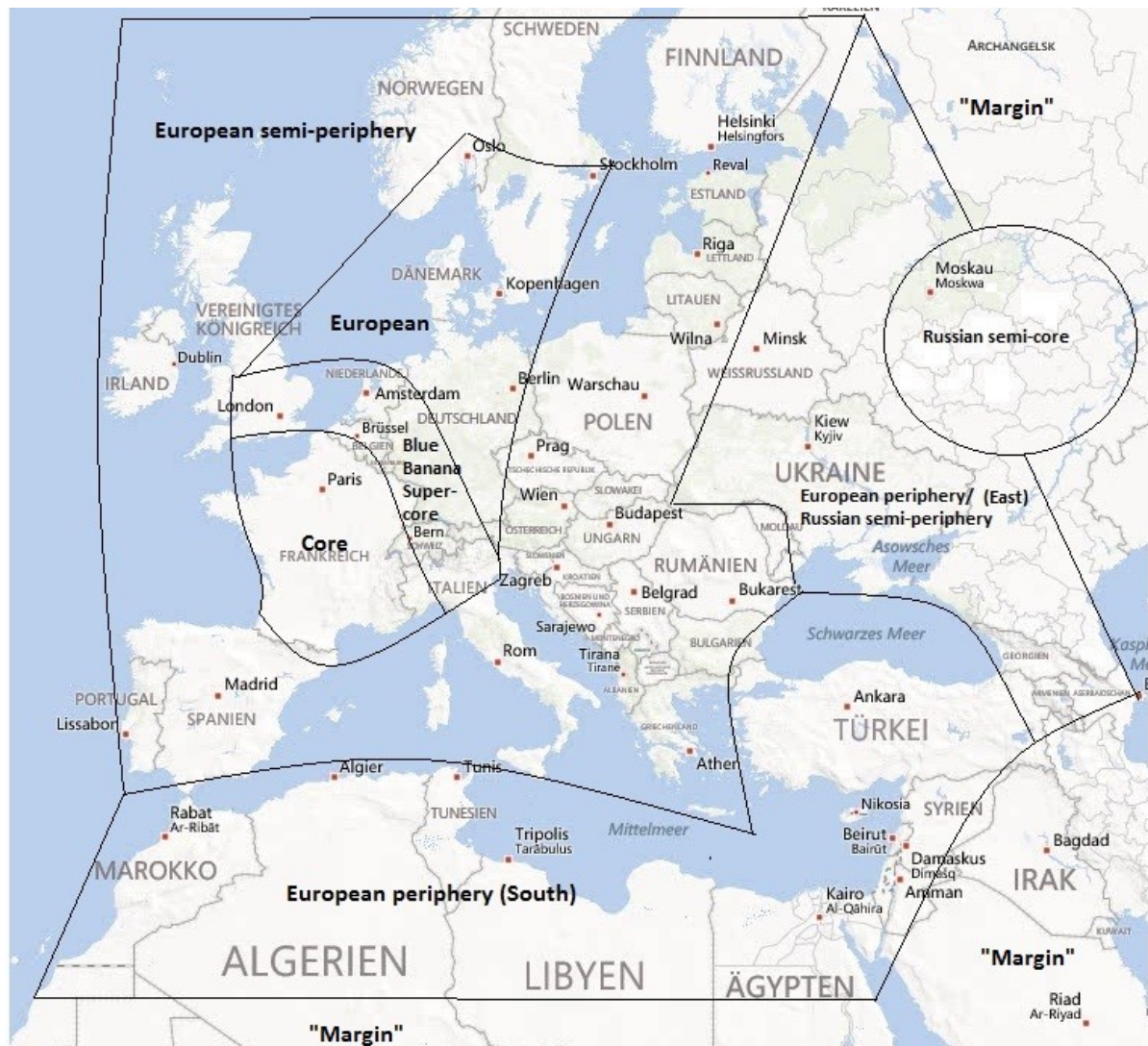
Here we will not go through each of the six priorities as we did in the previous chapter with the other four sectors, rather we will follow a different methodology based on a local implementation of Immanuel Wallerstein's world systems theory. First we will go through different forms of EU-MENA economic interactions in each sub-chapter and only after we evaluate the ENP's economic "wing" in the conclusions mainly by comparing our results to some of the six "priorities of action" listed above. Out of these six points the first one will have especially great significance: "Increase economic integration with the EU". What economic factors (types of interdependence) this integration can be based on and how this integration can be enhanced forms the most crucial question of the current work. Who would benefit most from a comprehensive Euro-Mediterranean free trade area (EMFTA, what is proposed by several experts) is another important question which can be answered only by the detailed examination of the existing economic relations.

Examination of the ENP through world-systems theory "glasses" is not common in the contemporary literature. One of the rare authors who picked up the subject is Andreas Marchetti, who writes: "the ENP can be understood as a manifestation of the EU's will to create a ring of states in its vicinity to serve its purposes of protecting itself and of exercising influence. To put it differently, the EU in its function as regional centre intends to create – or maintain – a functioning periphery (via its neighbors) in order to create a buffer-zone"⁹¹. He also criticizes the neo-Marxist preoccupations of the theory and applies a "smoother" version of it to the ENP. Here we will follow his theoretical path with a slightly different geographical application.

Immanuel Wallerstein's world system theory explains asymmetrical interdependencies by signifying different geographical areas as core, semi-periphery and periphery. While economies in the central areas (core) represent high value-added economic activities with highly productive labor and good infrastructure, economies in the periphery represent low value-added sectors and low productivity with weak infrastructure. Semi-periphery countries possess a place somewhere in between these two. As in our case it's quite obvious that the EU forms a core and its neighborhood forms a periphery, the relations between the two can be easily described with Wallerstein's world system theory. By the means of geographical coverage, these Wallersteinian "zones" of Europe can be approximately visualized with the following map:⁹²

91 Andreas Marchetti (2009): *The European Neighbourhood Policy: Foreign Policy at the EU's Periphery* (Discussion Paper, C 158), University of Bonn: ZEI

92 Image Source: The author's own work (2012)



Within the EU we can identify three different “zones”: the central “Blue Banana”, which is the de-facto industrial core of Europe, the “wider European core”, which includes the most developed regions of Europe and the EU’s “inner semi-periphery”, which forms a ring of less developed European regions around the core. The most external (and least developed) areas fall into the “periphery” and this area covers almost entirely the EU’s Neighborhood. (The eastern periphery overlaps with the Russian semi-periphery, what can be a source of the current EU-Russia rivalization in this area, but the Eastern Neighborhood is not in the focus of the current work). Finally, “margin” areas are those where the presence of core-EU economic involvement decreases to a marginal level.

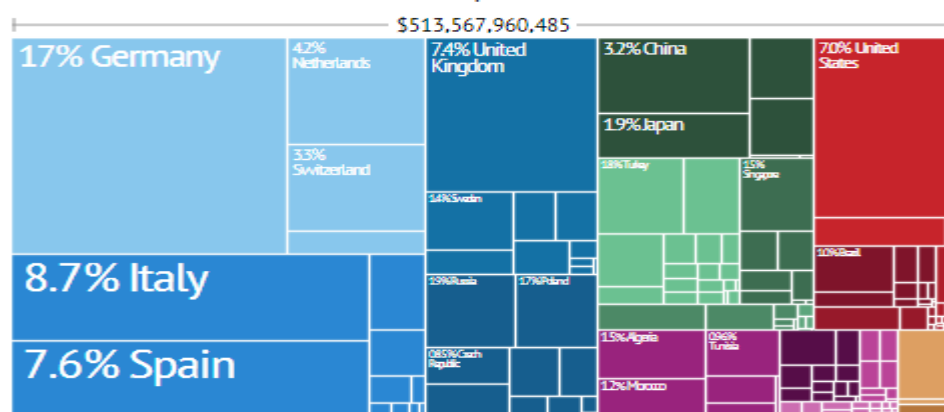
To prove the southern neighborhood’s economic dependence on the core-EU on Wallersteinian terms will be the main task of the current chapter. Euro-Mediterranean trade and production patterns will be evaluated and the role of EU FDI and different forms of financial assistance in the MENA region will be tracked.

On the other hand, the research on this asymmetric dependence will not suggest any Marxist conclusions casting the EU as the rigid exploiter of its neighbors, rather it will focus on possible forms of cooperation which could benefit both partners in the long term, and the idea of the Euro-Mediterranean Free Trade Area (EMFTA) will be evaluated according to the findings. ENP and its demand for “Increase economic integration with the EU” will also be measured against the discovered economic realities showing pros and cons of the proposed deeper integration for both partners.

2.3.2. Economic dependence testing: EU-MENA trade relations

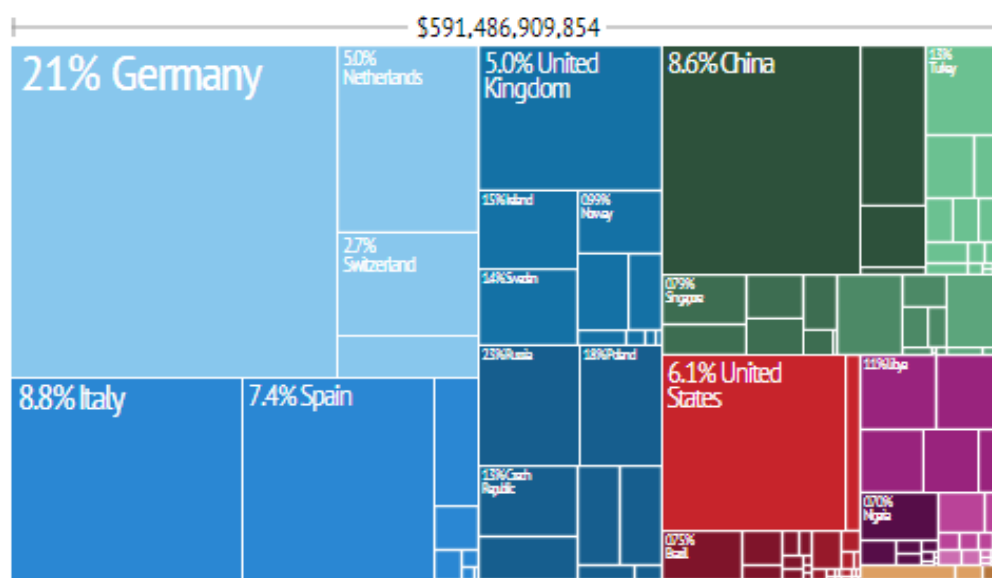
The best tool to test economic interdependence between the two examined regions is to draw up the trade relations amongst them showing how big “slices” they take from each others trade activities. As a country’s imports affect the available supply of goods for its population and the exports affects its income, the more engaged two countries are in these transactions is the more they depend on each other. The question of economic interdependence can be therefore effectively translated to the examination of relative import/export ratios. As we cannot check here each EU country one-by-one we will have to choose one representative from the Union and see how it relates to the MENA. The most obvious selection from the EU can be France because of its dominant role in Euro-Med political and economic affairs. The following diagrams show that both French exports and imports are largely dominated by EU partners (blue areas, around 60%), while MENA countries (light green, around 10%) play only a marginal role in the French economy:⁹³

What countries does France export to?



93 The trade pattern diagrams are taken from The Observatory of Economic complexity (2012)

What countries does France import from?



The other EU member states (and also the non-member European nations) have surprisingly similar trade ratios: both in exports and in imports they prefer European partners for at least 60% of their trade.

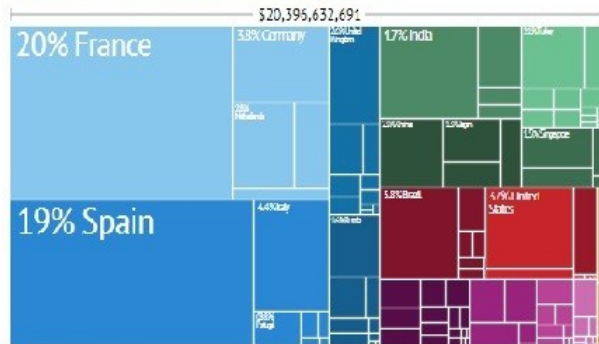
Selecting a representative example from the MENA is much more difficult as the trade patterns within the region vary significantly. As we will see, there is a serious Maghreb-Mashreq division on trade issues, therefore we will have to examine all the countries in the region to show this difference.

On the other hand, showing both exports and imports is not necessary because they tend to have similar geographical coverage in each case. As we see, the Maghreb's exports and imports are largely dominated by the EU (blue areas, around 60%), while regional MENA partners (light green, less than 10%) play only a marginal role. We also see that the EU's share in the Mashreq is only around 33% on average. The EU takes the biggest "slice" from the Maghreb countries' trade portfolios, while in the Mashreq it comes only second or third behind Asia and the US:⁹⁴

⁹⁴ The trade pattern diagrams are taken from The Observatory of Economic complexity (2012)

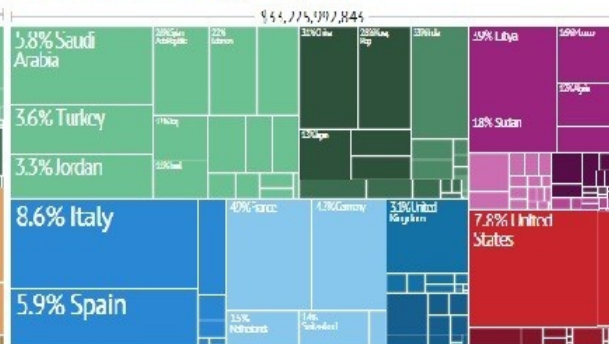
MAGHREB

What countries does Morocco export to?

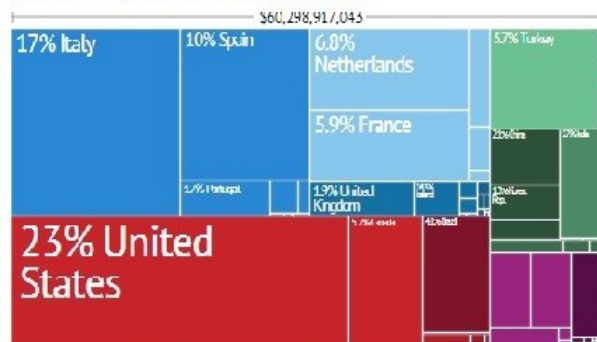


MASHREQ

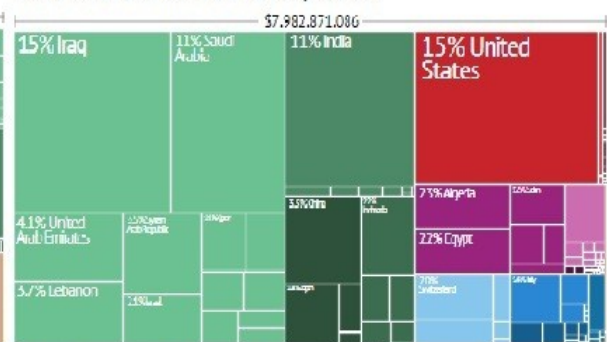
What countries does Egypt export to?



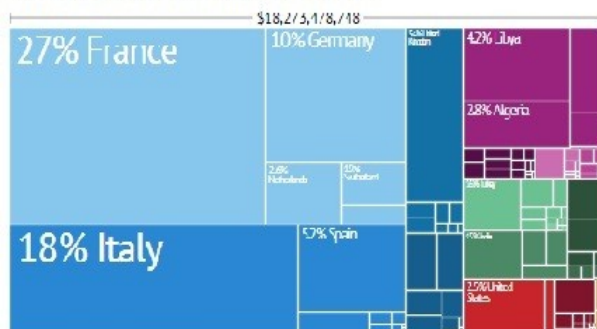
What countries does Algeria export to?



What countries does Jordan export to?



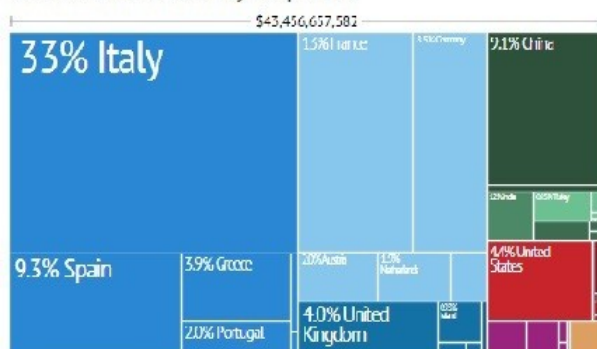
What countries does Tunisia export to?



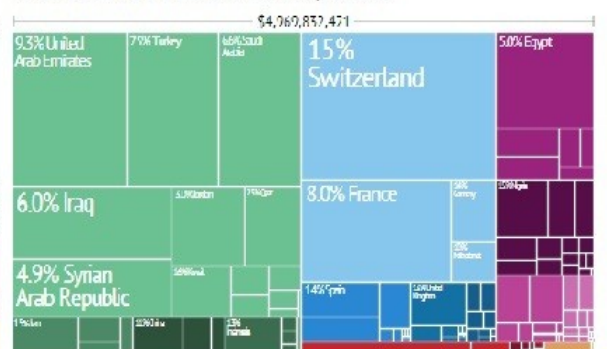
What countries does Israel export to?



What countries does Libya export to?



What countries does Lebanon export to?



(Syria and the Palestinian territories are absent because of technical reasons.)

As conclusions, we can identify already three important factors of EU-MENA economic inter-dependencies:

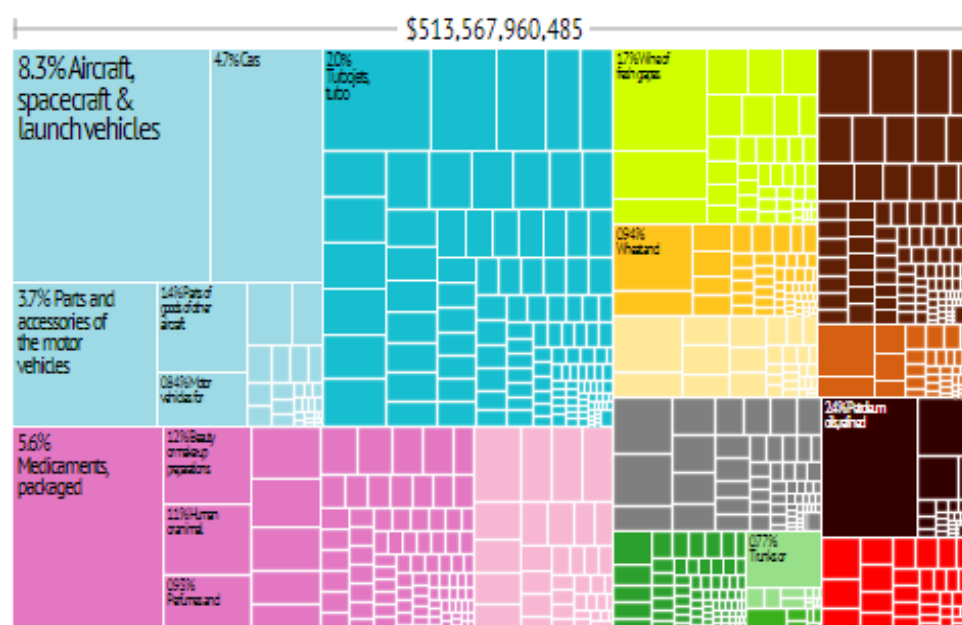
- First is the fact that EU countries tend to realize most of their trade within Europe. Both imports and exports of European countries (even non-EU members!) come at least in 60 percent from/to other European nations. MENA countries have only a small portion of European trade even in the case of the most “engaged” EU members like France and the other Mediterranean member states. This means that European economies do not depend on MENA exports or imports.
- Second finding is that the Maghreb countries realize a significant portion of their trade with Europe. EU states altogether tend to take at least half of the Maghreb’s imports and exports which shows that the EU plays a very important role in the Maghreb sub-region’s economy.
- On the other hand, the third finding shows that in the Mashreq the EU does not take a leader role in export/import relations, it comes only second or third behind other players like the US and Asia. This sub-region is therefore far less EU-dependent but even within the Mashreq there are differences: Lebanon and Egypt trades a significant amount with Europe, while Israel focuses mainly on the US and Jordan on the MENA itself.

By summarizing these findings we can already draw some conclusions for the prospects of the ENP and the proposed Euro-Mediterranean Free Trade Area (EMFTA) as well. The economic “wing” of the ENP and the economy-related incentives that Europe can offer to its Mediterranean partners can obviously be the most effective in geographical areas where the EU has a significant economic leverage. This geographical area seems to be the Maghreb where the role of Europe in the overall trade is dominant. In the Mashreq the EU is far less dominant and other players like Asia and the US pose strong competition to Europe’s influence. When using the ENP as an economic “semi-coercive” tool, this limit on the geographical coverage should be kept in mind. Also, when a comprehensive EMFTA (opening “everything but institutions”) comes into realization, the effects of it will differ in the two sub-regions, therefore the strength of motivations to implement it will also differ. Starting to implement the EMFTA first as a cooperation with Maghreb states (with the Arab-Maghreb Union for example) seems to fit EU-MENA economic realities well.

2.3.3. Economic asymmetries: production patterns and different added values

As Wallerstein's world systems theory suggests, examining trade patterns and dominance only in itself can not satisfy the need to prove one region's economic dependence on another. We will have to gain insight into the given economies' development levels as well. Development economics and all the knowledge areas that are connected to economic development form a huge academic field and because of length limitations we cannot make an all-comprehensive study of the development status of MENA economies here. But what we can definitely do is to explore the production patterns of both the EU and the MENA and make observations of the sectoral composition of their economies in each case. The more developed EU is expected to have more sophisticated industries having high added-value figures, while the MENA is expected to show signs of a typical "periphery economy" dominated by low added-value industries. To prove these assumptions, we will study the export products of each region which will show indirectly the dominant industrial sectors in each economy. As EU countries have more or less similar industrial development levels, here again we will examine only the most relevant one in MENA issues, France.⁹⁵

What products does France export?

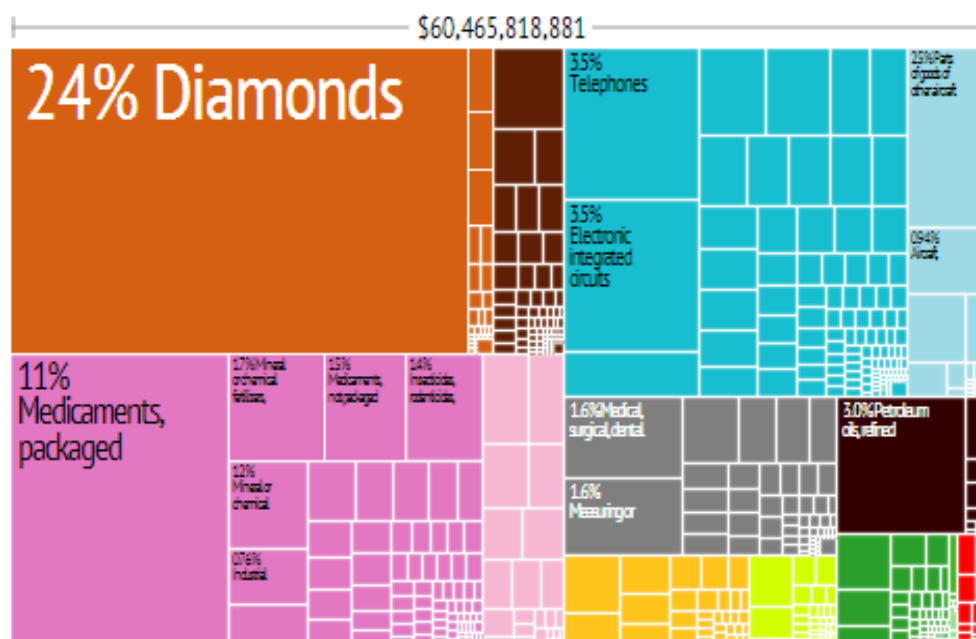


95 The trade pattern diagrams are taken from The Observatory of Economic complexity (2012)

As we see, France exports mainly high added-value products like mechanical and electronic machines (the two blue areas) and medicaments and other chemicals (pink areas). Even while being one of the most agro-dominated countries in the EU, the share of agro-products and food (yellow and orange areas) in France's exports are not dominant. Exports of the low added-value textile industry (in green) and minerals (in brown) are also less significant. According to this export portfolio, France (and the other EU countries) has a developed, sophisticated economy dominated by high added-value industries.

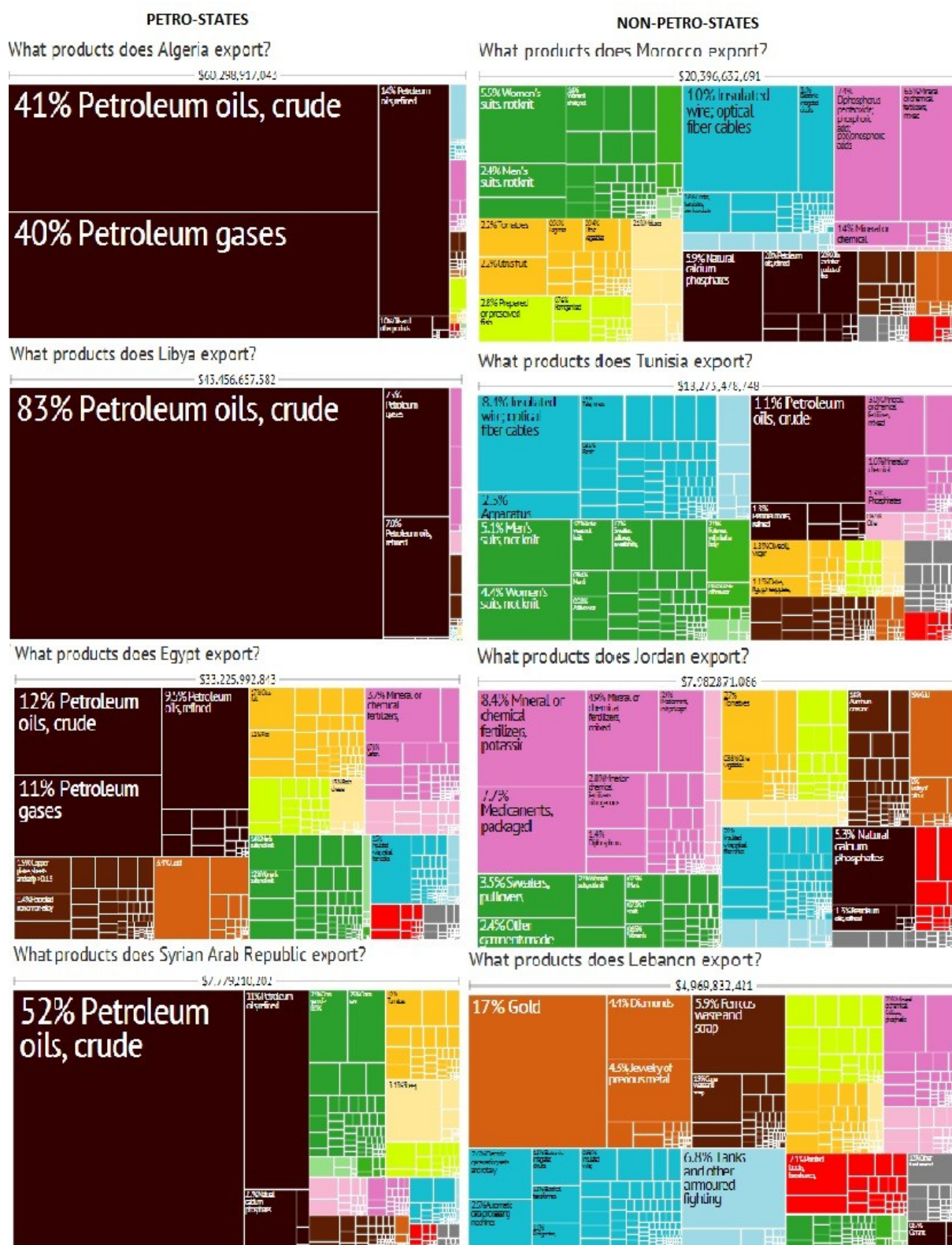
On the other hand, MENA countries cannot be represented by only one nation-economy again as they can be split into three categories at least. Israel –as an exception- has an “EU-like” developed economy and exports sophisticated high added-value goods mainly. Other MENA states have far less developed economies and they export mainly minerals and low added-value products like food and textiles, therefore they can be split into two categories: petro-states and agro/textile-states. Israel exports mainly jewelry, machines and chemicals, all of which representing high added-value.⁹⁶

What products does Israel export?



96 The trade pattern diagrams are taken from The Observatory of Economic complexity (2012)

In contrast, almost all of the Arab states' exports are dominated by low added-value products. It makes sense to group them as petro- and non-petro-states according to their exports:⁹⁷



(The Palestinian territories are absent because of technical reasons.)

97 All export product diagrams are taken from The Observatory of Economic complexity (2012).

As we see, the Algerian, Syrian, Libyan and Egyptian economies are widely dominated by hydrocarbon production. (Egypt being the less dependent on oil exports while having significant food and textile industries as well.) Contrary, the non-petro-states are quite divergent in industrial production: Morocco is dominated by the textile industry (green), but agro-products, food and fisheries (orange and yellow) are also significant. Tunisia has a significant textile industry but machine production (blue) is also present, which tells us that the Tunisian economy is already a bit more developed. Jordan's exports consist of mainly medicaments (pink) which is a sign of high added-value capabilities, but the textile and food industry is still significant. Finally, Lebanon can be seen as the most advanced economy by its product composition, with its exports pattern close to Israel's but with a more dominant agriculture. (Also, the Lebanese GDP/capita level is the second highest in the region after the Israeli.)

As conclusions, we can add three more factors to our observations of EU-MENA economic interdependencies:

- The EU's member states have advanced economies with high added-value industry domination in their production and export patterns. Contrary, most of the MENA states have low added-value industries dominating their economies and exports. The only exception is Israel, who has an industrial base which closely resembles the EU's.
- Arab MENA countries can be split into two categories: petro-states and non-petro-states. Economies of petro-states are almost entirely dependent on hydrocarbon production (Libya and Algeria) or dominated by it while having other low added-value industries in their portfolio as well (Syria and Egypt).
- Non-petro-states have more heterogeneity: going from the western edge of the region eastwards we can see a line of development from the mainly low added-value Moroccan economy through Tunisia and Jordan having some more advanced sectors until Lebanon whose production pattern is close to Israel's.

By summarizing these findings we can again draw some conclusions for the prospects of the ENP and the proposed Euro-Mediterranean Free Trade Area (EMFTA) as well. After the trade patterns, production patterns again confirm our assumption that MENA countries form a Wallersteinian peripheral zone in the southern neighborhood of Europe.

With the exception of Israel, MENA states tend to have inferior economies compared to the EU's, which means that in a common economic area (like the planned EMFTA) they would become low added-value "client economies" in relation to the EU core. This result should inform not only the EU policy makers and the designers of the ENP about asymmetric relations but it should be recognized by MENA policy makers as well to double-think about the pros and cons of a proposed Euro-Mediterranean Free Trade Area (EMFTA). Accordingly, the ENP Action Plans' push to "increase economic integration with the EU" can be seen as a mainly self-serving action of the EU as this integration would mainly serve the high added-value export industries of Europe and imply a fierce competition to the weak and underdeveloped MENA industries.

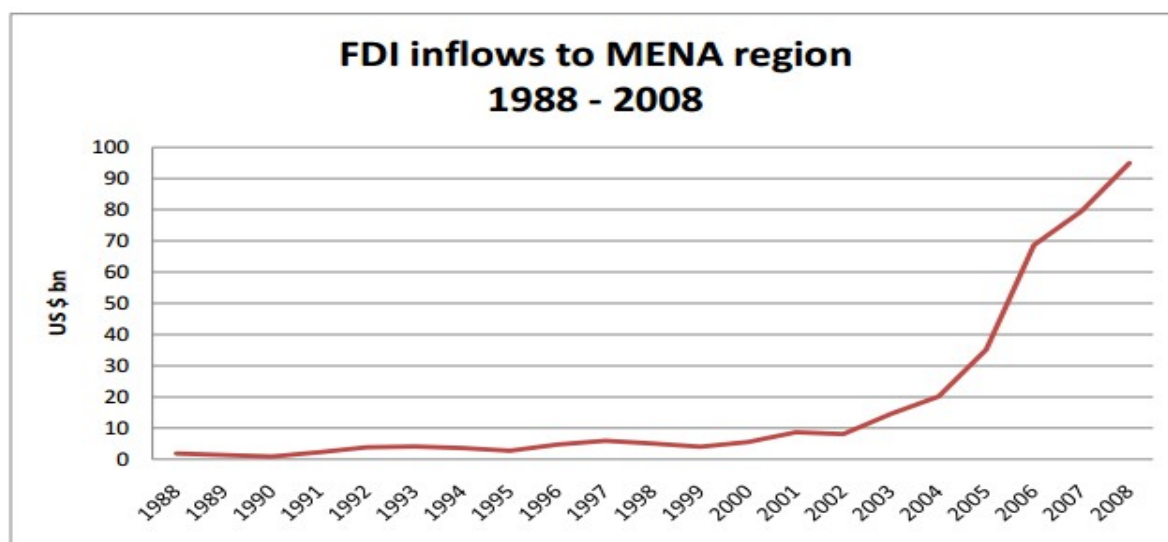
Two other smaller conclusive findings can be added to the main result outlined above. First is that Israel (who showed some interests in EU membership prospects recently but was refused as being non-European) has a highly developed economy, therefore on economic basis it could be smoothly integrated into the EU. This will certainly not happen on a full-scale level, but partial integration and a comprehensive free trade agreement is highly plausible. (Industrial products are already customs-free.)

The other observation is that beyond the Wallersteinian centrum-periphery dependency pattern we can also find signs of interdependency between the EU and the MENA. Low added-value export products of the non-petro-states can be easily "ignored" and replaced in European imports but on the other hand, hydrocarbon exports of the petro-states make the EU partially dependent on them. (This pattern of hydrocarbon-dependency is also present in the eastern neighborhood.)

This creates a certain degree of interdependence as petro-states need EU markets to secure their income from oil and gas exports but the EU needs them as well to secure its incoming supplies. (Energy interdependence was already explored in the "security chapter" of this work.) Although the EU has a high-priority strategy to change its energy usage to renewables, this hydrocarbon-based interdependence is set to remain in the foreseeable future.

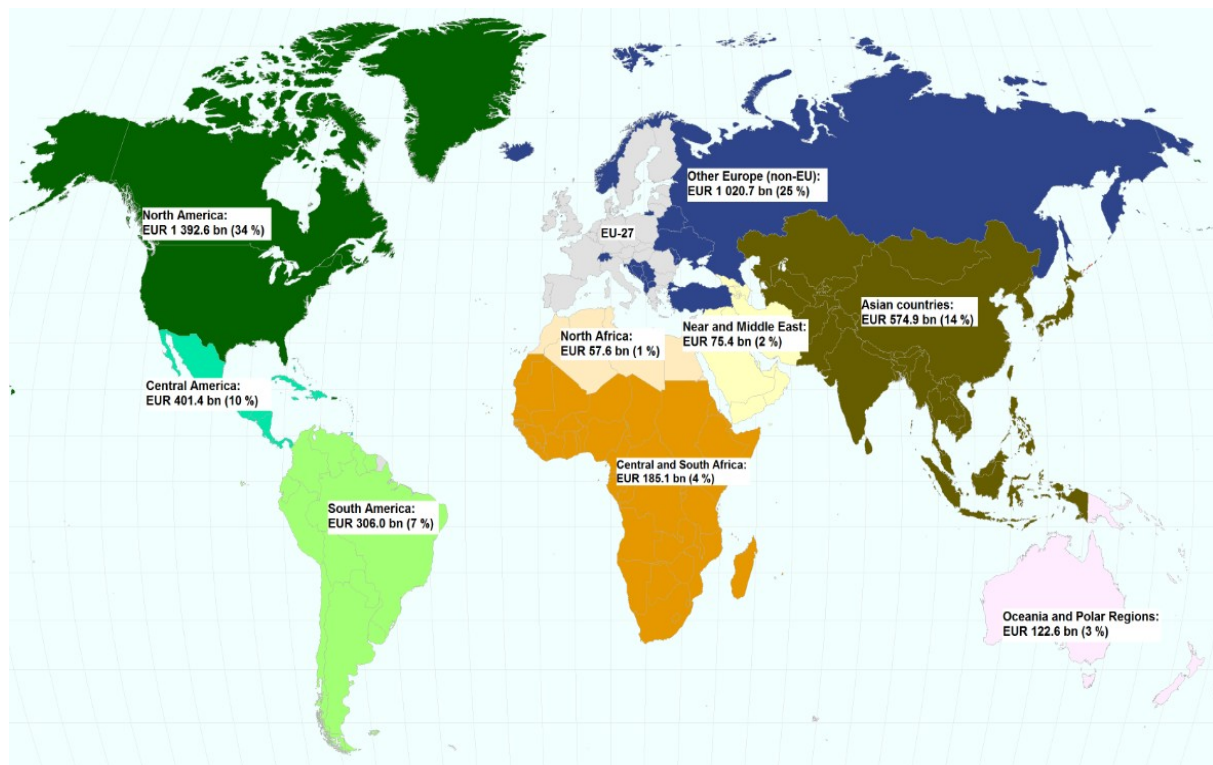
2.3.4. The role of European FDI in MENA economies

Another good indicator of EU-MENA economic interdependency is the role of EU Foreign Direct Investment (FDI) inflows to MENA economies. FDI can be seen as the private economic players' (firms, banks, investment groups) main external financial contribution to a country's economic development. Not only brings it the necessary capital for development to less developed countries but it plays also a significant role in technological and managerial learning (technology transfer) and therefore facilitates economic progress. In the last decade FDI inflows to the MENA grew steadily compared to the region's traditionally low levels:



Source: World Investment Report, UNCTAD.

On the other hand, FDI inflows to the MENA were still far lower than to almost any other region of the world with comparable size. Weak economies and business-unfriendly investment regulations kept global FDI flows away from the region and global investors (EU, USA, Japan) preferred to invest in more stable developing regions with better economic growth potentials. Even the EU, the most engaged player in MENA economies invested only a marginal portion of its extra-EU FDI flows into MENA economies. As we see on the following map showing global EU FDI flows, they are dominated by North America (34%) and other European states (25%) and the share of MENA countries represents only a marginal 3%:



Global FDI outflows from the EU, 2010. Source: EUROSTAT

This means that the EU gives clearly no investment priority to its southern neighborhood which is especially interesting in contrast with the impressive number of “Other Europe” (which covers mainly the eastern neighborhood).

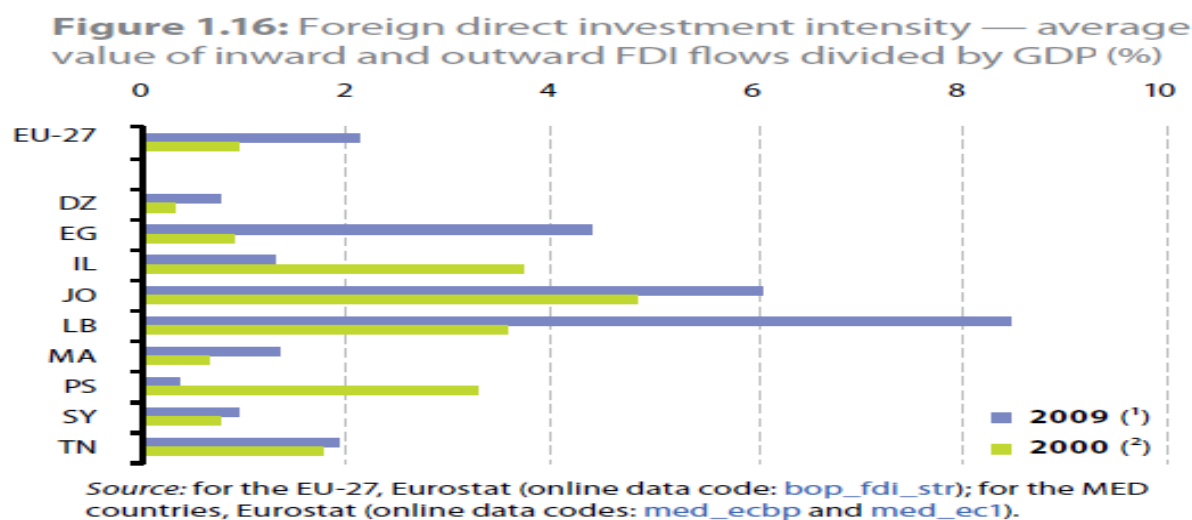
Another side-finding is that if we study carefully this map we can see that the main bulk of EU-investment goes to the most developed partner, North-America (and this is true vice versa), which gives an empirical example that investment policies in general favor developed areas against non-developed ones. This gives an argument against the modernization theory which expects that markets will mitigate development inequalities on the long term by moving capital from the developed countries to the poor ones. This side-finding will be used in the conclusions of this chapter when we decide which IPE theory is the most appropriate for use in the case of EU-MENA economic relations.

The marginal 3% of EU FDI directed to the MENA would suggest that we should not spend too much time examining this part of the economic interdependence given its nearly insignificant volume. This might be true from the EU’s point of view, but from the MENA’s perspective things look very different. FDI inflows to the MENA form a steady base of the economies of these countries and as we saw these inflows are rapidly growing therefore the importance of FDI is growing rapidly as well. If we accept the fact that EU-MENA FDI relations

are important for the southern partners (but not so much for the EU), we have to come up with some further questions to clarify the nature of this relations. The most significant questions are:

- How important is the role of FDI in MENA economies? How big are their FDI flows compared to their GDPs?
- How is FDI distributed in the region? Which are the biggest receiver regions and countries?
- How profitable is to invest in the MENA? Which countries can offer the best profits for foreign investors?
- And the most important from our perspective: How dependent is the MENA on EU FDI inflows? How much of the region's FDI inflows come from European sources?

To answer the first question, we have to compare the MENA's FDI/GDP intensity to the EU's, which is shown by the following graph:



As we see, external FDI flows into the EU reached only 2% of its GDP in 2009 and the value was even less in 2000. (Similarly to trade, FDI flows in the EU are also dominated by intra-EU players.) On the other hand some MENA countries had far exceeded this ratio. While most of the regional players stayed under the 2% ratio, Egypt, Jordan and Lebanon far exceeded it making double, triple and quadruple values respectively. A significant growth in all of the countries values can be also witnessed confirming our first assumption on the growing role of FDI in the region. (In Israel and Palestine the value decreased because of the accumu-

lating political instability.) Another observation can be also derived from the graph, that the highly restrictive foreign investment policies of Morocco, Algeria and Syria made their mark on the investment intensity in these countries giving them a visible disadvantage in the race to attract foreign investment to the region. The aim of the ENP to open up these countries for foreign investment is still unfulfilled, but the positive development of the last decade is undeniable. We can answer the first question with the conclusion that FDI has an already important role in MENA economies and the trends of the last decade shows that this importance is steadily growing with the more opened economies radically “speeding up”.

The second question is about the geographical pattern of FDI flows in the region. The following table gives a summary of the geographical distribution in the first half of the last decade:

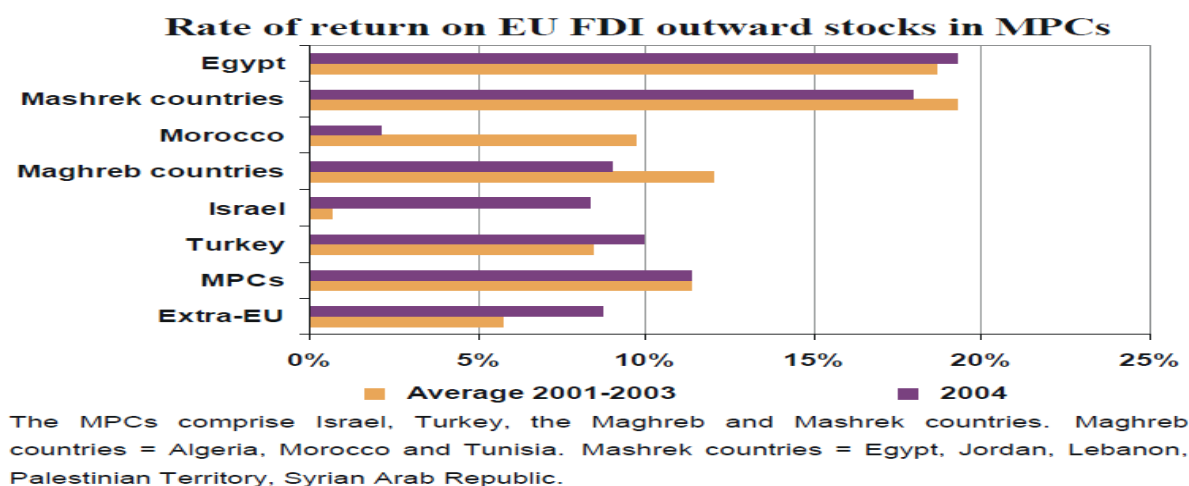
Shares of main destination in FDI outflows towards MPCs.(%)						Average
	2001	2002	2003	2004	2005	
Turkey	64	21	27	27	59	34.2
Israel	7	5	3	4	13	6.4
Maghreb countries of which:	17	22	41	41	14	27
Morocco	5	6	40	4	12	13.4
Mashrek countries of which:	12	52	29	28	15	27.2
Egypt	11	34	23	27	14	21.8

The MPCs comprise Israel, Turkey, the Maghreb and Mashrek countries. Maghreb countries = Algeria, Morocco and Tunisia. Mashrek countries = Egypt, Jordan, Lebanon, Palestinian Territory, Syrian Arab Republic.

EU FDI outflow ratios to the MENA between 2001 and 2005 (%), Source: EUROSTAT

As a reference point, Turkey appears to be the main receiver of EU FDI in the region exceeding all other countries and taking up more than a third of EU FDI. If we examine southern ENP partners (and take the 2001-2005 average as reference since the values are hugely volatile) we find that Maghreb and Mashreq countries equally take a share of 27% while Israel takes 6.4% on average which is quite significant compared to its relatively small population. Almost half of the Maghreb FDI goes into Morocco, which can be explained by the multiple factors of Libya and Algeria being extremely closed and Tunisia relatively small economies. Close to 80% of Mashreq FDI is heading to Egypt which is a surprisingly high value even if we consider its relative huge population. If we focus on southern ENP members and do not count Turkey, we can conclude that the European FDI inflow to the region is equally shared between the Maghreb and Mashreq sub-regions but in both areas the main bulk of investment goes to the biggest countries, Morocco and Egypt.

An interesting side-examination can be included here by answering the third question: Which countries in the MENA can offer the best profits for foreign investors? The following graph gives us a surprisingly clear answer:



Rate of return on EU FDI in the MENA , 2001-2004. Source: EUROSTAT

Return on EU investment tends to be double in Mashreq countries than in the Maghreb. While Maghreb countries produce a 10% yearly average profit on FDI (which is close to the world average), in the Mashreq this value is close to 20%. Because of length limitations we cannot go into details to explain this difference here but the conclusions are clear: driving factors for FDI inflows are more stronger in the Mashreq as EU investors obviously choose the sub-region which can offer more profit for their investment. This fact further strengthens the potential of Mashreq-directed FDI to dominate MENA markets which pattern we already discovered with the FDI/GDP figures on the first graph. These tendencies of FDI flows can be hugely (although not entirely) explained by the differences in Maghreb-Mashreq foreign investment policies as Lebanon, Jordan and Egypt became more opened lately while most of the Maghreb stayed relatively closed for foreign investors.

The last and most important question is also the hardest one to answer: How dependent is the MENA on EU FDI inflows? What percentage of total foreign investment in the MENA comes from the EU? Unfortunately there are no comprehensive sets of statistics to answer this question but from different sources we can still gather enough information to give a clear answer. If we examine the two most important FDI receivers in the region, Morocco and Egypt, we can find a similarly high percentage of EU sources in their FDI portfolio:

- Most of the FDIs injected in Morocco came from the European Union with France, the major economic partner of the North African kingdom topping the list with investments worth

\$1.86bln, followed by Spain (\$783mln). The influx of European countries in Morocco's FDI represents 73.5% of the global amount received in 2007.⁹⁸

- The EU is the number one investor in Egypt. In FY 2011/2012, 80% of Egypt's gross inflows of foreign direct investment (FDI) originated in the EU, compared to 60% in the previous fiscal year. Among EU Member States, UK, Belgium, France, Italy and Germany have been the most important sources of FDI for Egypt in the past 5 years.⁹⁹

As detailed data is not available on other MENA countries we have to extrapolate here and say that in general around 70% of the regions incoming FDI comes from the EU. This might not be true only in the exceptional case of Israel where American investments dominate. In petro-states the interest of EU oil companies (as already explained with the energy interdependence before) causes a huge EU FDI involvement therefore in Algeria and Libya we can expect similarly high levels as in Egypt. The relative openness of Lebanon, Jordan and Tunisia also suggests that EU FDI presence is dominant in these countries. We can conclude that contrary to the low (3%) share of global EU investments going to the MENA, this 3% forms around 70% of the MENA's FDI incomes which shows that in this field relations are hugely asymmetrical.

By summarizing all of these findings we can draw some conclusions on the scale of EU-MENA FDI interdependence and therefore for the prospects of the ENP and the proposed Euro-Mediterranean Free Trade Area (EMFTA) as well. Or several findings include that:

- FDI inflow was historically low in MENA economies but the last decade witnessed a rapid growth in this field.
- For the EU, MENA countries are not very important FDI destinations as they absorb only 3% of Europe's global foreign investments.
- FDI did not play a significant role in MENA economies but in the last decade the more open countries experienced a growth in FDI intensity, reaching up to 8% of their GDP which makes them more FDI-dependent. The intensity grew more significantly in Mashreq economies, in the Maghreb it stayed low.
- The Maghreb and Mashreq sub-regions received equal amounts of FDI from the EU. Egypt and Morocco were the biggest absorbers.

⁹⁸ Source: FDI report by Souraya Ouali of the Moroccan Direction of Investments.

⁹⁹ Source: delegation of the European Union to Egypt.

- Profits on EU FDI in the MENA were double as high in the Mashreq than in the Maghreb suggesting that the Mashreq will be preferred in future investor decisions.
- Around 70% of the total FDI inflows to the MENA came from EU countries and this shows a huge asymmetry in investment interdependence among the two regions making the EU the biggest FDI donor but the MENA only a marginal EU FDI receiver.

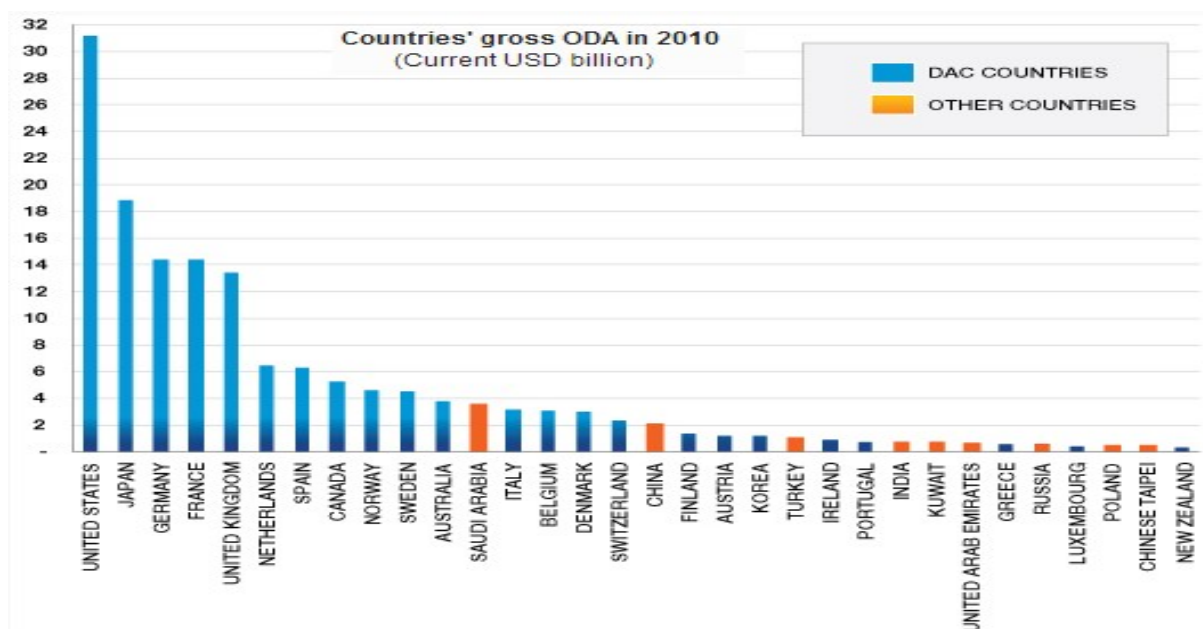
The six findings above show mixed prospects of the ENP and the proposed Euro-Mediterranean Free Trade Area. FDI-wise the MENA keeps being an underachiever compared to other developing regions but this can slowly change by the rapid catch-up of some of its states. These more open and more FDI-intense states can be found in the Mashreq sub-region, which can become the “FDI-engine” of the whole region showing the way forward to the others for opening up. Although the quantities of EU FDI are yet equal in the two sub-regions, openness, intensity and produced profits all point to the direction that the Mashreq is becoming a more and more important FDI destination for European investors. EU-MENA FDI interdependence can be summarized therefore with a notion that the MENA is highly dependent on EU FDI exports, while for the EU the region is not yet an important investment partner making this relation highly asymmetric. This relation can change in the future with the “rise” of the Mashreq as significant FDI absorber showing also a positive example for the Maghreb. Surprisingly, FDI-wise the weights of the sub-regions proved to be opposite than in trade: the Mashreq was less trade dependent on the EU than the Maghreb, while its EU FDI dependency seems to be stronger than the Maghreb’s.

Lessons for the ENP and the EMFTA can be also derived from this dependence-summary: Opening up MENA economies for European investments should be a main purpose for the ENP because this investment inflow can serve as a source of modernization for these countries and also bind them more closely to the EU while aiming to “Increase economic integration with the EU”. In the Mashreq sub-region some positive changes started to appear lately, which should be honored with differentiated ENP conditionality showing all the partners that the EU values investment-friendliness highly. If other regional players also start to catch up in FDI-attraction, the outcome will be favorable for the European investors and the MENA populations as well. This would also boost the chances of building a comprehensive EMFTA in the long term, which could be based not only on free trade but also on extensive FDI exchanges between the EU and its Mediterranean partners.

2.3.5. The role of EU development assistance: aid and development loans

Our last area of interest -development assistance- has a much lower impact on EU-MENA economic interdependencies than the other two areas, trade and FDI. Still, a short examination of EU aid “exports” to the MENA can underline our main assumption of MENA economic dependence on the EU. Although cash quantities of development assistance will never reach the level of quantities involved in EU-MENA trade and FDI interactions, their impact on political relations is undeniable.

The Development Assistance Committee (DAC) of OECD acts as the main global channel of aid allocation throughout the globe. DAC members are the greatest aid donors of the world and amongst them EU members (altogether) are the biggest donors. The United States supported around 31 billion USD assistance throughout the globe in 2010, while Japan offered around 19 billion, becoming the first and second biggest single donors respectively. But if we add up only the three biggest EU donors (Germany, France, UK) we can see that with a sum of around 41 billion they easily surpass the US:¹⁰⁰



But where does all the assistance go? Which developing regions are the biggest aid receivers? And what are the assistance patterns, which are the preferred regions each of these donors?

¹⁰⁰ Source: OECD/DAC (2010)

All these questions can be answered by examining the following table:

Table 2.4.2: Regional distribution of official development assistance, 2007-2008
(% of gross disbursements)

Donor	Recipient					
	Sub-Saharan Africa	Middle East & north Africa	Southern & central Asia	Other Asia & Oceania	Latin America & Caribbean	Europe
DAC countries	33.7	21.9	15.9	15.3	9.0	4.2
EU institutions	40.3	17.6	9.1	4.6	8.9	19.5
Belgium	65.1	13.0	3.7	6.5	11.1	0.7
Denmark	59.1	8.8	13.5	9.5	7.1	2.0
Germany	27.9	32.9	12.1	12.9	7.4	6.8
Ireland	80.1	2.4	5.6	7.1	3.8	1.0
Greece	9.9	15.8	14.3	3.6	2.4	54.0
Spain	23.1	17.1	3.8	7.4	43.4	5.3
France	46.4	27.5	3.9	11.9	5.2	5.1
Italy	20.7	53.1	6.9	5.4	9.1	4.7
Luxembourg	52.9	4.2	4.9	14.8	16.5	6.6
Netherlands	59.5	6.0	11.8	9.0	9.8	4.0
Austria	24.6	53.2	4.6	2.8	2.3	12.6
Portugal	48.2	20.1	4.1	14.6	1.3	11.7
Finland	50.1	5.6	16.0	12.5	10.5	5.2
Sweden	53.1	6.9	11.3	8.7	10.7	9.4
United Kingdom	48.3	9.0	30.9	8.5	2.2	1.1
Australia	3.3	16.2	11.3	69.0	0.1	0.1
Canada	42.0	8.7	21.5	10.0	15.2	2.6
Japan	14.3	16.4	20.7	39.1	6.0	3.5
New Zealand	5.5	1.7	6.8	83.8	2.1	0.0
Norway	49.0	8.7	18.9	8.0	9.1	6.2
Switzerland	33.8	10.9	19.7	7.5	13.0	15.1
United States	32.7	29.0	20.4	5.5	9.9	2.4

Source: Statistical Annex of the 2010 Development Co-operation Report, OECD

We can see that the biggest aid recipient is the Sub-Saharan Africa region taking up around the third of the total aid amounts, while the MENA comes second, taking around a fifth of the sum. Examining the weights of each developing regions within the supporting countries' portfolios we can reach interesting findings about the importance of these regions in the national aid policies. The US shows a balanced portfolio giving both Sub-Saharan Africa and MENA regions around the third of its support. Japan -understandably- gives a higher priority to its neighbors in Asia and Oceania directing 60% of its aid to these regions and "leaving" Africa and the MENA to the others. Examining EU countries and the EU institutions themselves, we can find a much more mixed and sometimes even surprising picture: Most of the EU members prefer Africa, but some of them clearly prefer the MENA.

We could expect that southern EU members will be more engaged in the MENA than northern members but they also have stronger links to Africa as well, making the relative weights mixed. From the biggest EU donors France, Portugal, Spain, the Netherlands and the UK clearly prefer Africa but Germany and Italy clearly prefer the MENA. Surprisingly, EU institutions support Africa overwhelmingly better than the MENA.

Making some calculations (total amount x MENA's share) from these data-sets we can arrive to the conclusion that the US is the single biggest aid supporter of the MENA, giving around 10 billion yearly, while Germany comes second with around 5 billion. If we add other EU-member contributions to Germany's, we can calculate around 13-14 billion dollars of total EU assistance to the MENA, with which the EU clearly occupies the pole position. On the other hand this number is not that bigger than the US contribution therefore we cannot find a clear EU aid dominance similar to the trade and FDI ratios. MENA aid incomes are not monopolized by the EU, rather "duopolized" by the EU-US "team".

The role of the European Union (as an institution) in aid support is miniscule compared to the individual states' but to "extract" its preferences we should still look at the figures of its assistance patterns. We already saw that most of the EU institutional aid goes to Africa and only a 17.6 percent of the sum is received by the MENA. If we are interested in what the regional pattern looks like within the MENA, we should look at the following table showing ENPI contributions to the entire EU neighborhood:

country	2007	2008	2009	2010	2011	Total 2007-2011	Average 2007-2011
Algeria	57,0	32,5	35,6	59,0	58,0	242,1	48,42
Armenia	21,0	24,0	24,7	27,7	43,1	140,5	28,1
Azerbaijan	19,0	22,0	20,0	7,0	31,0	99,0	19,8
Belarus	6,0	5,0	10,0	10,0	17,07	48,1	9,6
Egypt	137,0	149,0	140,0	192,0	92,0	710,0	142,0
Georgia	24,0	90,3	70,9	37,2	50,7	273,1	54,6
Israel	2,0	2,0	1,5	2,0	2,0	9,5	1,9
Jordan	62,0	65,0	68,0	70,0	111,0	376,0	75,2
Lebanon	50,0	50,0	43,0	44,0	33,0	220,0	44,0
Libya	2,0	4,0	0,0	12,0	10,0	28,0	5,6
Republic of Moldova	40,0	62,3	57,0	66,0	78,6	303,9	60,8
Morocco	190,0	228,7	145,0	158,9	156,6	879,2	175,8
occupied Palestinian territory	452,7	387,0	352,6	377,9	413,7	1983,9	396,8
Russia	13,0	5,0	18,0	26,5	4,0	66,5	13,3
Syria	20,0	20,0	40,0	50,0	10,0	140,0	28,0
Tunisia	103,0	73,0	77,0	77,0	130,0	460,0	92,0
Ukraine	142,0	138,6	116,0	126,0	135,0	657,6	131,5
Total	1340,7	1358,4	1219,3	1343,2	1375,8	6637,4	1327,5
Regional							
Regional/interregional cooperation East	143,7	112,0	126,3	200,8	224,7	807,5	161,5
Regional/interregional cooperation South	177,8	171,5	223,8	194,3	328,7	1096,1	219,2
Total	321,5	283,5	350,1	395,1	553,4	1903,6	380,7
Cross Border Cooperation ENPI (*)	4,2	60,0	69,2	68,4	83,5	285,3	57,1
Grand Total	1666,4	1701,9	1638,6	1806,7	2012,7	8826,3	

(*) Funding for cross-border cooperation under ENPI is complemented by funding coming from the European Regional Development Fund (ERDF). EUR 219.1 million were allocated under ERDF in the period 2007-2010 for that purpose. Source: European Commission

As we see, the yearly ENPI average for the entire neighborhood is only around 1.3 billion EUR which is really small compared to the 13 billion USD coming to the southern neighborhood alone from individual member states. The three biggest ENPI receivers are all MENA states: Palestine, Morocco and Egypt. The most interesting observation here is the fact that these numbers do not correlate with the size of the recipient countries at all. Palestine, the smallest gets nearly 400 million, while Egypt the biggest gets only 142 million. While in the case of Morocco and Egypt the EU-aid doesn't reach 1% of their respective GDPs, in the case of Palestine this ratio reaches 10 percent! (The estimated nominal GDP of Palestine is around 4000 million EUR.) This means that Palestine can be pronounced a highly aid-dependent country. If we check the other donors as well, the picture is even darker: altogether around half of Palestine's GDP (2000 million USD) comes from aid contributions, the US being the largest donor and the EU, UN being second and third respectively.

Palestine's aid inflows, source: OECD

Top Ten Donors of gross ODA (2009-10 average) (USD m)		
1	United States	783
2	EU Institutions	490
3	UNRWA	271
4	United Arab Emirates	154
5	Norway	105
6	Germany	103
7	Spain	98
8	United Kingdom	96
9	Japan	78
10	France	74

Concluding on EU-MENA aid relations we can make some summarizing observations:

- EU countries together are the biggest aid donors of the world, the US and Japan being second and third respectively.
- Global aid is directed mainly to Sub-Saharan Africa, which takes up the third of the sum. The MENA is second taking around a fifth of it.
- EU countries have different priorities: France, Spain and the UK focuses on Africa, while Germany and Italy on the MENA.
- From recipient perspective, the MENA gets most of its aid incomes from EU members, but closely followed by the US. EU aid is therefore not entirely dominating the MENA.
- EU institutions in particular have a miniscule aid budget relative to the member states.
- Relative to trade and FDI, aid has little role in MENA economies.
- Still, in the case of Palestine the role of aid is highly significant. Earning half of its GDP from aid incomes makes Palestine highly aid-dependent.

These findings offer a few relevant lessons for the prospects of the ENP and the proposed Euro-Mediterranean Free Trade Area. ENPI, as the budget of the ENP has a small significance compared to the bilateral assistance programs of the member states. This decentralization of EU aid policies can be seen positive from the perspectives of the member states, but clearly negative from the coherency of EU aid policies. A more centralized EU aid policy could significantly raise the effectivity of the ENP as allocating more money to the ENPI could positively change the effectiveness of its financial incentives. Concentrating otherwise bilaterally spent aid funds in the hands of the EU and raising ENPI funds significantly should be a main goal for EU external policy makers as the ENP tends to be measured by the means of “hard cash” by some partner states and for them the “more for more” principle could be convincingly fulfilled only by more cash.

The only case in the MENA where the ENPI has already a significant role is Palestine, which is highly dependent on its aid donors (US, EU and UN). This aid dependency could be turned to EU trade/FDI dependency once Palestine gets integrated to the proposed Euro-Mediterranean Free Trade Area together with other MENA countries. This “aid for trade” scheme should also play an important role when policy makers formulate future ENP incentives for the long term.

2.3.6. Conclusions: ENP in the light of EU-MENA economic interdependence

Before summarizing our findings on EU-MENA economic interdependence, first we have to go back to the beginnings of this chapter and ask ourselves what the exact purpose of this examination was. We will find that the exact purpose here is to use all of these findings to systematically prove some of our original assumptions (hypotheses) which were:

1. Theory selection: EU-MENA economic interdependence is highly asymmetrical, therefore can be better understood by a theory focusing on economic dependence (as Wallerstein’s) rather than one focusing on modernization by free trade (as Rostow’s for example.)
2. Proving the existence of a Wallersteinian “periphery belt” in the southern neighborhood of Europe and assessing the impacts of this for the ENP.

3. For this purpose, showing several forms of economic dependency and asymmetries by quantitative analysis.

Going backwards on this list and starting with (3.), we can list the quantitative findings we made during this research in the four previous sub-chapters:

- We have found that trade relations are highly asymmetrical as EU members tend to trade mainly amongst themselves and only tenth of their trade volume is directed to the MENA, while MENA trade is directed to the EU between 30 and 60 percent. Maghreb countries are much more dependent on EU trade than Mashreq countries.
- We identified the production pattern asymmetries as well, and found that MENA economies are mainly based on low added-value industries as agro, textile and hydrocarbon production.
- We saw that FDI inflows to the MENA were insignificant historically as these economies were closed to foreign investments by business-unfriendly regulations. In the last decade however, FDI inflows started to soar and foreign investments became a significant factor in MENA economies, especially in the Mashreq. The EU largely dominates the MENA FDI market.
- Finally, we saw that aid directed to the MENA comes from two main sources: EU member states and the US. EU institutions have a miniscule budget (the ENPI) compared to the member states aid budgets. The only MENA country where aid plays a significant role is Palestine which earns half of its GDP from assistance sources.

Summarizing all these four groups of findings, we can say that we succeed in proving the existence of a Wallersteinian “periphery belt” in the southern neighborhood (2.), therefore we have to make an assessment of the ENP in the light of this discovery. This assessment will inform us about the plausibility of the two main economic aims of the ENP: the core request in the Action Plans to “increase economic integration with the EU” and the first step of operationalization, the establishment of the proposed Euro-Mediterranean Free Trade Area. By assessing the ENP in the light of our findings, we can state that:

- An established comprehensive free trade area (EMFTA) would be beneficial to both of the partners, although it would carry some negative effects as well. Existing trade dependency and production patterns suggest that further integration (especially with the

Maghreb) would fix the MENA's role as a "low-cost client region" in the Euro-Med economic structure. As in the classical Wallersteinian model, the core EU could gain more access to markets for its sophisticated goods in the peripheral MENA, while using it as a cheap labor and commodity resource in the same time. The short term backdrop for the EU would be the loss of some of its low added-value production (especially agriculture) by the cheap MENA competition but this would be a definite gain for the MENA.

- On the other hand, FDI flows could move upwards MENA economies on the value chain by technology transfer and managerial learning. On the long term this could be the only way for MENA economies to develop and balance their dependency on the EU. The EU would also benefit from the "investment boom" created by the increased economic integration and the EMFTA because as we saw, MENA countries tend to produce more-than-average profits for foreign investors. Mashreq countries tend to be better in attracting foreign investments but once they show progress, the Maghreb will be under pressure to follow.
- The role of direct assistance (aid) is far less significant than the factors discussed above, but a coherent European aid policy could definitely play an important role in facilitating a positive MENA-environment for ENP implementation. As we saw, EU member states together are the biggest source of aid worldwide and this plenty of aid given out by them could be organized better to serve common EU interests. First of all, the current role of the MENA in the EU's aid portfolio should be improved to make the southern neighborhood top priority in EU assistance. (Currently it's second behind Africa.) This would be another wise strategic move from the EU to bind its neighborhood even closer to itself. Second, the fragmented bilateral aid give-outs by member states should be at least partially centralized in EU institutional hands to make the EU "speak in one voice" in this issue area as well. Improved EU aid budget would not only mean a more coherent common aid policy, but the raised amount of ENPI funds could give the ENP itself a far greater significance as well. If the EU wants to follow its own "more-for-more" doctrine in ENP implementation, the needed "more" in cash could come from the centralization of national aid budgets and this would therefore not decrease the cash support of other common policy areas.

Finally, assessing our theory selection (1.), we can confirm the plausibility of our choice: the Wallersteinian dependency theory is generally well-usable in the Euro-Med economic system. There are some extremities of course: Israel is clearly far less dependent on the EU than any other MENA state, while Palestine -on the other hand- is extremely dependent. Another important finding is the dual difference of dependency factors between the Mashreq and the Maghreb. The Maghreb shows a far bigger trade dependency and a significantly lower FDI intensity than the Mashreq. Both of these factors imply that in the case of a deeper EU-MENA economic integration the Mashreq would be far more resistant of EU “economic colonialism” than the Maghreb. Having other main partners of trade and being much more able to attract FDI, the Mashreq can be capable of a relatively EU-independent development, which the Maghreb can certainly not afford. This should inform ENP policy makers about the different prospects of the “sticks-and-carrots” incentive structure of the ENP in the two sub-regions and make their choices of policy tools accordingly. An enhanced cooperation with the Maghreb based on EU-rules seems to be more likely than the same outcome in the Mashreq.

2.4. EU-MENA interdependence and the Arab Spring: four case studies

2.4.1. The economic and demographic background of the Arab Spring

After the detailed exploration of the different areas of Euro-Arab interdependencies in the previous chapters, which resulted in the recognition of how deep these interdependencies are, we have to turn to the most recent history of the MENA region and ask ourselves how the Arab Spring affects these interdependencies. As the “Arab Spring” covers several and sometimes very different set of events, we will have to pick and select some individual cases and follow them closely while trying to make sense of the “whole”. The main question here -of course- will be the connection of these events to the ENP and how they affect the future prospects of Euro-Med relations. This is why only a small introductory part of the case studies will deal with the concrete revolutionary events and their roots in political-economic causes, while the focus will be largely on the EU’s response and future prospects of engagement.

As the concept of the “Arab Spring” signifies a heterogeneous set of events, it’s really hard to choose only one representative case to properly track all the related issues. On the other hand, exploring all the states and events involved in this huge arena would be a far more ambitious plan than the current work could afford. A usable compromise can be done if we select a few cases, which cover most of the differences in these events and therefore show a good representation of the whole.

The four selected case studies here -Tunisia, Morocco, Egypt and Jordan- can give an appropriate representation as they cover both geographically, demographically and politically most of the appearing differences in the MENA. Egypt and Jordan represent the Mashreq while Tunisia and Morocco the Maghreb. Tunisia and Egypt represent the revolutions, while Jordan and Morocco had only reforms. Finally the demographics of Egypt and Morocco make them dominant regional players, while Jordan and Tunisia are marginal. The following matrix represents well this grouping of our case studies:¹⁰¹

¹⁰¹Image Source: the author's own work (2012)

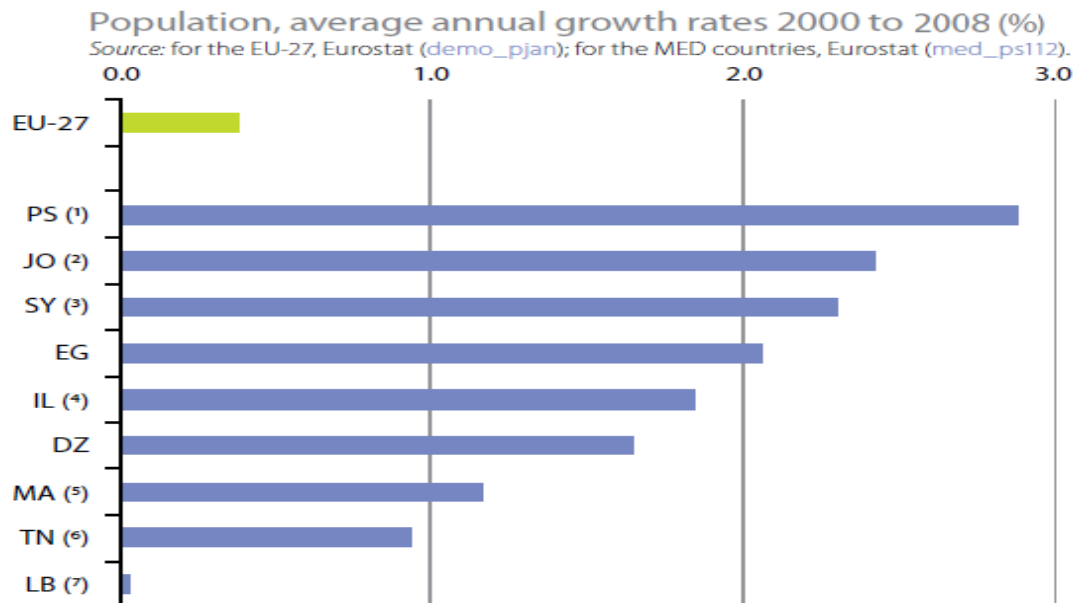
Changes-Location Matrix	Mashreq	Maghreb
Reform	Jordan	Maroc (dominant)
Uprising	Egypt (dominant)	Tunisia

This chapter will therefore follow a simple structure: it will elaborate one-by-one these four case studies, summarizing first shortly the concrete political events in each and then drawing conclusions on the further possible trajectories of the events with a special attention to the outcomes affecting the ENP. The final sub-chapter will summarize all the findings of the case studies and synthesize them in order to make us able to answer one of the most important questions of the current work: how does the Arab spring affect Euro-Med relations and what are the post-Arab Spring prospects of the ENP?

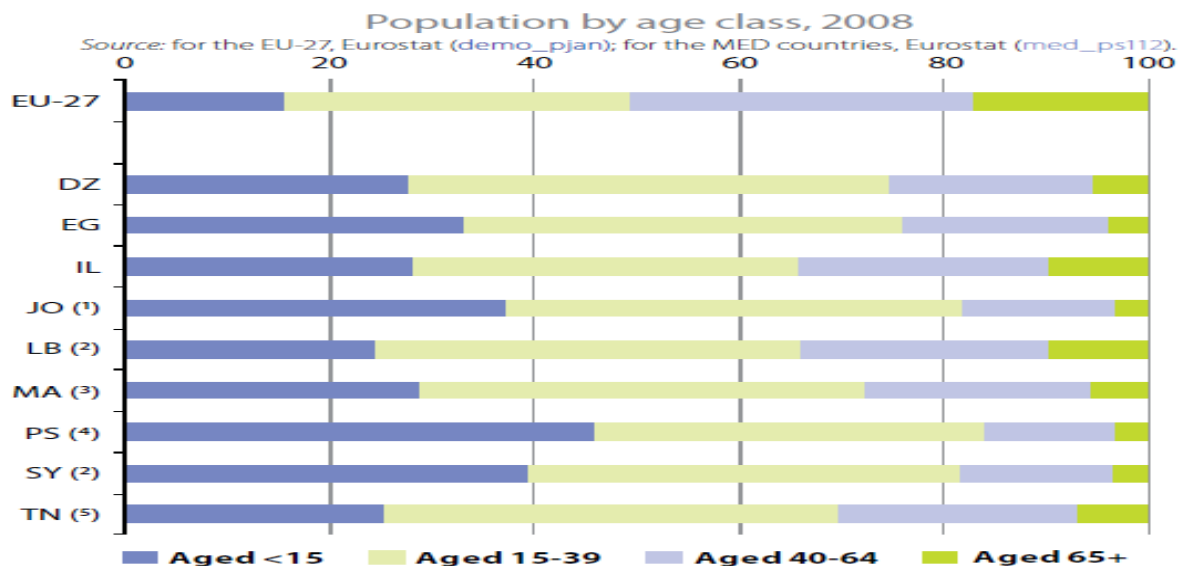
Before starting with the case studies, it makes sense to address another important question as well: which economic and demographic factors drove Arab populations to the extreme resistance and uprisings against their rulers? If there was a decades-long balance between repression and economic stagnation in the region, what reasons were behind the sudden collapse of this balance? Before turning our attention to the concrete political events, we should check first the economic and social structure behind them to answer these questions.

First of all, population growth rates of the MENA have to be examined and compared to provide us a picture on the demographic dynamism in the region. We can assume that regions with higher population growth rates have a stronger economic pressure on them to provide the necessary economic circumstances (jobs, income, etc.) for their faster growing societies. The following diagram shows MENA population growth rates:¹⁰²

¹⁰²Data Source: EUROSTAT



As we see, population growth in the MENA was far bigger in the last decade than the EU average and especially big in the Mashreq, while in the Maghreb it was more moderate. Faster population growth makes younger generations dominant in age groupings and the more youngsters a society has is the more new jobs it has to provide for them. Age trees in the MENA countries are the following:



As we see, the under-15 generation in the MENA takes up more than 30 percent of the society in each country and this means that -to absorb the rapidly growing new workforce- MENA economies have to produce better than average GDP growth rates. A rapidly expanding population needs also a rapidly expanding GDP to make the society able to provide higher (or at least similar) GDP/person incomes for the new generations. This challenge was not met by

most of the governments in the MENA, which created stagnation or only small increase in personal incomes in the last decade:

GDP per capita at current market prices (EUR)
Source: for the EU-27, Eurostat (nama_aux_gph); for the MED countries, Eurostat (med_ec1).

	2000	2002	2004	2006 (1)	2008 (2)
EU-27	19 100	20 500	21 700	23 700	25 100
DZ	1 952	1 915	2 121	2 787	3 350
EG	1 691	1 432	962	1 244	1 497
IL	21 464	18 199	14 991	16 475	18 892
JO	1 894	2 001	1 718	1 872	:
LB	:	:	4 598	:	4 863
MA	1 412	1 452	1 536	1 714	1 779
PS	1 599	1 206	1 059	1 086	976
SY	1 255	1 219	1 027	1 373	1 538
TN	2 206	2 280	2 288	2 446	:

As we see, not only the huge difference in GDP/capita levels between the MENA and the EU is shocking, but also the observation that the levels were stagnating or in some cases even decreasing in MENA economies throughout the last decade. While in Morocco and Tunisia we can witness a very slow pace of progress, in Egypt and Jordan GDP/capita levels have clearly stagnated.

As conclusions, we can already recognize MENA population boom and economic stagnation as one key factor leading to the uprisings of the Arab Spring. Also, we already see that in the Maghreb these factors are weaker than in the Mashreq, therefore we would expect Mashreq states more vulnerable to “public rage” than their Maghreb counterparts. Still, we see that both in the Maghreb and in the Mashreq we find reforming and revolting states as well, which fact signals that the Arab Spring cannot be explained by purely socio-economic indicators. This makes the case for us to expand our research deeper and concentrate on the unique circumstances in each of our case studies to explain their political trajectories.

The following four short case studies will therefore have a dualist structure: the first half of each will contain a short introduction to the given country's political turmoil and the economic reasons behind it and the second half will contain some analysis of the given country's connections with Europe. This later part will focus mainly on the ENP and answer the questions what the ENP intended to achieve in the given country and what it managed to achieve until now.

2.4.2. Jordan: a “slow boiling” society in the shadow of economic challenges

While Jordan is considered widely as one of the most stable countries in the MENA, having a reasonably working political structure (monarchy), the events of the Arab Spring did not leave it untouched either. The series of ongoing protests in Jordan began on January 2011 and resulted in the firing of the cabinet ministers of the government. In its early phase, protests in Jordan were initially against unemployment, inflation, corruption along with demanding for real constitutional monarchy and electoral reforms. The protestors' demands then escalated to a call for the resignation of King Abdullah II and for the end of the Hashemite monarchy rule during the latest protests.

Amongst the main causes of the protests are corruption, inflation, low salaries, unemployment, restricted freedoms and ethnic tensions (with Palestinian refugees), while they also gained inspiration from other regional protests, mainly from the Tunisian and Egyptian revolutions. As in the previous sub-chapter we already identified the economic roots of the protests (demographic boom and GDP stagnation), the everyday consequences of these root problems as inflation, low salaries and unemployment are not needed to be explained much deeper. It's enough to remind ourselves the fact that Jordan's GDP growth (while flourishing in the previous years) fell dramatically after the financial crisis of 2007-2008 started:



This radical decrease in GDP growth led to a rising government debt, which was ought to be counteracted by the subsidy cuts announced by Prime Minister Abdullah Ensour. These subsidy cuts (together with the gas supply disruptions from the politically unstable Egypt) caused the price of gas (a main burden on the budgets of low-income families) rise by 54% and also serious food and electricity price hikes. This angered a public already suffering from

high unemployment, poverty and inflation.¹⁰³

As public pressure grew on the government to ease cutbacks and engage in job creation, the government quickly reversed some its fiscal tightening measures by increasing subsidies on energy and basic food goods, hoping that a loosening of the cutbacks might be sufficient to avoid unrest. However, by then protests already assumed a political edge and beyond the economic reforms, the political system of King Abdullah's monarchy became itself a target of criticism. The main popular demands included the urgent need of tracking state-corruption along with demands for a real constitutional monarchy and electoral reforms. The king therefore needed to act on the political front as well, and ordered his newly created government to "undertake quick and tangible steps for real political reforms."¹⁰⁴

In March 2011, the king established a National Dialogue Committee (NDC) to draft new electoral and political laws and in April he created the Royal Committee for Constitutional Reforms (RCCR) to look at amending the constitution. The king appointed the members of both bodies and the Muslim Brotherhood (the main opposition organization) refused to participate, demanding the formation of a government led by the parliamentary majority before reform could advance. In general, political demands now aim to strengthen parliamentarism and decrease the king's power, which need is acknowledged by the king but he upholds that the process would take several years before it could be implemented.

The other central focus of reform efforts appears to be a campaign against corruption and a number of senior level figures have been already arrested on this charge. However, insiders claim that the anti-corruption committee has not been given a powerful mandate and has been barred from prosecuting certain high-level figures. Meanwhile, street protestors seem to be unsatisfied, with demonstrators in early 2012 calling for the "real thieves" to be brought to justice.¹⁰⁵

Concluding on the general economic and political atmosphere in Jordan, we can state that although King Abdullah seems to be handling effectively the popular unrest in the country, the

103 See: Political and economic problems fuel Jordan protests, <http://www.bbc.co.uk/news/world-middle-east-20357743>

104 See: "Jordan's king sacks government, appoints new PM amid street protests", the Globe and Mail, 1 February 2011, <http://www.theglobeandmail.com/news/world/africa-mideast/jordans-king-sacks-government-appoints-new-pm-amid-streetprotests/article1889831>

105 See: Jordan's corruption puzzle by Christina Satkowski, http://mideast.foreignpolicy.com/posts/2012/05/16/jordans_corruption_puzzle

fragility of the situation is undeniable. Since the unrest began, the kingdom has been led by three different governments, highlighting the Hashemite monarchy's longstanding policy of defusing popular pressure through government changes, but also putting some light on the scale of the country's ongoing political crises. The slow-motion reform agenda of the king might or might not withstand political unrest on the short term, but in a country drowning in debt, corruption and economic stagnation, the long-term prospects of the regime are quite black.

After the short introduction of Jordan's slowly boiling society, our focus has to turn to Europe and ask what the EU can do in this situation through its foreign policy tools and the ENP to motivate progress. To gain some insight to the EU's intentions, we have to analyze the main document expressing explicitly these intentions, the Jordanian Action Plan. Then we have to answer the question how successfully these "Actions" were carried out by analyzing Progress Reports and other EC communications dealing with Jordan's "performance" and contrast it to the AP's original directives. The Jordanian Action Plan contains a list which sets out the eleven main objectives that the EU wishes to see being implemented by the Jordanian regime:¹⁰⁶

- Take forward a national dialogue on democracy and political life within the framework of the national political development plan.
- Continue to develop an independent and impartial judiciary. Further reinforcing of the administrative and judiciary capacity.
- Take steps to develop further the freedom of the media and freedom of expression
- Further promote equal treatment of women, by preparing a plan to increase women's participation in political and economic life.
- Strengthen political dialogue and co-operation on issues of international and regional interest including the Middle East Peace Process and the fight against terrorism.
- Take measures to improve business conditions to enhance growth and increase investment in Jordan.
- Enhance Jordan's export potential by: further liberalisation of trade, in goods and agriculture, simplifying and upgrading customs legislation and procedures, improving industrial standards and modernisation of the sanitary and phytosanitary systems.
- Take steps to prepare for a progressive liberalisation of trade in services.

106 Source: Jordanian Action Plan http://ec.europa.eu/world/enp/pdf/action_plans/jordan_enp_ap_final_en.pdf

- Effective management of migratory flows and facilitation of movement of persons in conformity with the acquis, in particular examine the scope for visa facilitation for short stay for some categories of persons to be defined jointly.
- Implement the Jordanian Sustainable Development Strategy, and implement the government's strategy to reduce poverty
- Develop the transport, energy and information society sectors and networks through sector liberalisation, investment in infrastructures and interconnection with EU networks.
- Strengthen co-operation on science and technology

As we see these eleven points cover most of the interdependency sectors we outlined before, but here we will focus only on the two most important ones: the political sector (points 1-5) and the economic sector (points 6-8). We already saw that exactly these are the two main sectors in which the lack of progress is causing turmoils in the Jordanian society right now. But what is the opinion of the EU on the progress that Jordan has made in these sectors since the inauguration of the ENP? Running through the latest (2012) Progress Report that the EU created about Jordan, it seems that the EU is quite satisfied with the country's overall performance. This is really surprising in the light of the ongoing protests that the regime experiences at home. Touching both political and economic issues, the EU admits the difficulties that the regime is facing, but also gives credits for the shallow political reform agenda that we just criticized before:¹⁰⁷

“2011 was a politically and economically challenging year for Jordan: three successive governments in nine months, a worsening economic outlook, increasing unemployment, a deepening budget deficit, the decline of foreign investments and increasing energy supply costs all add up to a volatile picture.....Despite the difficult context, Jordan made an important quality leap in its political reforms’ process through the adoption in September of far-reaching constitutional amendments. The latter address a number of priorities agreed in the framework of the new EU-Jordan ENP Action Plan negotiated in 2010, in particular the establishment of an independent electoral commission, greater accountability of the government, the empowerment of political parties through the revision of legislation and the prohibition of torture. In other cases, the amendments go beyond Jordan’s ENP Action Plan commitments, i.e. the establishment of the Constitutional Court, limitation of the government’s ability to enact provisional (temporary) law and new, more restrictive, rules on the dissolution of the Parliament.”

¹⁰⁷Source: Jordanian Progress Report 2012,
http://ec.europa.eu/world/enp/docs/2012_enp_pack/progress_report_jordan_en.pdf

We see that the political reforms implemented by the country even “go beyond Jordan’s ENP Action Plan commitments”, therefore the country deserves the best “mark” the EU can give for the progress. Here we have to refer back to one of our first findings, that autocratic stability serves the EU's security interests better than a possible revolution. This could be the main reason why the EU welcomes these shallow reforms so enthusiastically. The good performance is also honored with some extra money. In a document issued nearly a year later (2013), we see that Jordan already got its deserved extra amount of financial support in the form of an EUR 70 million “envelope”. Another interesting observation from this text is that we finally witness the real “micro-physics” of the ENP: Jordan is entitled for 70 million, but gets only 30 million now and the remaining 40 million is “linked to” further progress:¹⁰⁸

“King Abdullah II, partly in response to the winds of change blowing over the region in connection with the Arab Spring, initiated a broad process of political and economic reforms, including increased parliamentary control and oversight of the government as well as a new electoral law which, though not uncontroversial, ensured a broadly representative parliament via the recent elections that were seen by observers to be in line with democratic standards. In line with its commitment to support the reform processes in the Southern Mediterranean countries, the EU provided to Jordan an additional allocation of €70 million from SPRING. This was announced by HR/VP Ashton during the first meeting of the EU-Jordan Task Force held in February 2012, in effect doubling the amount of money available to Jordan from the EU's Neighbourhood programme for 2012. The additional financial envelope is made available in two tranches of 30 and 40 million, with the second tranche linked to progress achieved in terms of democratic reform. SPRING funding is used to support the electoral process, to assist in reforming the justice system, to support efforts targeting public finance management, education and social security, and to help develop the private sector and foster job creation.”

This linking is necessary, but the effectiveness of this “conditionality” can be questionable as the overall EU assessment on political progress is far too optimistic, which can make the Jordanian regime feel comfortable with the shallow reform agenda they performed. However, on the economic front the EU seems to be much more pessimistic. Jordan managed to come out from the economic crisis by 2010, just to get hit by the Arab Spring and fall back again to recession in 2011. This weak performance is identified by the EU not only as the effect of the revolts but also as the effect of the weak and outdated economic governance:¹⁰⁹

108 Source: EU's response to the Arab Spring: State-of-Play after Two Years (2013), http://www.europa.eu/articles/es/article_13134_es.htm

109 Source: Jordanian Progress Report 2012, http://ec.europa.eu/world/enp/docs/2012_enp_pack/progress_report_jordan_en.pdf

“Following a period of modest growth and gradual recovery from the global financial crisis throughout 2010, the Jordanian economy was affected by the Arab Spring events and the conflict in neighbouring Syria, notably through the external sector and the fiscal-policy response to domestic social pressures. The emergency fiscal measures adopted by the government in early 2011 could possibly interrupt progress towards fiscal consolidation, while delaying reforms in the public subsidy system. At the same time, the development and modernisation of the tax system remains a challenge and a major objective of the public finance management reform program supported by the EU.”

The economic liberalization and modernization process lags behind the EU's expectations and this contrasts the perceived “good performance” of the country on the political front. We can agree with this assessment but also notice that these liberalization reforms are also in the interest of the EU itself and the “conditionality” here reflects the EU's economic expansion plans (FDI and trade expansion) at least as much as it advocates for genuine domestic economic progress.

Concluding on the current Jordanian “state of affairs”, we can identify the stagnation-corruption-repression triangle as the main set of challenges confronting Jordanians today. Unfortunately, stagnation comes mainly from external economic factors like the current financial crisis and the demography-boom therefore it's less manageable domestically. On the other hand, the other two factors, corruption and repression are inherent to the domestic political system of Jordan, therefore more changeable. King Abdullah manages to maintain social peace by promising reforms in all the three mentioned areas, but this peace is really fragile and needs to be upheld by a faster and deeper reform agenda than the currently existing one.

The EU comes into the picture here, because its neighborhood policy advocates exactly for these reform steps. Jordan's case shows therefore a unique constellation, where the interests of the people, the EU and even the king fall into the same basket. This basket contains political and economic reforms already outlined in the ENP Action Plans as “priorities of action”, and now being enforced by popular pressure. Although Jordan's reform agenda should be original and domestic-born, the EU has now several opportunities to intervene into the process by implementing its “more-for-more” directive.

Still, instead of pushing for more reforms, the EU seems to be already satisfied with the reached progress of the regime and offers extra funds for the government to continue its reform agenda. In our opinion this approach reflects a shallow understanding of what is

happening in Jordan and a far too optimistic interpretation of the political reforms. In the economic sector the EU's assessment seems to be much more realistic and identifies the right external and also internal reasons of the country's economic decline. However, pushing Jordan towards economic liberalization serves not only the interests of the Jordanians, but also the interests of EU investors and export firms waiting to acquire a decent share from the Jordanian markets.

2.4.3. Egypt: the dominant MENA player with ongoing political turbulence

As the Egyptian Revolution was widely reported by media outlets and the series of events are well-known amongst IR academics, here we do not intend to give a detailed explanation of the revolt itself. Our focus -again- will be on the exploration of the root causes of the popular dissent and the possible European policies that could give decent answers to them. However, first a very short introduction of the political events seems to be necessary.

The Egyptian Revolution of 2011 took place following a popular uprising that began on 25 January 2011. It was mainly a campaign of non-violent civil resistance, which featured a series of demonstrations, marches, acts of civil disobedience and labor strikes. Millions of protesters from a variety of socio-economic and religious backgrounds demanded the overthrow of the regime of Egyptian President Hosni Mubarak. Despite being predominantly peaceful in nature, the revolution was not without violent clashes between security forces and protesters with hundreds of people killed and thousands injured. Protests took place in Cairo, Alexandria, and in other cities in Egypt. The demands of Egyptian protesters were focused on legal and political issues including police brutality, state of emergency laws, lack of free elections and freedom of speech, corruption, and economic issues including high unemployment, food price inflation and low wages. The core aims of the protesters were the end of the Hosni Mubarak regime and the establishment of a non-military government. On 11 February, following weeks of determined popular protest and pressure, Mubarak resigned from office.¹¹⁰

¹¹⁰ Source and more details on the revolution: Egypt Revolution 2011: A Complete Guide To The Unrest, Huffington Post, http://www.huffingtonpost.com/2011/01/30/egypt-revolution-2011_n_816026.html

Shortly after Mubarak's resignation, the interim governing group of army leaders (Supreme Council of the Armed Forces, SCAF) headed by effective head of state Mohamed Hussein Tantawi, announced that the constitution would be suspended, both houses of parliament dissolved and that the military would rule for six months until elections could be held. The prior cabinet, including Prime Minister Ahmed Shafik, would continue to serve as a caretaker government until a new one is formed.

Although the military played a positive role in the revolution itself, by delaying the elections and the power transition to civilian leaders the SCAF lost most of its popular support and by the end of 2011 several protests turned up against the military rule. EU and US officials also urged SCAF leaders to speed up the transition and hold free elections as soon as possible. Finally, on 24 June 2012 after the first free elections of Egypt, it was announced by the State Election Commission that Muslim Brotherhood candidate Mohammed Morsi had won the presidential election. On 30 June, Morsi was inaugurated as the first democratically elected President of Egypt.¹¹¹

The reputation of the currently ruling Morsi government is contradictory. Morsi, as a politician associated with the Muslim Brotherhood was expected to turn Egypt onto a more Islam-based development trajectory with a domestic law system based on sharia and with an anti-western and anti-Israel foreign policy direction. However, most of these fears had no bases as Morsi himself declared that the new Egypt will be built on civilian bases and he seeks to influence the drafting of a new constitution that protects civil rights, yet is enshrined in Islamic law. Also the foreign policy he pursues shows signs of "Islamic pragmatism", as he maintained good relations with Gulf states and also reconciled with Iran, but in the same time he greeted Israel, the US and the EU as Egypt's friends as well.

As conclusions on Egypt's recent democratic transitions we can gather a few important elements shaping the country's development trajectory for the close future and identify some important factors that should inform the EU about the prospects of the ENP in the most powerful southern partner. These factors are:

- The balance of power in Egypt between the Mubarak-era officers, the SCAF, the liberal opposition and the Muslim Brotherhood is sliding to favor the later.

111 Source and more details on the revolution: Egypt Revolution 2011: A Complete Guide To The Unrest, Huffington Post, http://www.huffingtonpost.com/2011/01/30/egypt-revolution-2011_n_816026.html

- President Morsi manages to expel his SCAF and old-era rivals from power one-by-one, but tries to gain sympathy from the liberals.
- His domestic policies therefore are only “moderately religious”, meaning that while he openly turns the country into an Islamic democracy, he balances this process by strengthening civil rights and advocates for the fair treatment of minorities.
- His foreign policy can also be described best as “pragmatic Islamism”¹¹², meaning that while he establishes good relations with other Muslim states (including Iran), he does not turn his back on his European and American allies either. The case of Israel is more sensitive, especially with the recent incidents in both Cairo and Gaza, but open hostility against the Jewish state is not on his agenda, indeed he tries to keep good relations.

If we ask what the EU can do in this political context through its foreign policy tools and the ENP to ensure the best possible outcomes for EU-Egypt relations, we can gather some general observations as answers. As in Egypt’s case (in opposition with Jordan’s) the political freedoms became (at least officially) guaranteed after the revolution but economic problems stayed or even deepened, this circle of issues for Egypt will be more economy-centered.

Even before the revolution, Egypt’s economic problems were dire: “Figures from the Central Bank of Egypt for early 2011 show the country’s total external debt at \$35 billion, its highest level in more than five years. In terms of GDP per capita, Egypt has the lowest level in the region and this level stagnated in the last few years. According to the World Food Programme, 19.6 percent of the population of Egypt lives below the lower poverty line. During the revolution, tourism –a main income source- suffered a 20% backdrop.”¹¹³

The revitalization of the country’s economy stays mainly a domestic issue, but as we have shown in the previous part of this work, EU-US-MENA economic interdependencies suggest that a lot depends on the two western entities’ positive attitudes. The financial crisis –similarly to Jordan- broke the development path of the GDP progress and the economic effects of the revolution deepened the crisis even further:

112 See: Ian Black, Brothers in pragmatism: riding the wave of change in the Arab spring, Guardian on-line, <http://www.guardian.co.uk/world/on-the-middle-east/2013/mar/01/egypt-islamists-tunisia-tunisia-morsi>

113 Source: EGYPT’S HYBRID REVOLUTION: A BOLDER EU APPROACH Anthony Dworkin, Daniel Korski and Nick Witney, ECFR 2012



But what did the EU expect from Egypt and how was this communicated? What “Actions” were requested from the Egyptian side in exchange for the much needed economic contribution from the EU? To get the answers, we have to turn to the Egyptian Action Plan. The list of prescribed actions regarding the political and economic sectors is the following:¹¹⁴

- Enhance political dialogue and co-operation, based on shared values
- Enhance the effectiveness of institutions entrusted with strengthening democracy and the rule of law and consolidate the independent and effective administration of justice.
- Promote the protection of human rights in all its aspects
- Increase economic integration with the EU
- Improving macroeconomic governance, reforming the financial sector, strengthening the role of the private sector, enhancing the business climate
- Boost industrial development and enterprises capabilities and competitiveness through improved skills, better access to finance, promotion of new technologies
- Deepen and enhance the existing economic dialogue and identify areas suitable for gradual regulatory upgrading and approximation with EU technical legislation
- Proceed in reforming the tax system, improving public finance management
- Promote south-south trade, through encouraging FDI participation in regional projects
- Strengthen cooperation on poverty reduction through employment and social development.

As we expected, here the economic sector gets the majority of action points (4-10), while the political sectors gets only the first three. Improving economic governance and financial management and opening up for trade, FDI and a deeper economic integration with the EU can be identified as the key issue areas that the EU was concerned with at the time this AP was issued. This is quite contradictory again (as was in the case of Jordan), because the AP was written during the Mubarak-era, when political reforms would have been at least as

¹¹⁴ Source: Egyptian Action Plan, http://ec.europa.eu/world/enp/pdf/action_plans/egypt_enp_ap_final_en.pdf

important as the economic ones. This is again a sign of the EU's pragmatic approach and a hidden support for autocratic stability.

But autocratic stability did not last long after the AP was issued and the latest Progress Report was issued already after the revolution (in 2012). This report is quite the opposite of what we saw in the case of Jordan. Both the political and economic issues are seen by the EU as negative developments and the Egyptian transition seems to be more problematic for the EU than the Jordanian non-transition:¹¹⁵

“During the transition period the military’s respect for basic human rights and democratic standards has not been satisfactory. Police and military personnel who resorted to excessive use of force during the demonstrations, notably against women, have yet to be investigated. Thousands of activists were arbitrarily detained. Military courts were used to try activists and bloggers. Reports of the use of torture and degrading treatment in detention and prison have continued.”

Not only the democratic standards were found unsatisfactory, but the economic performance of the interim government also didn't meet the EU's expectations. The interim government seems like it's not a partner in economic cooperation and if we would like to be very provocative, we could say that the EU seems to be contrasting this performance to “the good old Mubarak-era days”. Of course, this is an exaggeration but in our opinion the text is highly contradictory:¹¹⁶

“Ongoing political and economic uncertainty meant that progress on the structural reforms outlined in Egypt's Action Plan was limited. On the positive side, the work to overcome technical barriers to exports advanced when Egypt became an associate member in the European cooperation for accreditation, the process for creating a business was simplified and a competition authority was set up. Following the 2011 events the need for thorough social and economic reform has become more evident than ever. The interim authorities have been unable to engage on achieving long-term objectives..... No progress was achieved on trade-related issues or on market and regulatory reform. The EU adopted on 14 December negotiating directives for a Deep and Comprehensive Free Trade Area (DCFTA). However, the interim Egyptian authorities are not ready to engage, given their limited mandate. Similarly, they have declined the offer made by the EU to start a dialogue on Mobility, Migration and Security, in order to conclude a Mobility Partnership.”

115 Source: Egyptian Progress Report 2012,
http://ec.europa.eu/world/enp/docs/2012_enp_pack/progress_report_egypt_en.pdf

116 Ibid.

This means that the EU did not recognize that Egypt had more important domestic issues to handle during the transition than the EU's Action Plan and if we contrast this analysis to Jordan's, who -despite being still autocratic- got the best possible comments, we will have some serious concerns about the EU's values and assessment criteria. However, a year later (in 2013) things have turned upside-down. The EU seems to have accepted the transition and seeks close cooperation with the first elected president of Egypt. This new assessment is the exact opposite of the Progress Report issued just a year earlier and gives credits for the country's new president for democratization and also for the EU for supporting this process, which is a bit ironic in the light of the above cited document:¹¹⁷

“Since the first protests erupted in Tahrir square two years ago, the EU has consistently supported the movement for democracy and human rights in Egypt, calling for a peaceful and inclusive transition.....One of the first foreign visits undertaken by the newly-elected President Morsi of Egypt was to Brussels which resulted in agreement to resume bilateral contacts through the structures of the EU-Egypt Association Agreement and a restart of negotiations on a new ENP Action Plan. At the invitation of the government, the EEAS sent two electoral experts to assess the conduct of the Presidential elections in May-June 2012. The technical mission concluded that the elections had been fair and were held in a peaceful environment. Ahead of the parliamentary elections planned for the first semester of 2013, the EU has reiterated its offer to deploy, upon invitation of the Egyptian authorities, a fully-fledged EU Election Observation Mission (EOM). ”

And if there was so much political progress and reiteration between the EU and Egypt, then the promised economic help should be delivered as well. The offer seems to be quite impressive: from different sources, Egypt will get altogether more than EUR 1 billion in financial assistance and development loans:¹¹⁸

“In terms of financial support for the transition, the EU has already made available €449 million for the period 2011-2013. Furthermore, the EU, together with EIB and EBRD pledged an additional financial package of €5 billion during the EU-Egypt Task Force in November 2012. The €750 million EU contribution was composed of €90 million of assistance from the SPRING programme to support socio-economic reform measures, €163 million from the Neighbourhood Investment Facility and subject to the endorsement of an IMF arrangement, the EU may provide up-to €500 million Macro-Financial Assistance to Egypt with up-to €50 million in grants and up-to €450 million in concessional loans. The additional SPRING funds of €90 million are earmarked for supporting, in partnership with other donors (World Bank and African Development Bank) the government's socio-economic

117 Source: EU's response to the Arab Spring: State-of-Play after Two Years (2013), http://www.eu-un.europa.eu/articles/es/article_13134_es.htm

118 Ibid.

programme. In the framework of the Task Force, the EU and Egypt agreed to jointly explore how to deepen trade and investment relations, including the possible negotiation of a deep and comprehensive free trade agreement (DCFTA).”

We can absolutely agree with this final assessment, and welcome the decision which provides this extensive rebuilding assistance for Egypt. However, we have to remind ourselves that the EU “made up it's mind” again a bit late and in the value confrontation between the short term stability and the long term democratization first it chose the wrong option.

Concluding on Egypt’s current political and economic state of affairs and the prospects of an effectively working ENP in this country, we can summarize our findings in a few core observations. President Morsi as a “pragmatic Islamist” can be wisely engaged by the EU, best through economic incentives. Debt relief and immediate monetary help for economic revitalization could definitely help the EU to play an important and positive role in Egypt’s transition and in the light of the most recent EU communications we can expect the Union to offer this much needed help. With this action the EU coordinates its economic leverage well and makes itself even more “embedded” in Egypt’s future.

The original ENP action plan designed for Egypt was mainly concerned with economic issues and this area keeps playing the central role between the two actors. However, the political arena became much more significant during the revolutions and despite its initial aversions to the transition process, the EU later learned to engage wisely the new Egyptian leadership. This doesn't mean that the EU gained more significance in the country, but now the relations are seemingly “back to normal” and even have the potential to develop to be a well-working pragmatic partnership.

2.4.4. Tunisia: an EU-dependent state in the front-line of democratization

As the Tunisian revolution was also widely covered in media outlets and analyzed frequently by academics, here again we do not need to go into details in describing the political event itself. We will therefore give only a short introduction to the revolution and concentrate more actively on the causes and effects of it, including the outcomes most relevant to Europe.

After the famous self-immolation of Mohamed Bouazizi on the 17th, Tunisian Revolution began on the 18th of December 2010 and led to the ousting of longtime President Zine El Abidine Ben Ali on the 14th of January 2011. The demonstrations were –here again- triggered by high unemployment, food inflation, corruption, a lack of freedom of speech and other political freedoms and poor living conditions. The protests constituted the most dramatic wave of social and political unrest in Tunisia in three decades and have resulted in scores of deaths and injuries, most of which were the result of action by police and security forces against demonstrators.

Following Ben Ali's departure, a state of emergency was declared. An interim coalition government was created, including members of Ben Ali's party, the Constitutional Democratic Rally (RCD) in key ministries but also including opposition figures in other ministries. However, some newly appointed non-RCD ministers resigned almost immediately because street protests in Tunis and other towns around Tunisia continued, demanding that the new government have no RCD members and that the RCD itself be disbanded. On 27th January new Prime Minister Mohamed Ghannouchi changed the government, removing all former RCD members other than himself and later the party itself was dissolved, as protesters had demanded.¹¹⁹

Following further public protests, Ghannouchi himself resigned on 27 February, and on 3rd March 2011, the president announced the elections for the Constituent Assembly, which were held on 23rd of October 2011 with the Islamist Ennahda Party winning the majority of seats. On 12 December 2011, former dissident and veteran human rights activist Moncef Marzouki was elected as president of Tunisia by a ruling coalition dominated by the Ennahda Party. This government now has the prospect to become the “poster child” of the Arab Spring as Tunisia has the brightest prospect in the region to develop a stable democratic state even in the face of the persisting political and economic challenges that are very similar to its neighbors’.

After “shortlisting” the events of the Tunisian revolution, we have to turn to the analysis of the economic background of it to understand deeper the dynamics behind. As we already saw, unemployment, food inflation, corruption and the absence of political freedoms were the main drivers of popular dissent, very similarly to Egypt. The difference is that the Tunisian

¹¹⁹ Source: Tunisia Revolution News, Huffington Post,
http://www.huffingtonpost.com/2011/01/14/tunisia-revolution-live-u_n_809294.html

economy was in 2009 ranked the most competitive in Africa and the 40th in the world, which is a far better place compared to Egypt's. This would invoke a different economic background for the revolution but if we take a closer look, we see that Tunisia's economic progress was also severely hit by the economic crisis:



As we already saw in the introduction of this chapter, Tunisia is one of the most developed and mature countries in the MENA. Both economics and demographics look better here than in most of the region: the GDP/capita level is second highest in North Africa, while population growth and the ratio of young people within the society is the lowest. Still, youth unemployment is as high as in any other MENA country and the already examined “sickness” of MENA economies, over-education and under-employment highly persists. In addition, the revolution made also some short-term losses: ¹²⁰

“The interim government puts the cost of the uprising to Tunisia’s GNP at €6-8 billion, but with a different sector on strike each day, it is hard to see how growth can be kick-started. The governor of Tunisia’s Central Bank, Mustapha Nabli, has said that social pressures are the major challenge to economic recovery in the next few months. This adds to investor uncertainty: in the aftermath of the revolution, Moody’s downgraded Tunisia’s credit rating to Baa3 from Baa2, and it may still drop further. It also does not provide a very encouraging image to the tourists that Tunisia badly needs to encourage to come back – bookings with Tunisian travel agents are down 50 percent for the first three months of 2011 compared with last year.”

How could Europe help in a situation like this? What could the EU do to help Tunisia carry out the most promising transition of the region? Although Tunisia is one of the smaller states in the region with significantly lower “weight” than Egypt or Morocco, the stakes are still high: If the Tunisian revolution can succeed to provide better economic and political opportunities for the country’s citizens in the long term and stabilize a civilian democratic

¹²⁰Susi Dennison, Anthony Dworkin, Nicu Popescu and Nick Witney: AFTER THE REVOLUTION: EUROPE AND THE TRANSITION IN TUNISIA, European Council on Foreign Relations, 2011

system, that could show an example for the other countries in the region and motivate them strongly to copy the Tunisian success. On the other hand, if even the most promising transition fails to deliver better livelihood for its people, that would mean a serious disillusionment for the whole region and also for Europe. The first reaction of the EU came on the day of Ben Ali's escape:

"We are following with the utmost attention the events in Tunisia. We want to express our support and recognition to the Tunisian people and their democratic aspirations, which should be achieved in a peaceful way. In this regard, we urge all parties to show restraint and remain calm in order to avoid further casualties and violence. Dialogue is key. We reiterate our engagement with Tunisia and its people and our willingness to help find lasting democratic solutions to the ongoing crisis."¹²¹

This weak statement and also its timing reflected well the EU's failure not to support protests from the beginning and stand behind Ben Ali until the very end. Tunisian people were strongly disappointed by the EU's previous behavior, but they also recognized that the EU is the only player who they can count on in the post-revolutionary times:¹²²

"Tunisians are well aware that the EU's neighborhood policy, which was, in theory, aid and trade in return for progress on democracy and human rights, operated very differently in practice. Leading politicians from EU member states had largely uncritical relations with Ben Ali, and although the European Commission delegation tried to take a tougher line on political questions, it was frozen out by the regime and, in more recent years, has concentrated on technical collaboration on a project level. Useful co-operation projects with non-state actors on issues such as rural poverty had restarted in the last few years. However, the commission largely ignored the failure of Ben Ali's regime to live up to its commitments to reform in return for aid. The Union for the Mediterranean, with its clear focus on commercial projects, added further to this impression of EU hypocrisy....However, despite this history, Tunisian civil society does still seem to be open to the right kind of EU support. The EU is by far Tunisia's most significant trading partner, with €9.9 billion of Tunisia's €11.8 billion exports going to the EU and two-thirds of foreign investment coming from the EU. The EU also represents an important group of democracies with recent experience of democratic transitions. The US is not that visible in Tunisia, Maghreb integration has failed and, in any case, other Arab states are likely to be consumed by their own post-revolutionary transitions or will have few stakes in seeing the revolution succeed. The EU therefore still has a chance to make amends for past failures by offering prompt and generous help with the transition."

121Joint statement by EU High Representative Catherine Ashton and Commissioner Štefan Füle on the events on Tunisia, Brussels, 14 January 2011

122Susi Dennison, Anthony Dworkin, Nicu Popescu and Nick Witney: AFTER THE REVOLUTION: EUROPE AND THE TRANSITION IN TUNISIA, European Council on Foreign Relations, 2011

But what did the EU originally expect from Tunisia? And how were these expectations fulfilled? We have to check the Tunisian Action Plan for answers. The list of expected “Actions” are quite general and vague, treating equally the political and the economic sector.¹²³

- the pursuit and consolidation of reforms which guarantee democracy and the rule of law;
- enhancing political dialogue and cooperation in areas such as democracy and human rights,
- the development of conditions conducive to foreign direct investment, growth and sustainable development;
- improving the climate and conditions for the development of competitive businesses and entrepreneurship;
- facilitating trade in goods and services, including the negotiation of free trade agreements

The political expectations of the AP were definitely fulfilled as the latest Progress Report recognizes that the “revolution experienced by Tunisia in January 2011 introduced perspectives for radically different relations with the European Union. Turning to democratic openness and respect for fundamental freedoms and human rights, Tunisia has initiated a transition process including a fundamental step, the first free and democratic elections in its history.”¹²⁴ But what can we say about the economic side? A year later (in 2013) the EU concludes (after giving itself some unearned credits for supporting the revolution) that “A political agreement was reached on the text of the new ENP action plan towards a “Privileged Partnership” in November 2012. Resumption of negotiations on liberalisation of trade in agricultural and fisheries products is pending....Negotiations are being prepared for a Deep and Comprehensive Free Trade Agreement (DFCTA)”¹²⁵

This means that with Tunisia the EU is quite satisfied and even hopeful in respect to the potential of future cooperation. Tunisia could easily become the “eminent” of the region in the EU's eyes and this could motivate strong European engagement. The EU could conclude that most of the “Actions” prescribed in the AP were fulfilled and Tunisia is ready for the next step.

123 Source: Tunisian Action Plan, http://ec.europa.eu/world/enp/pdf/action_plans/tunisia_enp_ap_final_en.pdf

124 Source: Tunisian Progress Report, (translated from French)

http://ec.europa.eu/world/enp/docs/2012_enp_pack/progress_report_tunisia_fr.pdf

125 Source: EU's response to the Arab Spring: State-of-Play after Two Years (2013), http://www.eu-un.europa.eu/articles/es/article_13134_es.htm

The Union also expresses its satisfaction by financial support: “Since the revolution, overall EU financial support for Tunisia has increased from €240 million for 2011-2013 to €390 million over the period 2011-2012.... €100 million was provided through the SPRING programme to support political/governance reform and inclusive economic growth”¹²⁶ This amount is bigger than the one offered for Jordan (which has a comparable size), therefore we can conclude that Tunisia is definitely (and rightfully) the EU's favorite partner in the region.

2.4.5. Morocco: a “progressive monarchy” balancing against public dissent

During the Arab Spring there was no revolution in the Kingdom of Morocco but it has not been left untouched by the events either. Like most other states of the region, Morocco has seen the growth of a protest movement demanding political freedoms, democracy, economic reform and an end to corruption. Although Morocco is one of the few states in the region having a stable political system (monarchy, like Jordan) and is also seemingly more “democratic” than any of its neighbors, the rule of the king and his allies (the “makhzen”) is far from a truly democratic government. Inspired by the uprisings and protests in the region, Moroccans also took the opportunity to demand reforms.

On 20 February 2011, thousands of Moroccans protested in the capital to demand that King Mohammed give up some of his powers, chanting slogans such as "Down with autocracy" and "The people want to change the constitution." They were heading towards the parliament building, and police did not intervene. The protests were organized by the 20 February Youth Movement, a group largely consisting of students.¹²⁷

Thousands took to the streets of Rabat, Casablanca, Tangier and Marrakech in peaceful protests demanding a new constitution, a change in government and an end to corruption. During a march on Hassan II Avenue in the capital, demonstrators demanded a new constitution to bring more democracy to the country. They shouted slogans calling for economic opportunity, education reform, better health services, and help in coping with the rising cost of living.

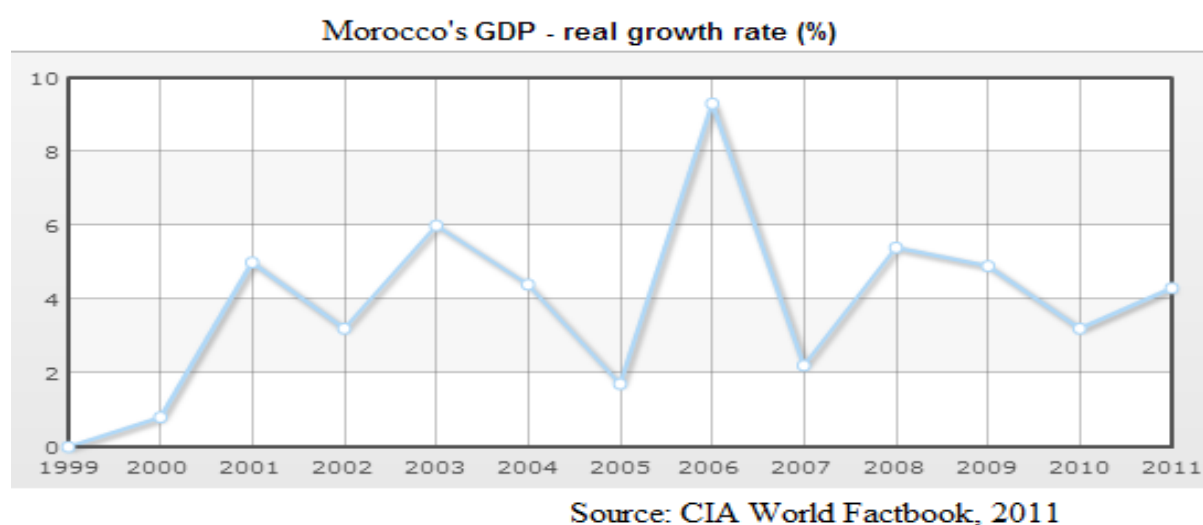
¹²⁶Source: EU's response to the Arab Spring: State-of-Play after Two Years (2013), http://www.europa.eu/articles/es/article_13134_es.htm

¹²⁷ Source and more details: Morocco protests fill Casablanca streets, BBC Africa News, <http://www.bbc.co.uk/news/world-africa-18231125>

After weeks of sometimes violent demonstrations on the 9th of March 2011, in a live televised address, King Mohammed VI announced his decision to undertake a comprehensive constitutional reform aimed at improving democracy and the rule of law, and underlined his "firm commitment to giving a strong impetus to the dynamic and deep reforms... taking place". The monarch announced the formation of a commission to work on the constitutional revisions, with proposals to be made to him by June after which a referendum would be held on the draft constitution. The commission was widely criticized by the protest movement leaders as its members were handpicked by the king himself and refused to participate in the commission's work.¹²⁸

The proposed reforms passed through a national referendum on the 1st of July and gave the prime minister and parliament more executive authority and empowered the prime minister with the authority to appoint government officials and to dissolve the parliament - the powers previously held by the king. However, the king remains the military commander-in-chief and retains his position as the chair of the Council of Ministers and the Supreme Security Council, the primary bodies responsible for the security policy. A new constitutional provision also confirms the king's role as the highest religious authority in the country.

This “skillful management” of the crisis from the king’s side and the lower demographic pressure (as showed in the introduction, population growth in Morocco is the second lowest in the region) together with a less visible economic shock led Morocco to stay stable. GDP growth did not suffer as much here than in the other three examined cases:



¹²⁸Source and more details: Morocco protests fill Casablanca streets, BBC Africa News, <http://www.bbc.co.uk/news/world-africa-18231125>

In this sense, Morocco definitely turns out to be an exception from the “quartet” explored in this chapter: unemployment, food inflation, corruption and the absence of political freedoms persisted in Morocco as well but the general sentiment is much more against the unchecked rule of the “makhzen”, than any other socio-economic reasons seen in the other cases. It is widely accepted that the revolutions in the Middle East and North Africa in 2011 have been sparked by four factors: unequal economic development; demography; a lack of political freedom; and corruption. While Morocco is usually seen as more stable, more advanced and more democratic than many other countries in North Africa, it too is vulnerable in each of these four areas. Poverty, corruption and youth unemployment are just as problematic here as in any other state in the region and if we recognize that the per capita income is still far lower than in Tunisia –where a revolution actually happened- we can see the potential for an ongoing turmoil here too.

But what could the EU do to help avoid future turmoil but in the same time persuade strongly the king and the “makhzen” to continue the reforms? As Morocco is economically highly EU-dependent (as seen in the previous chapter) the EU could do a lot if it uses its economic leverage wisely. As it’s widely recognized amongst experts:¹²⁹

“In light of the surface-level efforts by the monarchy to present Morocco as being on a path towards democracy the EU awarded Morocco “advanced status” within the European Neighbourhood Policy and has cultivated it as a key partner. By taking limited steps which satisfied the EU’s box-ticking approach to promoting political reform in the neighborhood, and cooperating with the EU and the US on key issues such as migration and counter-terrorism, Morocco thus attained a kind of privileged position, perceived as the only state in the region that was able to offer both stability and (albeit limited) democracy. [While beyond the already discussed economic dependence,] many political and civil-society actors think of “Europeanisation” as a powerful tool to trigger domestic reform and compensate for the lack of domestic will for deep reform among the political elites. EU standards are widely accepted and considered legitimate yardsticks with which to assess the depth and adequacy of political, economic or social reform. All these aspects of the EU-Morocco relationship add up to a certain level of potential for the EU to insist on political reform in Morocco, should it choose to. In this sense, Morocco is currently sensitive to pressure from the outside. Added to this, there is now a palpable fear in Rabat about the possibility that Tunisia and Egypt’s revolutions might deprive Morocco of its privileged status and divert funding towards the countries showing greater promise of genuine reform, exposing Morocco’s efforts as only going skin deep. This provides the EU with a limited window to encourage Morocco to turn this fear to good use and earn its right to advanced status through a genuine effort at deeper political opening.”

129 Susi Dennison, Nicu Popescu and José Ignacio Torreblanca: A CHANCE TO REFORM: HOW THE EU CAN SUPPORT DEMOCRATIC EVOLUTION IN MOROCCO, European Council on Foreign Relations, 2011

But what could the EU use this “limited window of opportunity” for? In our opinion in the case of Morocco the best that the EU could do is to “secure the democratic dividend” of the current pressures on the “makhzen” by strengthening civil society and encouraging further reforms. The original Action Plan (2005) for Morocco did not include too many incentives for political reform:¹³⁰

- pursuing legislative reform and applying international human rights provisions;
- enhanced political dialogue on the CFSP and ESDP and enhanced cooperation on combating terrorism;
- negotiation of an agreement on liberalising trade in services;
- the development of a climate conducive to foreign direct investment, growth and sustainable development;
- cooperation on social policy with the aim of reducing poverty and vulnerability and creating jobs;

The one and only request concerning political issues seems to be very weak compared to the list of the other examined countries. This approach was definitely not the right way to use the EU's leverage in order to reach democratization. Surprisingly, in the latest Progress Report (2012), the priorities have changed and political issues became important: “The year 2011 was characterized by major political developments: following claims expressed by the public, the King, in his speech of March 9, announced a deep constitutional reform....which paves the way for major reforms for democracy.”¹³¹ And although still keeping some reservations on the quality of the Moroccan democracy (“However, barriers to the exercise of freedom of association and assembly have persisted, as well as intimidation and repression against journalists and the media. The new press law has still not been adopted.”¹³²), Morocco gets credits in general for its positive overall performance and for its huge steps forward in democratization.

A year later (2013) we already see the EU's gifts for the good performance: several liberalization agreements were signed and Morocco became entitled for the biggest amount of direct financial assistance (with only EU origin) in the region: ¹³³

¹³⁰Source: Moroccan Action Plan,

http://ec.europa.eu/world/enp/pdf/action_plans/morocco_enp_ap_final_en.pdf

¹³¹ Source Moroccan Progress Report, (translated from French),

http://ec.europa.eu/world/enp/docs/2012_enp_pack/progress_report_maroc_fr.pdf

¹³²Ibid.

¹³³Source: EU's response to the Arab Spring: State-of-Play after Two Years (2013), http://www.eu-un.europa.eu/articles/es/article_13134_es.htm

“Negotiations for a new ENP Action Plan for the period 2013-2017 on the basis of the Advanced Status were concluded in November 2012 and the procedure for formal adoption is ongoing. As regards the proposed new EU-Morocco “Mobility Partnership”, negotiations are advancing at a satisfactory pace and agreement on a political declaration is expected already sometime during the first semester of 2013. As regards trade issues, negotiations on liberalisation in the area of trade in services were continued in 2012, the issue will be taken up in the context of the future Deep and Comprehensive Free Trade Area (DCFTA) negotiations. A scoping mission for a future DCFTA took place in July 2012, with negotiations expected to start in early 2013. In the meantime, the agreement on liberalisation of trade in agriculture entered into force on 1 October 2012....Morocco remains the largest recipient of EU assistance in the ENP-south region with €580.5 millions earmarked for 2011-13 with a focus on social and economic development, environmental protection, institutional support (i.a. justice and human rights). Additional funding under SPRING amounted to €80 million, supporting a human rights programme and inclusive economic transition, targeting notably education, health and rural development.”

This means that the EU sees the original AP more or less completed and it's ready to make a huge step forward in the relationship. We can expect Morocco together with Tunisia to become the most advanced partners in Euro-Med relations and also the greatest beneficiaries of it. This is quite contradictory since Morocco is still a monarchy (unlike Tunisia) and still gets equal treatment to its democratic peer, but on the other hand, reforms in Morocco are deeper than in Jordan for example, therefore the country somewhat deserves the EU's preferal treatment.

2.4.6 Conclusions: The effects of the Arab Spring on EU-MENA interdependence

After the short assessment of the four case studies, our main goal with this chapter to evaluate the effects of the Arab Spring on EU-MENA interdependence has to be fulfilled. This evaluation can be worked out effectively by a four-step approach checking four different but closely related sub-fields of this question. A comparative approach of the case studies can be effectively used in the four following areas to discover similarities and differences:

1. The mainly common socio-economic background of the uprisings with slight differences in the details, especially in demographics.

2. The very different political build-ups of the case countries and their different answers to the political crises leading to divergent effects on EU-MENA security and economic interdependence in each case.
3. The EU's different leverage (both "soft" and geoeconomic power) in the case countries and the different capabilities this leverage gives the EU to act in each case. (Especially the Maghreb-Mashreq difference.)
4. The EU's original plans with each country (as expressed in the ENP Action Plans), the assessment of their performance (As expressed in the Progress Reports) and the outlined new plans for the post-revolutionary cooperation.

1. The already well-described socio-economic background of the uprisings can be summarized with only a few sentences here. The lack of economic opportunity together with rapid demographic expansion is strongly present through the whole MENA region and this factor lies behind most of the public dissent. The decades long "repressive-redistributive equilibrium" of these states reached an unsustainable stage when there weren't enough state resources to redistribute to the ever-growing population any more to justify the brutal repression. This natural breakup of the equilibrium together with the spread of new communication technologies which removed the state-monopoly of mass-communication led to the sudden outbreak of popular dissent.

However -beyond the common structural problems- the socio-economic background in the four examined countries looks slightly different. Staring "from the bottom", the situation looks worst in Egypt, where fast demographic expansion is paired with the lowest GDP/capita level in the region and which was severely hit by the global recession and also by the negative economic effects of its revolution. Egypt is also highly aid and tourism dependent which makes it very vulnerable to external shocks.

Second is Jordan, which was also severely hit by the global recession and has a rapidly expanding population and stagnating GDP. However, as it managed to mitigate public dissent until now, it didn't have to face the negative economic outcomes of a revolution. As Jordan is also very vulnerable externally, a global economic rebound could save it from collapse, but an ever-lasting recession could easily tear its weak economy apart.

Morocco is already in a far better position than its Mashreq counterparts: demographic expansion is far lower here, and although the GDP/capita level is quite similar to the other two players, it did not suffer as much from the global recession and from the revolutionary wave neither. It even started to rebound economically in the most recent period.

Finally, Tunisia is the best-performing state in the region according to the socio-economic indicators as it has the lowest population growth in the region and a GDP/capita level almost double than in the other three cases. Although it was severely hit by both the recession and the revolution, it stays the most promising economy out of the examined four.

Summarizing these findings we can show a few persisting patterns of the MENA's economy through these case studies. First is that the socio-economic background produced very similar problems in the whole region: inflation of food and energy, youth unemployment and the lack of social mobility can all be tracked back to the stagnating economies and the booming populations. On the other hand, Maghreb-Mashreq differences can be easily witnessed: the Maghreb has lower population growth therefore somewhat lower pressure on the job market. Another difference can be found in the revolution-reform division: reforming countries avoided the economic backdrop of the "revolutionary chaos" therefore have now lower economic pressure on themselves. Finally, the GDP/capita level cannot be used as a sole indicator of popular satisfaction as in Jordan there was no revolution yet, while the richer Tunisia was the first to uprise.

2. Another aspect of examination is the type of regimes and the answers they gave to the upheavals. This aspect is also important from the EU's perspective to evaluate the effects on EU-MENA relations. Two types of regimes can be clearly identified: monarchies and autocratic republics. Monarchies (Jordan and Morocco) managed to navigate themselves through the hardship while the less responsive and more rigid autocracies (Tunisia and Egypt) failed. From the perspective of EU-MENA security and economic interdependence there is a decisive split between the two groups: while the more or less stable monarchies stayed "in order", posing no security challenges to the EU and maintaining the usual economic ties, in the cases of the uprisings quite a lot has changed.

Both of the ex-autocratic revolutionary states are now more complicated from the EU's perspective in terms of security and in terms of economics as well. Security-wise there is a

definite deterioration in both cases: Tunisia is far less able to control migration flows than under Ben Ali and Egypt is even worse as it approaches an Islamic trajectory of development which can't threaten the peace agreement with Israel and lead to regional destabilization. Almost all of the security sectors examined before (military, political, societal and environmental) show a decrease of stability but as Tunisia has a more pro-western elite, there is only a problem in the societal sector, while Egypt "under Islamization" poses a military, political and societal threat as well.

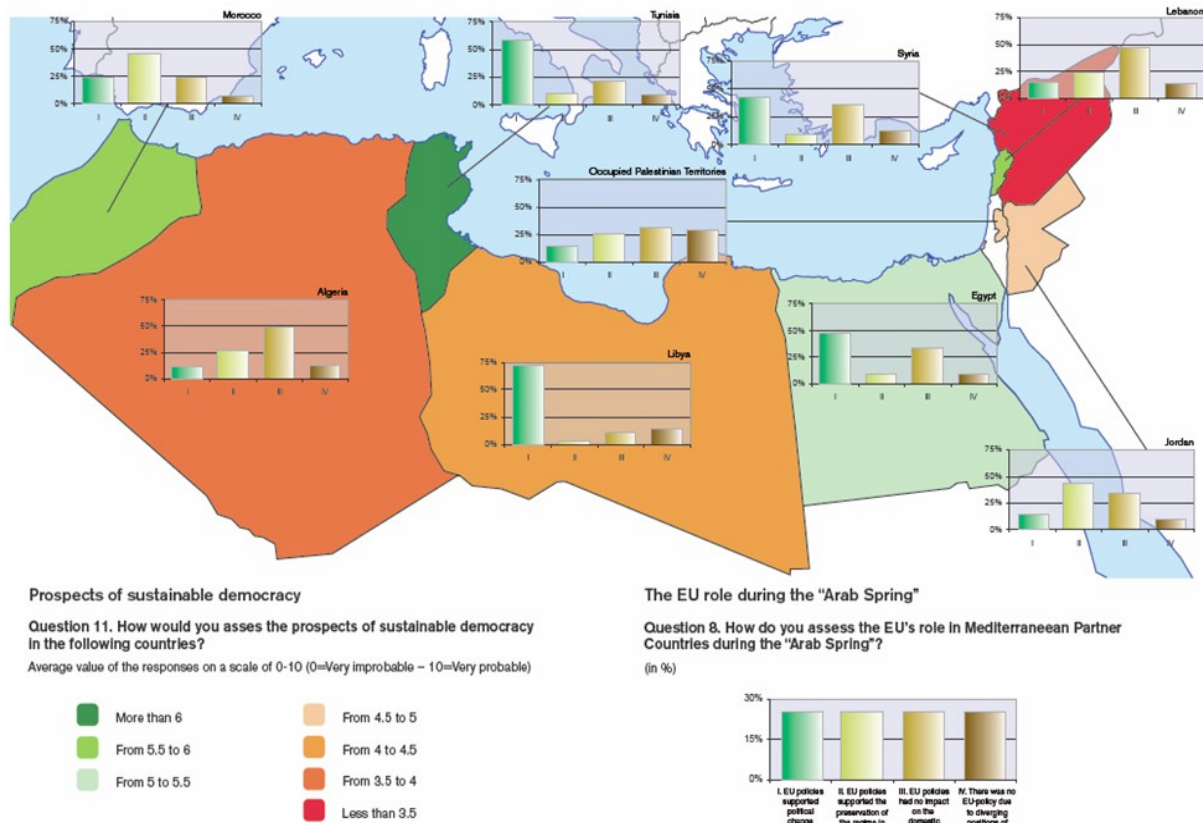
The greatest problem is that exactly Egypt is the leading force of the region so even if the monarchies and Tunisia stay stable and pro-Western, a negative turn in Egypt could drag all the region with itself into a spiral of security deterioration. Economic ties are strangled as well, because the revolutions produced GDP losses and capital flight from both revolutionary states and the EU has to face now less productive and even more aid-dependent partners. Trade disruptions and the disappearance of investments and tourism will force the EU to intervene more broadly in these economies with the purpose of reinstalling normal economic relations.

3. A third useful approach is the examination of the EU's acting capability in each case. With both of the monarchies the EU will be able to maintain the "old system" of relations as both politically and economically they remained mostly unchanged. On the other hand, using the fragility of Jordan and the economic EU-dependence of Morocco with skillful diplomacy, the EU could definitely have now a stronger presence in both states and put its weight more effectively behind the domestic reform movements in both cases.

The ex-autocratic revolutionary states look much more divergent and complicated from the EU's perspective than the monarchies. First of all, the revolutions happened in spite of the EU-support to the autocrats and not because of any European help to the opposition. This leaves a bitter memory in the new governments of these states and seriously erodes the EU's leverage to have any say into the further political developments.

On the other hand, as the EU changed rhetoric and acted supportive after the breakout of the revolutions it corrected its image and has now a more positive perception in the region. The following map shows the results of a questionnaire on the prospects of sustainable democracy and the assessment of the EU's role during the upheavals : ¹³⁴

134 Image Source: Democracy Digest, <http://www.demdigest.net/blog/2012/07/us-eu-navigating-minefield-of-arab-spring/>



We can see that the public in the monarchies saw the EU's role supportive for their oppressing governments (second row, yellow), while the public in the ex-autocratic revolutionary states sees the EU as more supportive for their case (first row, green). Another observation is that the two Maghreb states see themselves more potent for sustainable democracy (darker green), than their Mashreq counterparts (light green and orange), which together with the Maghreb's stronger economic EU-dependence can give more potential for success to the EU's democratization efforts in this subregion.

Summarizing these effects, we can say that in the Maghreb the EU has now more leverage to act as in Morocco the regime is more flexible now to accept reforms in the light of the "Arab Spring pressure" and in Tunisia the public turned to be more pro-European somewhat forgiving the EU's support for Ben Ali before. Moreover, both of these countries depend heavily on European trade, tourism and investments making the EU's position even stronger.

The case of the Mashreq states is more complicated: while in Egypt the EU faces a positive attitude from the public but a negative turn in political developments, in Jordan it faces a slightly more cooperative regime but a somewhat antagonistic public sentiment. Moreover -as we already saw before- the Mashreq is far less dependent on the EU economically, therefore it

could more easily turn its back on Europe if political dynamics take it into that direction. Altogether this mix of post-Arab Spring variables add up to a somewhat decreased space of maneuver for the EU in this sub-region.

4. Finally, the last aspect of our examination should be focused on the concrete steps that the EU planned and did before during and after the revolutions with each case countries. These steps are the following: (A) The EU's original plans with each country (as expressed in the ENP Action Plans), (B) the latest assessment of their performance (As expressed in the Progress Reports) and (C) the outlined new plans for the post-revolutionary cooperation.

The EU's original plans with each country (A) were laid down in the ENP Action Plans (APs) formulated around 2005 for all the four case countries. These extensive documents line out a detailed list of what societal and economic reforms the EU expects from its southern partners and what kind of support it's willing to provide in exchange. They are based on the same EU system of goals and incentives, but as they were co-authored by Brussels and the given partner countries, each AP looks different. Weights diferr on political and economic reforms and the lists of expected actions are highly dependent on the given partner's acting abilities.

In our four cases we can witness a core difference between the Maghreb and Mashreq countries. In the pre-Arab Spring era the EU was far less demanding on the political front with Tunisia and Morocco and more demanding with Jordan and Egypt. This is interesting as we would expect that here we find an autocracy-monarchy fault line, but this line turned out to be geographical instead. The reason for this could be that the EU had more smooth relations with the Maghreb regimes, therefore it was less demanding to reform them. On the other hand, economic "actions" turned out to be more similar. The EU's prescriptions include economic liberalization and regulatory modernization in all the four cases.

The latest EU assessment of the case countries' socio-economic progress (B) can be found in the 2012 Progress Reports in each case. These reports are far more divergent than the Action Plans as here each country gets its special evaluation. The most interesting thing about these reports is that they were created just after the revolutions therefore they still show a somewhat "surprised" EU and therefore communications seem to be sometimes confused. Here we definitely find the expected autocracy-monarchy fault line as the "survival monarchies" get really positive assessments (maybe in the hope that they stay stable and manageable) while Tunisia gets a careful encouragement and Egypt gets a really negative assessment. This shows that in 2012 the EU was just at a turning point between being suspicious about the

revolutionary developments (in Egypt) and slowly accepting the new "fait accompli" (in Tunisia). In the meantime it stayed supportive with the monarchies and encouraged the reform processes that these states initiated as a response to the "Arab Spring pressure." The shallow Jordanian reform agenda gets some positive remarks from the EU, while the deeper Moroccan reforms get even more applause and promises for advanced relations in exchange.

Finally, the outlined new plans for the post-revolutionary cooperation (C) can be found in the latest document the EU issued in this field (February 2013). This document summarizes what the EU did during the revolutions and what it offers for the future. After giving itself (somewhat unearned) credits for its supportive role during the transition period, the EU identifies the successful transitions as the closing scenes of the first ENP era and prepares itself for the next period. New action plans are being worked out for each case country for the period between 2013 and 2017. The political reforms of the monarchies and the regime changes of the ex-autocracies seem to satisfy the EU and this makes it see the original prescribed reforms (of the APs) regarding the political sector fulfilled.

However optimistic the document is about the political changes, the issue area of economic reforms is still does not seem to be satisfactory enough. With each case country the goal is still economic liberalization and modernization with the final aim of some kind of economic integration with the EU in the end. This part of the original Action Plans is clearly not being fulfilled yet, therefore here some further steps are necessary. In each case the EU offers Deep and Comprehensive Free Trade Area (DCFTA) agreements to push the process of economic integration forward and how this integration could be imagined and why it is the single most important issue of Euro-Mediterranean relations today will be the main subject of the last conclusive part of the current work.

Part three

Hypotheses evaluation and conclusions

3.1 Hypotheses evaluation

3.1.1. Security and economics: ties of EU-MENA interdependence

As in the respective sub-chapters we already reached some conclusions on EU-MENA security and economic interdependence, in the following short sub-chapter we will just summarize these findings and make a final conclusion on the basic statements of our two hypotheses accordingly. These base statements were:

H1: The Euro-Mediterranean area has several sectors of security interdependencies which are deep enough to transform the area into a single security complex.

H2: The Euro-Mediterranean area is economically interdependent but this is asymmetrical: the Arab states are much more dependent on the EU than the EU on them.

In chapter 2.2. we explored several sectors of security interdependence between the EU and its southern neighbors. Examination of military, political, societal and environmental issues led us to recognize the depth of these ties and prove the assumption that both the MENA and the EU faces their main security challenges from the opposite shore of the Mediterranean Sea. This means that we succeeded in proving that the Euro-Mediterranean area fits Buzzan's definition of security complexes, therefore forms a united inter-regional security complex as it exactly represents "a group of states whose primary security concerns are linked together sufficiently closely that their national securities cannot realistically be considered apart from one another"¹³⁵, which is the definition itself.

Furthermore Astrid Boening's assumption on the existence of a Euro-Mediterranean Regional Security Super Complex (EMRSSC) got proved too as we showed in detail by exploring all the relevant sectors that "The Euro-Mediterranean, according to the parameters outlined by Buzan,

¹³⁵ Buzan, Barry, Ole Wæver, and Jaap de Wilde. 1998. *Security: A New Framework for Analysis*. Boulder, CO and London, England: Lynne Rienner.

Waever and de Wilde (1998, 16), could be termed a heterogeneous security complex, as it abandons the assumption of being locked into specific security sectors, but rather features interactions across several sectors such as states, nations, firms (incl. NGOs) and “confederations” (in the widest sense, the EU), and across the political, economic, and societal sectors.”¹³⁶

In chapter 2.3. we showed that the “Euro-Mediterranean area is economically interdependent but this is asymmetrical” by following closely trade and production patterns and assessing the role of European aid and FDI in the MENA region. Production patterns showed the inferiority of MENA economies in comparison to the EU’s and trade patterns suggested that the MENA is asymmetrically dependent on the commercial ties it has with the EU and this is especially true in the case of the Maghreb. Finally we saw that too that aid and FDI contributions from the EU to the MENA are essential in “keeping afloat” the region’s economy therefore the asymmetry is even stronger. All these findings point to the fact that dependence theories are the right tools to use here to describe reality, out of which Immanuel Wallerstein’s world-systems theory is the most accurate by describing core-periphery economic relations exactly the way they are present in our case.

Altogether these findings move us in the direction to accept the basic statements (first sentences) of both of the two Hypotheses and conclude that EU-MENA relations can be best described by a strong security and economic interdependence where economic ties are highly asymmetrical. This asymmetry gives the EU some structural power over the region which should be used wisely.

Evaluating what these forms of interdependence should invoke for the future of the EU’s Mediterranean policies (especially the ENP) and how this interdependence interacts with the events of the Arab Spring will be the main task of the following two subchapters. The second and third statements (sentences) of both hypotheses will be evaluated by testing first the effects of the Arab upheavals, then showing the EU’s current role in reality and a hypothetical possibility of its enhanced agenda.

136 Astrid B Boening (2008): Pronouncements of its Impending Demise were Exaggerated: The EuroMed Partnership Morphing into a Regional Security Super Complex

3.1.2. The Arab Spring: taking EU-MENA interdependence to the limelight

In chapter 2.4 we already reached some conclusions on how the Arab uprisings affected EU-MENA interdependence and evaluated the different policy challenges that the EU faced during the revolutions. However, here again we will have to make a summary of these findings and combine them with our previous findings on interdependence in chapters 2.2 and 2.3 to make us able to evaluate the second statements of the two hypotheses. These were:

H1: This interdependence was highlighted by the Arab Spring, which posed new challenges to EU policy makers.

H2: This dependence gives the EU a potential economic leverage in the region especially as the Arab Spring was triggered by mainly economic reasons.

H1 states that the security interdependence between the EU and the Mediterranean was highlighted by the Arab Spring and challenged the EU's regional policies. Several issues of security interdependence -detailed in chapter 2.3- came to surface during the Arab Spring and needed immediate answers from the EU. In the military sector the Libyan "intervention" could be mentioned as the most obvious case but the behind-curtains bargaining process with the military leaders of Egypt could serve as another example.

Regarding the political sector, we saw in chapter 2.4 that in each case study there was several proofs of interdependence. Monarchs in both Jordan and Morocco look towards the EU in the hope to gain political and financial support for their reform programs, while in post-revolutionary Egypt and Tunisia the new governments are in urgent need of European help to somehow reignite their economies. Finally, in the societal sector we also saw serious signs of interdependence, the main issue being the uncontrolled migration flows during the revolutions from North Africa to southern Europe. This case also showed that security-wise the dependence is symmetrical as the EU needs the MENA's cooperation at least as much as the MENA needs European support.

The sum of all these factors is pressing us to accept the second statement of H1 and confirm that the Arab Spring gave a good example of Euro-Mediterranean interdependence and therefore posed several challenges to the EU's policy makers. How these challenges were met will be the topic of the next subchapter where we will evaluate the EU's policy answers.

H2 states that the EU has a certain level of economic leverage over its Arab partners as it plays a dominant role in EU-MENA economic relations. Furthermore, it argues that this potential leverage could be especially effective now to "govern relations" as the Arab Spring brought the economic weakness of MENA states into the limelight.

In chapter 2.3 we showed several factors of economic dependence suggesting that MENA countries have inferior economies compared to the EU's and they depend heavily on European trade, aid and FDI. In chapter 2.4 we showed that the Arab countries have several socio-economic problems like demographic expansion, GDP stagnation, inflation and high levels of unemployment which were listed amongst the top reasons of public dissent in all of the four case studies. These two groups of findings taken together imply that the EU could affect Arab states on their most sensitive issues and has a potential leverage to govern relations through economic incentives more effectively. This confirms the second statement of H2.

However, it's needed to make some very important refinements of these findings as the region is not homogenous and there is a serious Maghreb-Mashreq difference in some issue areas. In general, the economic problems come from the same –already listed- sources, but the dependence on EU-relations is way different. Both Jordan and Egypt are much less dependent economically on the EU than Morocco and Tunisia, which makes the EU's space of maneuver much bigger in the Maghreb than in the Mashreq. An interesting side-finding is that the political structure does not play such an important role in these relations as economics does. Being located in the Maghreb or the Mashreq has a much stronger effect on the attitude of a state towards the EU than the political system or the demographic size ("weight") of it. This important geographical factor will have to be taken seriously when –in the next subchapter- we evaluate the different policy options of the EU in the MENA.

3.1.3. Europe's answers: increased engagement and the review of the ENP

As the third step of hypotheses evaluation, we have to turn our focus to the assessment of the last statements, which give an evaluation of the EU's policy tools towards the Mediterranean in the light of the discovered interdependence and the happenings of the Arab Spring. These are:

H1: The level of interdependence is not reflected by the current set of EU policies therefore they do not meet these challenges and their review is unavoidable.

H2: Current EU policies do not coordinate this potential leverage efficiently, therefore their revision is highly desirable and reaching a deeper Euro-Mediterranean economic integration should be the main aim of this revision.

H1 is about how the EU's current policies (mainly the ENP) fail to effectively govern or at least tackle the discovered deep security interdependence with MENA countries. As we saw in chapters 2.2 and 2.4, there are several issue areas connecting the two regions in the field of common security threats and the "toolbox" of the EU is highly fragmented and ineffective to deal with these. As in chapter 2.4 we already listed some policy options that should be considered in the future to improve this "toolbox", we can now turn to the EU's official communications regarding the review of the European Neighbourhood Policy and contrast it with our observations outlined before. The three most relevant documents regarding the reform of the ENP are:

1. "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean" communicated in March, 2011 lines out the main tracks of the EU's policy reforms arising from the Arab Spring.
2. "A new response to a changing Neighbourhood" communicated in May, 2011 gives the concrete steps that will have to be taken in the coming reform of the ENP.
3. "Support for partnership, reforms and inclusive growth (SPRING)" communicated in September, 2011 shows the form of implementation of the steps outlined in the previous

papers and allocates money (altogether 350 million euros) to each identified task. This paper can be seen as a “project plan” for delivering the ideas in paper (1.) and (2.)

As paper (2.) is the enhanced version of paper (1.) and paper (3.) is only an implementation plan of it, it's enough to list here the main issues from only paper (2.) to get a correct view of the EU's response to the Arab Spring and the insight it provided into Euro-Mediterranean security interdependence. According to paper (2.), the EU should:¹³⁷

- adapt levels of EU support to partners according to progress on political reforms and building deep democracy
- establish partnerships in each neighbouring country and make EU support more accessible to civil society organisations through a dedicated Civil Society Facility
- support the establishment of a European Endowment for Democracy to help political parties, non-registered NGOs and trade unions and other social partners
- promote media freedom by supporting civil society organisations' (CSOs') unhindered access to the internet and the use of electronic communications technologies
- reinforce human rights dialogues
- enhance EU involvement in solving protracted conflicts
- make joined-up use of the Common Foreign and Security Policy and other EU instruments
- promote joint action with European Neighbourhood Policy partners in international fora on security issues
- pursue the process of visa facilitation for selected ENP partners and visa liberalisation
- develop existing Mobility Partnerships and establish new ones
- support the full use by Member States of opportunities offered by the EU Visa Code
- undertake Comprehensive Institution-Building programmes similar to those implemented with the eastern partners
- launch a dialogue on migration, mobility and security with Tunisia, Morocco and Egypt (as a first step towards a Mobility Partnership)
- focus the Union for the Mediterranean on concrete projects with clear benefits to populations of the Mediterranean region
- enhance dialogue on employment and social policies
- enhance sector co-operation, with a particular focus on knowledge and innovation, climate change and the environment, energy, transport and technology
- Focus ENP Action Plans and EU assistance on a smaller number of priorities, backed with more precise benchmarks

137 Excerpt from: "A new response to a changing Neighbourhood" (2011)
http://ec.europa.eu/world/enp/pdf/com_11_303_en.pdf

These several points of reform initiatives cover most of the introduced sectors of Euro-Mediterranean security interdependence. This means that EU policy makers discovered more or less the same factors as we did and offered some solutions at least on paper. This list therefore indirectly confirms H1 and that the “external governance” of the EU in the several sectors of security interdependence did not meet real-life needs before the Arab Spring and the uprisings shed some light on these shortcomings. Helping political reforms, engaging civil society, easing mobility, involving MENA militaries in CFSP programs all confirm that the EU takes now more seriously the military, political and societal sectors of interdependence and even tackles the environmental question.

However some issues are still missing from the list, out of which the most important is differentiation. As we learned from the case studies in chapter 2.4, there are very serious differences in the EU’s perception throughout the MENA. A system of dual differentiation should be “processed” at least to differentiate between Maghreb and Mashreq states and also between monarchies and “new democracies”.

Maghreb states are much closer to the EU both politically and economically, which means that the EU has much more space to maneuver here and also has more leverage to progress on its current ambitious neighborhood agenda. Mashreq states have far less interest in the EU, therefore they require a different approach with a much looser EU association and a far less ambitious neighborhood agenda. This means that the EU should consider a different ENP framework for these sub-regions as the one-size-fits-all approach clearly doesn’t work.

The other line of differentiation should address the political form of the MENA states. As monarchies and “new democracies” have really different domestic political settings, different “toolboxes” are undoubtedly necessary to deal with them. With the “new democracies” communication and agenda-forming can be more open and direct, while in the cases of the monarchies, a much more sensitive and pragmatic approach could be needed. Here again, the one-size-fits-all approach clearly doesn’t work which means that ENP ambitions should be curtailed accordingly. However, this difference is not strategic but only tactical therefore the long-term agendas could converge but the short-term agenda still needs sensitivity.

H2 states that the EU does not use its leverage (stemming from economic dependence) effectively in the MENA, therefore its economic policies should be redesigned. The same document (paper (2.)) gives a clear indication that EU officials agree with H2 and outlines several points of reform priorities accordingly:¹³⁸

- support partner countries' adoption of policies conducive to stronger, sustainable and more inclusive growth, to the development of micro, small and medium-sized companies and to job creation
- strengthen industrial cooperation and support improvements to the business environment
- help to organise events to promote investment
- promote direct investment from EU SMEs and micro-credit
- build on the pilot regional development programmes to tackle economic disparities between regions
- launch pilot programmes to support agricultural and rural development
- enhance the macro-economic policy dialogue with partners making the most advanced economic reforms
- improve the effectiveness of Macro-Financial Assistance by streamlining its decision-making
- strengthen Euro-Mediterranean industrial cooperation
- launch pilot programmes to support agricultural and rural development
- advance sub-regional cooperation
- negotiate Deep and Comprehensive Free Trade Areas with willing and able partners
- further develop trade concessions, especially in those sectors most likely to offer an immediate boost to partners' economies
- enhance sector co-operation, with a particular focus on knowledge and innovation

These points again confirm indirectly H2 and that the EU's toolbox on economic cooperation with the MENA is weak and fragmented. On the other hand, these points give a strong and useful reform agenda for the ENP, tackling most of the issues that arose during our research in chapters 2.3 and 2.4. Especially to "negotiate Deep and Comprehensive Free Trade Areas" could be regarded positive as this was one of our main recommendations (to develop an EMFTA) and to strengthen trade, investment and cooperation in cross-regional production networks. This enhanced economic cooperation is the sole most important recommendation we can identify and also the most important product of this dissertation is the provision of a detailed and firmly based argument for this closer cooperation, which will be outlined in the next chapter.

138 Excerpt from: "A new response to a changing Neighbourhood" (2011)
http://ec.europa.eu/world/enp/pdf/com_11_303_en.pdf

Our argument on the need of the “dual differentiation” approach stays true in this case as well, but some vague hints on differentiation can be already found: “advance sub-regional cooperation”. This could support our arguments both on the Maghreb-Mashreq division and on the need of an effective south-south cooperation, both explained in detail in chapter 2.3.

H2 also states that “a deeper Euro-Mediterranean economic integration should be the main aim of this revision.” Although here (and also before) we already touched this issue, the clarification of this concept will be more deeply elaborated in the next chapter because this could be considered as the main conclusive finding of this dissertation, namely that not short-term financial help and political actions, but long term economic integration is the way to “shared prosperity” and balanced Euro-Mediterranean relations.

Finally, merging our findings here with the ones in the previous two subchapters, we can say that H1 and H2 were confirmed. However, we will have to add some clarification to these findings and highlight the most important ones to make the results of our research more understandable and give it some policy-relevance as well. This will be the task of the next, final chapter.

3.2. Conclusions and questions of the future

3.2.1. Fragmentation and statism: roots of the MENA's economic decline

Before we turn to our final arguments for a closer Euro-Mediterranean economic cooperation, we have to give a deeper assessment to the MENA's current economic problems. This assessment will "make the bed" for our arguments on economic integration and also give a background for understanding the socio-economic dynamisms of the Arab Spring. Furthermore, it will give an even stronger support for H2, namely that behind the Arab Spring the main reason is the MENA's economic decline, therefore the biggest impact that the EU could have in the region could come from enhanced economic cooperation.

To summarize the problems of Arab economies, we have to mention two deeply rooted phenomena: the "heavy arm" of the state which prevents the development of a competitive private sector and the fragmentation of both domestic and regional economic and administrative structures. These problems form the main obstacles of economic development in the MENA. These two factors, statism and fragmentation need some deeper examination to make us able to come up with some possible solutions.

The domestic side of the problem -statism- can effectively be understood as the economic heritage of the monolithic state form that historically developed in the Middle East and North Africa. The different generations of leaders and ideologies that governed the post-Ottoman MENA had one common denominator: they treated not only political but also economic activity as a threat to their systems if it was not controlled by the state. This long-running policy pattern persisted throughout the last century well into now-days. As Adeel Malik and Bassem Awadallah (2011) notices: "The state in most Arab economies is the most important economic actor, eclipsing all independent productive sectors. When it comes to essentials of life, such as food, energy, jobs, shelter and other public services, the state is often the provider of both first and last

resort....While a centralized, bureaucratic system has worked well for ruling elites....it has failed to deliver prosperity and social justice for ordinary citizens."¹³⁹

Even the last wave of reforms, the neo-liberal “opening” of the 90s did not ease centralization as IMF-advised policies on privatization were implemented by MENA elites as only enriching themselves with the privatized state assets. (Very similarly to Eastern-Europe.) We can agree with Ibrahim Saif’s (2012) conclusion on the neo-liberal “miracle”:¹⁴⁰

“Looking back at the growth levels achieved over the past decade before the outbreak of protest movements, economic growth in the Middle East seemed high by all standard measures, and some countries (namely Tunisia and Jordan) were touted as “success stories.” Yet when countries like Egypt, Tunisia, Morocco, and Jordan started applying economic reform programs in the early 1990s (Syria also witnessed economic transformations, though its policies came later than the other countries), an imbalanced formula emerged: economic growth combined with declining equality in education and basic services. Rather than stabilize, growth benefited only specific groups—becoming a source of tension that increased the frustration of those not reaping the benefits. What was missing from these growth estimates was an assessment of the economic expansion’s impact on overall prosperity, the parity of basic services, and the effectiveness of social expenditures.”

Neo-liberal reforms therefore only implied, rather than weakened the social polarization of the MENA and helped to even strengthen the ruling elite and its semi-private economic interests against the truly private domestic small and medium enterprises (SMEs). The absence and weakness of these enterprises (the number of SMEs/person in the Arab world is only the quarter of the global average) gives direct way to the lack of economic competitiveness, which in turn produces low GDP and high unemployment levels. As we already saw, this polarization of wealth and lack of economic opportunity gave fuel to the Arab revolts and in this sense the neo-liberal “opening” led indirectly to some kind of political liberalization, although not the kind what either the IMF or the ruling elites imagined. The other big obstacle to economic growth, fragmentation can be described best as the lack of regional economic cooperation within the MENA, which is especially interesting in the light of the fact that the Arab people were historically one of the

¹³⁹ Adeel Malik and Bassem Awadallah: The economics of the Arab Spring, CSAE Working Paper WPS/201123, December 2011

¹⁴⁰ Source: The Daily Star Lebanon, <http://www.dailystar.com.lb/Opinion/Commentary/2011/Dec-19/157273-even-with-arab-economies-spring-is-increasingly-visible.ashx#axzz2HEcB82kQ>

greatest traders of the world: "the Middle East remains one of the most fragmented regions of the world in terms of production, trade and economic linkages. With a population of 350 million people that share a common language, culture and a rich trading civilization, the Arab world doesn't function as one economic market [which makes them] playing the role of bystander rather than an active participant in the role of globalization."¹⁴¹

This absence of trans-Arab economic linkages can be again connected to the statist development model of the MENA: as domestically any political or economic "alternative" was regarded as threat to the rule of the actual elite, so was any external connection regarded "dangerous". This external "danger" led to the isolation and autarky of many MENA states, cutting of traditional routes of trade and investment.

This mistrust, rivalry, isolation and fragmentation has several negative economic effects on Arab economies. The most obvious losses are coming from the loss of the regional trader role and the loss on the "economies of scale" that could be realized on a gigantic unified pan-Arab single market. The MENA is perfectly situated for (and was historically involved in) regional trade: between East and West, with long sea coasts and crossing trade routes it has a real potential to facilitate high scale trade. Also the market which it represents could be one of the biggest in the future as it already has more than 350 million inhabitants and could overtake even the EU in size if current demographic trends continue.

Summarizing our findings, we can approve the assumptions that the two greatest obstacles of economic growth in the MENA are domestically statism (especially the absence of SMEs) and externally the economic fragmentation of the region. Correcting these two shortcomings should be on top of the agenda for post-Arab Spring governments together with other initiatives like infrastructure building and institutional reforms if they want to meet their constituencies aims for better economic welfare and more just societies. However, this challenge is really a hard one and even if we are optimistic about the new governments' capabilities we cannot assume that they are fully capable of delivering positive results alone. This is where a supportive EU could play a significant role in the MENA helping to solve both external and domestic obstacles for economic

141 Adeel Malik and Bassem Awadallah: The economics of the Arab Spring, CSAE Working Paper WPS/201123, December 2011

progress and therefore gain legitimacy for asking reforms in other societal sectors as well. How this help could be carried out will be the focus area of the next subchapter.

3.2.2. The future of the ENP: should economic integration be the way forward?

As we already saw, most experts understand that the core question of the Arab upheavals lies in economic progress, or more precisely in the absence of it. Let's identify the reasons once again why an effective economic response to the Arab Spring is the single most important task of both the EU and the MENA: "The real struggle for change in the Arab world will only begin when the dust from its youth revolutions has finally settled down. After emergency laws are lifted, constitutions are drafted and elections are held, policymakers in the Middle East will be faced with a though practical challenge: how to create economic opportunities for its teeming millions?"¹⁴²

But how could be this "though practical challenge" met? We already identified some of the main factors in the previous chapters and the EU also included the key elements needed for progress in the long list proposed as the review of the ENP. Here, once again we collect the most important steps: beyond infrastructure and institution building and the facilitation of "inclusive growth", the re-unification of the fragmented regional economy and the diversification of the monolithic statist domestic economies are the key factors. Most of these can be regarded as "domestic MENA issues", but also all of them could be positively affected by appropriate external EU policies. How this external help could be singled out is the core issue of the current chapter.

Infrastructure and institution building needs financial and technical help from the EU. This is recognized well in the reform plan of the ENP, which promises more financial aid and development loans from the EIB and the EBRD, while offers several kinds of technical support for institution building as well. This we could label as the "short term answer". More interesting is however the prospect of a long term solution which could offer inclusive growth, the re-

¹⁴²Adeel Malik and Bassem Awadallah: The economics of the Arab Spring, CSAE Working Paper WPS/201123, December 2011

unification of the fragmented region and the diversification of domestic economies. These could be earned by promoting SMEs and job creation in the private sector, boosting investments and strengthen south-south economic ties and interactions. This could be a sustainable “long term answer”. In a sporadic way, all these short and long term options come up in EU communications which are dealing with the MENA’s economic prospects after the uprisings and propose:¹⁴³

- Promote Small and Medium Size Enterprises (SMEs) and Job Creation
- Seek agreement of Member States to increase EIB lending by EUR 1 billion
- Work with other shareholders to extend the EBRD mandate to countries of the region
- Promote job creation and training
- Adopt Pan-Euro-Mediterranean preferential rules of origin
- Approve rapidly agreements on agricultural and fisheries products
- Speed up negotiations on trade in services
- Negotiate Deep Free Trade Areas

However progressive these proposals are, they clearly lack one thing: a comprehensive vision. One-by-one these steps represent only an incoherent and fragmented “group of policies”, and give no concrete picture of the future. Our main statement therefore in this chapter is that the EU has to go beyond these single policies and offer something more, namely an effective platform for regional economic integration. This should be understood both as the strengthening of south-south integration (by “opening up” MENA states to each other) and as deepening economic ties with the EU in parallel.

As we already mentioned in the introductory chapter of this dissertation, there are experts already advocating EU-MENA economic integration and treating it as the main key to EU-MENA co-development and economic success. One example was Bruno Amoroso, who argues for economic co-development in the Mediterranean Basin with the active support of (at least) the southern EU-members and for a Mediterranean consensus on commodity specialization which should be developed making the cooperation and coordination of these industries inter-regional.¹⁴⁴ Another examples are Andre Sapir and Georg Zachman, who argue in favour of a bold

143 Excerpts from: "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean", EC, March 2011

144 Bruno Amoroso: *On Globalization, Capitalism in the 21st century*, Palgrave 1998

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. They imagine the EMEA as the world largest economic area unifying around 700 million people with controlled south-north circular migration which would solve several economic problems on both sides.¹⁴⁵

If we put together the seven points of Amoroso's proposed economic co-development and the Euro-Mediterranean Economic Area that Andre Sapir and Georg Zachman are advocating, we can conclude that an enhanced level of EU-MENA economic integration would be highly desirable in the future. Also, in this dissertation we argued throughout chapter 2.3 (which dealt with EU-MENA economic interdependence) that trade, aid and FDI figures all support a deeper involvement of the EU in MENA economic issues, which could take form as a comprehensive Euro-Mediterranean Free Trade Area (EMFTA).

However, official EU communications never “go that far” to propose deep economic integration, we only see these “actions of approximation” that we already listed above. Still, in an unofficial Non-Paper from 2006 we find something extremely interesting: a proposal to “integrate even deeper, into a Neighbourhood Economic Community (NEC).” The argument is quite similar to what we used throughout the entire dissertation.¹⁴⁶

“Deeper economic integration between the EU and its neighbors is a shared interest of all concerned. It is neither benevolence on the part of the EU, nor an imposition. It will be the result of our shared trade and economic interests and complementarities between the two sides. Fostering greater prosperity will be crucial not only for its own sake, but also to increase stability and security as well as to respond to a globalized economy.....In the long term, the EU and ENP partners may decide to integrate even deeper, into a Neighbourhood Economic Community (NEC). A NEC would boost trade further among ENP partners via the elimination of both tariffs and non-tariff barriers and by establishing a minimum base of common behind-the-border rules, thereby creating a common regulatory space. This would expand the size of the common market, stimulate growth in all ENP partners, and boost productivity through a better exploitation

¹⁴⁵Andre Sapir and Georg Zachman (2012): A European Mediterranean Economic Area to Kick-Start Economic Development, in: Egmont Papers Nr. 54, Egmont – The Royal Institute for International Relations

¹⁴⁶NON – PAPER: EXPANDING ON THE PROPOSALS CONTAINED IN THE COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON “STRENGTHENING THE ENP”, EC, 2006

of economies of scale. A NEC would improve business climates in ENP countries and further boost investment opportunities for all partners. It would also help the EU and its partners face the challenges and seize the opportunities of increased globalisation. A NEC's effects would go beyond trade enhancement as it would also contribute, for example, to better consumer protection by improving sanitary and phytosanitary practice.”

This means that the EU recognized already in 2006 what we and other experts were arguing for, but the idea did not reach yet the official level of policy making. Call it Euro-Mediterranean Economic Area, Neighbourhood Economic Community or EMFTA, the message is the same: there should be a clear and comprehensive plan to form a deeper economic integration with the MENA and this should be implemented as the EU's positive answer to the Arab Spring. Some positive steps forward have already happened, and there is now at least a plan to develop (bilateral) Deep and Comprehensive Free Trade Areas (DCFTAs): "In the medium to long term, the common objective which has been agreed in both regional and bilateral discussions with Southern Mediterranean partners is the establishment of Deep and Comprehensive Free Trade Areas, building on the current Euro-Mediterranean Association Agreements and on the European Neighbourhood Policy Action Plans.”¹⁴⁷

This is an useful idea, but in our opinion these DCFTAs do not reflect the depth of Euro-Mediterranean economic interdependence and a more ambitious, bold approach is needed. Going back to the idea of the Neighbourhood Economic Community could be a very good start, which could serve the elementary long-term needs both of the EU and the MENA.

3.2.3. Final conclusions: EU-MENA interdependence and economic co-development

Finally, we have to make a fair assessment of the current work and collect the main findings and ideas that arose during this research. The work itself (without the introductory part) consists of four main separable items: interdependence-testing on the security and economic sectors forms the first two main issues and the case studies on the Arab Spring and the examination of the

¹⁴⁷Excerpt from: A PARTNERSHIP FOR DEMOCRACY AND SHARED PROSPERITY WITH THE SOUTHERN MEDITERRANEAN, EC communication, 2011

economic co-development possibilities forms the third and fourth. Since we made a detailed assessment of all these issue areas one-by-one, now we are obligated to connect them logically and help the Reader understand why these four areas were chosen in our concept. Also, we have to summarize the findings of these separate areas to see how they complement each other and how they relate to the hypotheses of this dissertation.

The findings of the first two areas can be summarized in "one go". With the detailed examination of the five sectors of interdependence (military, political, societal, environmental and economic), we identified the strong interdependence in all sectors and concluded that this interdependence transforms the area into a single security complex. Moreover, with the even more detailed examination of the economic sector we highlighted that this interdependence is partially asymmetrical and the EU has a clear advantage in the economic sector. With these findings we managed to prove the basic statements of our two hypotheses.

However, already here we have to complement our arguments with some side-findings. The most important complementary finding here is that the EU currently can not use effectively its advantage in the economic sector. The hypotheses would be more accurate to state that within this five-thread complex network of interdependence the EU has a potential advantage in the area of economics, but how this potential is being used depends on several external variables. (Which variables are not the subject of the current work.) The most important external variable is the current economic crisis of the EU which makes it inwards-focused and allows it only limited external acting capabilities. These limitations came to limelight during the Arab Spring in which the EU could have acted far more courageously and could have been much more proactive if the economics "at home" would have been more comfortable. The other external variable is the young age of the EU's external policy institutional framework. Basically we can say that the Arab Spring was the first live-test of this framework and as a new and unexperienced system, it was determined to fail in some areas.

The other two areas of research, the assessment of the effects of the Arab Spring and the possibility of economic co-development can be merged as well. With the short examination of four case studies, we have shown that the Arab Spring was triggered mainly by the economic

decline of the region and also that the current "policy toolbox" of the EU does not provide effective answers to the deep-rooted problems of Arab economies. The historically developed statist and fragmented economic build-up of the MENA can not be effectively "healed" with the current short-termist and incoherent set of EU policies that are dealing with the region, therefore the redesign of these policies is highly desirable. A much more courageous approach is needed with a coherent vision on the future of EU-MENA economic co-development. Together with some other authors, we suggest that this vision should be a form of economic integration. These findings support the main statements of our hypotheses, which we consider now proven.

However, here again we have to complement our hypotheses with some very important side-findings. The first one is the necessity of differentiation. Especially the geographical differentiation between the Maghreb and Mashreq sub-regions is crucial. When designing a new neighbourhood-agenda, EU officials should be aware of the fact that these two sub-regions are very different in their EU-dependence and that the Mashreq is far more EU-independent than the Maghreb. This should imply a differentiated approach towards these sub-regions and even raise the issue of differentiated institutional frameworks. Rather than using the "one size fits all" approach in future institution-building, a separate and narrower agenda could fit the Mashreq region better, while a more ambitious one ("everything except for institutions") fits the Maghreb.

The other line of differentiation reflects more the current political build-ups of the partner countries and not the deep structural differences like the first one. Still this is important too as it provides a valuable insight to the short- and mid-term strategies that the EU could use in the region. This differentiation should be based on the state-forms of the partner countries, namely the monarchies and the "new democracies". New democracies -as we saw in the case studies chapter- are more open now to implement EU-advised reforms and the public opinion in these countries see the EU as a favourable partner who helped during the transitions. This implies that the EU can now act and communicate more boldly with these countries and expect more cooperation. In the case of the "surviving monarchies" the EU has now also a little bit more space to manoeuvre because of the "Arab Spring pressure", but this space is still highly restricted and these countries need a more pragmatic and less direct way of communication.

Finally, we can conclude that -by upholding all these complementary findings- we definitely suggest that in the light of the discovered interdependence patterns and economic shortcomings, the most promising way forward in EU-MENA relations is the deepening of the economic cooperation. The MENA's economic EU-dependence together with its deepening economic problems point to the direction that this vicious circle of degradation can be broken only by an external force and this role of "economic interventor" fits only Europe.

This will be a slow gradual process with a lot of different backdrops and shortcomings but the goal should be never forgotten: namely that if the EU manages to open up MENA economies and re-integrates them first into the regional and later into the global economic "flow", then -and only then- will it be able to secure prosperity and stability in the regions at its immediate borders. And as we know exactly this is the main aim of the European Neighborhood Policy: "to develop a zone of prosperity and a friendly neighbourhood -'a ring of friends'- with whom the EU enjoys close, peaceful and co-operative relations."¹⁴⁸

¹⁴⁸ Commission of the European Communities 2003. Wider Europe-Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours.

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