



Institut de la Méditerranée

***Report of the expert group convened by the
Mediterranean Institute on the
Mediterranean Union project***

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Executive Summary

The panel of experts convened by the Institute of the Mediterranean has identified ten themes that appear essential to the viability of the Mediterranean Union proposed by the French presidency.

The first theme relates to the very concept of the Mediterranean Union. According to the expert group, it must highlight the historical particularities of the Mediterranean area and hold a vision that builds the relationship between the Mediterranean peoples, a link that has been maintained despite a troubled history. Thus, this concept will be a strong anchor for the adherent member countries. The Mediterranean is today the epicentre of the so-called dialogue of civilizations. The choice of moving towards a Mediterranean Union, choice that the selection panel of experts has fully adhered to, implies to consider engaging in an endogenous and voluntary process aiming at a common goal and operating in the codecision modality. This process can be lengthy, but it must begin with targeted and central actions to achieve the identified ambitions. This process must be open to the European countries, including non-Mediterranean wishing to join. It would be, in particular, desirable for Germany, which from the start, has shown special interest in the Barcelona partnership and has driven ties with Turkey, to become one of the driving forces.

The second issue concerns the relationship between the Mediterranean Union and Europe. After analyzing the current situation, the participants agreed that what was being done in Euro-Mediterranean relations should be continued, in particular the establishment of a larger free trade area. It was pointed out that given the importance of the common European policies, the Mediterranean Union should aim to be well positioned in comparison with European policies, and in particular, the Neighbourhood Policy. However, the limitations of this kind of process were highlighted, in particular those related to the failure of the current plan to correct the gap between the starting positions, to facilitate adjustments in order to avoid the rise, even temporary, of poverty, to install a real convergence policy and to develop intercultural dialogue.

The third theme has consisted of clarifying the principles that should govern the functioning of the Mediterranean Union acting in a complementary manner in relation to the European Neighbourhood Policy. It was especially emphasised: (i) that the Mediterranean Union should provide a forum for political dialogue "as equals" to the extent that it is no longer responding to a "European policy" but conceive together a "Mediterranean policy", (ii) that such a policy would not be a substitute for political endeavours, but that it would complement, (iii) that a major concern should be to pay attention to the delay in the basic structures, infrastructure, education, (iv) that the considerations aimed at combating poverty and balancing the territories should be integrated ahead of economic choices, (v) that a major effort should be undertaken to institutionalize networks where the civil society actors are mobilized. It was recommended to install operational structures combining subnational action and international action, working in conjunction of the greater Mediterranean region, sufficiently equipped, capable of learning and developing real expertise.

The fourth theme concerning the geographical coverage of the Mediterranean Union led the panel to emphasise that without the entire Maghreb and the EU member states concerned, it would have no operational credibility. In principle, the Mediterranean Union should include Egypt, Lebanon, Turkey, Syria, Libya, the Palestinian Authority and Israel. But the panel emphasised, that in any case, the resolution of the three conflicts in the area (Israeli-Palestinian, Western Sahara, Cyprus) should not be a condition for participation in the union. However, the expert group considered that discussions on such conflicts should be included in its agenda. In addition, the group stressed that Turkey should be able to participate without calling into question its status as a country in the process of accession to the EU.

The fifth theme dealing with the institutions considered two options, one accomplished option and one originally reduced option intended to be studied. But whatever option is chosen, it appeared necessary: (i) to have an intergovernmental structure running in codecision based on a charter specifying the shared values and targeted objectives, (ii) a guiding agency, for example, a High Commissioner (probably preferable to a political secretariat in the interests of efficiency), (iii) coordinate bilateral actions at regional level and articulate the decentralised cooperation actions with multilateral action, (iv) to rely on specialised agencies in order to break the habit, which is to meet the Councils of Ministers on the most varied questions cited in the proceedings for both very general and ambitious orientations as well as very low scale projects to achieve them. The expert group believes it is necessary to break with that declarative policy, for the benefit, particularly in terms of institutional reforms, an effort aiming to assess the forecasted objectives and to verify their practical degree of application. In addition, the public opinion should have access to these evaluations.

The sixth issue concerns the juridical issue, including the possibility of European countries bound by the Treaty on European Union to participate in a Mediterranean Union with a substantial content. The solution of closer cooperation on areas where there is no specific jurisdiction of the EU appears as the most suitable. All indicate that in a context where the European Union has since long admitted the practice of differentiation, either in pace or in content, and the possibility for a group of European countries to advance faster than others, this approach is appropriate. On some issues, the Mediterranean countries of Europe are justified in wanting to strengthen their ties with the South in an open but specific way. The warning of a participating entrepreneur in the expert group indicates the nature of the process triggered this way from this legal basis: "First, find an agreement on a number of essential things that concern development, then measure the extraordinary impact of this idea of the Mediterranean Union, it is a beautiful utopia where a true Mediterranean can recognise himself, finally, we must engage in a process and decide to launch an action that should tend towards that Union. And it is clear that, ultimately, this process will result in its wake and develop everything that has already been done".

The seventh group of questions concerns priorities endorsing the Mediterranean Union. The Panel identified four main areas: (i) a complementary action to the EU aimed at improving the conditions of development, especially focused on infrastructure, institutional delays and the social costs of adjustment linked to the opening of the economies, (ii) an action oriented toward the knowledge and skills with the establishment of a "Mediterranean Community of Knowledge and Skills" that is one of the areas where the principle of subsidiarity applies firmly in Europe, (iii) a culture oriented action, and (iv) an action oriented environment. Several project guidelines were proposed within the "Community of Knowledge and Skills". They are:

- The projects concerning education (which is the institutionalised form of the culture) and training, specifically: (i) the establishment of a mechanism to define a common platform at the end of compulsory schooling projects, a process now out in France, Italy and Spain, (ii) a joint action in the direction of teacher training, which would involve a hidden elite today, in the sense that it is not inserted into the international networks, (iii) an assistance aiming to install a better orientation and professional short cycles, (iv) a technical treatment of educational system management, Introduce the LMD, etc.

- The projects concerning research in the South, where the development is imperative, concerning, in particular, (i) the cooperation between laboratories, (ii) the mobility of researchers, which should be complete and sustained, and (iii) a series of actions specifically targeting at the so-called hard sciences and health.
- The projects aiming at developing the "knowledge based economy". In this context, the panel recommends: (i) a Mediterranean agency of research valorisation that would screen projects to make them operational at the international level, (ii) The networking of technological clusters and competitive clusters, (iii) the widespread use of ICT, (IV) an accreditation mechanism, at the Mediterranean scale, for the technical and vocational competencies.

In terms of culture, the expert panel recommends the installation of a "Mediterranean College", a highly symbolic institution which evokes the House of Wisdom of old times and would deepen the founding charter of the Union from a reflection on its common values, which would launch several work programs, including a program on "memories, histories and heritages", "image, writing, translation", "the history of religions", and "multilingualism". Consolidate and extend the work of the Anna Lindh Foundation, to develop the "Euro-Mediterranean cultural workshops", to encourage coproductions, the mobility of artists and to establish a policy of Mediterranean television.

On the environmental front, the panel recommends the installation of an observational system on the Mediterranean environment and sustainable development, to promote a prior consultation of political leaders of the bordering countries before every international meeting concerning the construction of the international environmental law through the international thematic conventions including the climate and biodiversity. These guidelines could lead to the installation of three institutions, which are: "A Mediterranean Commission of Sustainable Development", "A Mediterranean Observatory of Sustainable Development", and "A Mediterranean Water Agency."

The eighth issue concerns financial resources and related institutions. The panel believes that without significant new resources, available in the long term, the proposed Mediterranean Union must be abandoned. Two possible idiosyncrasies were highlighted, the first is the AMU, a union which, for the lack of resources, and faced with the inability to make progress with conflicts between its members has lost its credibility, the second, would be to create an ambitious and symbolic Union containing a significant number of small projects poorly articulated.

The establishment of a financial institution dedicated seems to be an imperative to the expert group. There are two methods: a fund of funds to finance primary funds on the (PMI/PME) SMEs, a development bank. Participants in the expert group have clearly looked for a solution of a development bank Mediterranean that could benefit from the experience gained by FEMIP. This bank, which could be an EIB subsidiary would have three main areas of activity: (i) implementing a specific Euro Mediterranean action focusing on a limited number of issues in addition to the existing (Euro-Med), (ii) making a synthesis between the necessities of economic adjustments in the short-term and long-term support of economic development, and (iii) having an intellectual strike force to fill the shortfalls capability of partner countries and launching the Mediterranean community of knowledge.

The ninth issue concerns the enumeration of facts between decentralised cooperation, which has grown dramatically since Barcelona and the intergovernmental level. Given the standard (weight, measure, burden, load) of decentralised levels in Europe, which represent over 60% of public funds available, the fact that these levels (regions, cities, the department) live the Mediterranean in terms of coexistence with those in the South, their confrontation to issues affecting peoples life very directly, the expert group recommends that they be associated to strategic decisions and

they could benefit, as is done in the current practice in Europe for a significant contribution of the structural funds.

Finally, the last theme, gives an idea of a scheme of a planned Mediterranean Union as the panel imagine.

Constitutional charter,

Annual Intergovernmental Meeting at the highest level, the European Union Presidency included

High Authority (or political secretariat) with the presence of a representative
of the decentralised echelons

Democratic control and proposal agencies, Mediterranean Parliament

Subnational echelons Committee, regions, cities, counties

Representatives of civil society: Economic and Social Council

Sectoral plans « Community of Knowledge and competencies » « Commission on Sustainable
Development »

Agencies (water, energy, transfer agency), the Mediterranean College, regional forums, foundations

Court of Arbitration of trade conflicts

Dedicated Bank

Report of the Expert Group convened by the Mediterranean Institute on the Mediterranean Union Project

1. This report has been prepared on the basis of reflections from two group meetings of high-level experts chaired by Professor Jean Louis Reiffers. The Expert Group met on July 5 and July 13 at the CCIMP Marseille-Provence and listened, either directly or through written or oral contribution, a number of personalities directly involved with the French Presidency Project.

Composition of the Experts Group:

Jean-Louis Reiffers, Honorary Dean, Faculty of Economics at the University of the Mediterranean, Chairman of the Scientific Council of the Institute of Mediterranean and Femise

Louis Aloccio, Vice-President, Chamber of Commerce and Industry of Marseilles.

Andrea Amato, President of IMED (Istituto per il Mediterraneo) Rome, Italy.

Denis Bauchard, scientific adviser at IFRI.

Christian de Boissieu, Professor at the Sorbonne, Chairman of the Council of Economic Analysis for the Prime Minister.

Jean-Claude Cousseran, General Secretary of the International Academy.

Ahmed Galal, Director of the Economic Research Forum in Cairo, President of Femise, Egypt.

Michael Gasiorek, Professor at the University of Sussex, UK

Jean-Paul de Gaudemar, Rector of the Academy of Aix-Marseille

Peter Holmes, Professor at the University of Sussex, UK

Larbi Jaidi, Professor at the University Mohamed V of Rabat, Morocco

Bernard Latarjet, General Director of the Marseille candidacy for the European Capital of Culture

Alejandro Lorca Corrons, Professor at the Universidad Autónoma of Madrid

Rostane Mehdi, Director of CERIC, Professor at the Faculty of Law, University Paul Cézanne

Henry Roux-Alezais, Chairman of the Institute of the Mediterranean

Henri-Luc Thibault, Director of the Blue Plan, Sophia-Antipolis

Jean-Claude Tourret, General Delegate of the Institute of the Mediterranean.

Personalities who were interviewed or provided a contribution:

Jean-Eric Aubert, Director of the World Bank office in Marseille.

Andrés Bassols, Deputy Chief of the RELEX regional unit, Brussels, EU

Halim Benattallah, Algerian Ambassador in Brussels

Henry Marty-Gauqié, Representative of the group EIB in Paris

Philippe de Fontaine Vive, Vice-President of EIB

Francois Gouyette, Ambassador for the Euro Mediterranean Process, France

Jacques Huntzinger, French Ambassador for Euro Mediterranean Intercultural Dialogue

Jean-Marie Paugam, Deputy Director for the Europe, Africa and Middle East chapters of the General Administration of the Treasury and Economical policy, Ministry of Finance and Employment, France.

Juan Prat, Ambassador on Special Mission for Mediterranean Affairs, Spain

Farida Loudaya, Advisor for Political Affairs, the Kingdom of Morocco Embassy in France

Philippe Orliange, Deputy Director of AFD, direction of Mediterranean and Middle Eastern affairs

Fathallah Sijilmassi, Moroccan Ambassador in France

Michel Vauzelle, President of the PACA region.

2. Ten major themes that needed to be clarified have been identified.

Considering the diversity in origin of the group members, discussions were held on each of these topics. The challenges and the directions retained for each issue will be specified here.

The ten themes chosen are:

- 1) What concept can support the Mediterranean Union project?
- 2) What is the current state of relations between Europe and the Mediterranean?
- 3) How can this concept be positioned compared to the EU?
- 4) What is the geographic coverage of the Mediterranean Union?
- 5) What is the institutional structure and what is the type of governance?
- 6) The legal issue.
- 7) What are the priorities that would be better covered by the Mediterranean Union than by existing systems and which one will ensure credibility?
- 8) What would be the financial resources and through which institutions?
- 9) Can it be integrated into the Mediterranean Union with the different national and international devices of cooperation in the area and coordinate them?
- 10) The summary plan of the Mediterranean Union project.

Theme 1: What concept for the Mediterranean Union?

3. The panel unanimously welcomed the idea of a Mediterranean Union as a possible outcome of the rapprochement process initiated years ago between the EU and Mediterranean countries. However, the panel emphasises that to be credible, this initiative should be based on a powerful symbolic vision, deeply rooted in history and compatible with the common European policies.

A history, a vision, an approach,

4. The neighbouring people of the Mediterranean are linked by a long history, "a history accumulated in layers as thick as the history of distant China" in the words of F. Braudel. That's where three major world civilizations survived its incidents: the Latin world whose centre was Rome, the Islamic world which begins in Mecca and reached Morocco, the Greek or Orthodox universe, which is shared between Athens and Constantinople (which became Istanbul in 1453). Despite their struggles, these three civilizations have lasted because, beyond empires, the strategies of these nation-states "these thick growing bodies", the invasions, and exacerbated romanticisms, the Mediterranean people are united by a deep link, a behavioural link, which remains despite the violence. This is a common addictive link to nature, the neighbouring interpretation of the encounter of water, earth and sun. It is translated by the accentuated forms of collective relations (the individual satisfaction depends also on the wellbeing of the neighbour as explicitly stated in the Koran), the family anchorage and siblings where children play a central role, a great creativity, linked to the default patents of organization which have always led to magnify the isolated genius rather than encourage the skilled worker and anonymous researcher inserted into an organized network.

5. This is where the peoples of the Mediterranean have been able to find harmonious conditions that allowed them to build the foundations of knowledge and democracy. But the Mediterranean missed the turn over to the industrial revolution because of metaphysics that made it reluctant with regards to the promises of modern science. The Capitalism is developed under specific forms in the context of societies marked by collective values deeply ingrained and behaviours often proven inefficient, whether in the administration or in the enterprise management. A shareholding system have settled in the North and in the South, which now require major reforms to enable the Mediterranean to regain its place in the world. But at the same time, more relational and subjective ways to do business, to manage institutions and to plan finances, have been developed and some of those could be an occasion for great innovations.

6. Since their independence, several phases have followed one another. There was first, the conquest of national sovereignty in the framework of relatively self-centred closed systems, which have developed collective duties, tempted to install, with contrasting results, the national productive bases. Faced with debt and economic imbalances, there was then a modest opening phase (early 80s) and a considerable effort to stabilize economies, centred on the acquisition of macroeconomic balances and rigorous management of the public accounts. Finally, the third period that can be placed in the early 90s, is the choice of the opening, certainly with significant differences in pace, the installation of a universal merchant economy and establishment of adequate institutions.

7. Traditionally, Europe is concerned for the Mediterranean, in a sense it is its own cradle. In the recent period, it has developed a Mediterranean policy, a new policy corresponding to a type of traditional bilateral cooperation, in the sense that this policy was a cooperation of small-scale projects, and is kept to intervene conditionally. In the mid-90s (Barcelona), the ambition was significantly greater as it was to cover peace, security, economy and culture. At the time this report is submitted we are still under the partnership with Barcelona, for the most part based on the establishment of a free trade zone and a relatively low free public transfer. While this trend has produced unquestionable beneficial effects, it obviously does not seriously consider a convergence of living standards of the countries on the southern shore of Europe, nor the opportunity to employ new entrants into the labour market. Furthermore, we perceive clearly that the approach chosen by the partners, it is to unlock the market and lifestyle with the help of the EU to the global world, creating resistance in Mediterranean societies that require special attention and a particular progressiveness, except to accept the risk to see this evolution questioned by obscurantist tendency legitimized by the democratic vote. Moreover, the EU has not been misled, which has taken a less paternalistic position in injunction of the reforms while regretting that these are not faster. From that standpoint, the neighbourhood policy, qualified sometimes as a neighbourhood instrument to allow the Mediterranean the feeling that they are regarded by Europeans as different of the Eastern European countries involved, a principle in a way for Europe to accelerate a universal process of integration into the global world with its neighbours, which might as well be dealt with if possible, through the United Nations and the WTO.

8. The point on which we would like to stress here is that history shows whenever an imported model has been proposed to the Mediterranean peoples, they have adopted the minimum proposal and try to keep their specific traits. These characteristics affect domestic life, the mores, and the way to do business or lead the institutions. This example exists in every specific cultural area of the Mediterranean, southern Europe, and also with the African and Eastern shores of this sea. The Mediterranean peoples have mostly refused to become fully functionalized entities by universal logics, which surpass them (commercial, technological or financial). They had often tended to impose their own way of thinking and living, by violence. The current period is characterized by an exacerbation of tension of diverse nature. The cultural situation deteriorates, the economic and social prospects are uncertain, the values and especially lifestyles seem suddenly more difficult to reconcile. The demands of democratization face realities and the fear of gaining power from the opponents of this same democracy. The need for the security becomes dominant to the point where they may wonder whether the Mediterranean Union is not taking place furtively by hiding its face.

9. There are, finally, three ancient conflicts that require a strong willpower to move forward on the political front: these are the Western Sahara conflict, the separation of Cyprus, and the Israeli-Palestinian conflict. Participants in the panel of experts believe that the resolution of these conflicts cannot be at the heart of the Mediterranean Union mission and in any case, should not be a prerequisite for its realization. However, it is likely to have a significant role to play.

10. The consequence of this finding is that the vision that must prevail in the establishment of the Mediterranean Union must be based on the ambition to build a common future, respectful of the differences and based on clearly shared values. This common future is inconceivable without a clear definition of what it takes to converge and what remains specific.

11. The first issue is the convergence of values. Participants in the MU will have to define the circle of shared values, just as the EU has done. In the South, it will not be using all the values of Europe, nor will it be using the entire Muslim world values in the North, because each of these two worlds must be able to keep those values rooted in their own culture. Does this exempt us to reflect on the common values that should gradually be adopted by the Mediterranean Union? The answer is no, to the extent that even if strictly confined to the economics, the Union will convey. Not trying to imagine to what point the Mediterranean and European companies are willing to get closer to each other, is depriving yourself from strengthening the relationship, especially in service trades, the mobility of people and the capitals. This point was vividly apparent during the discussions on the EU proposal to offer a stake in its domestic market to Mediterranean countries. The Europeans were ready to help the Mediterranean countries to dispose, in a symmetrical arrangement, of the two freedoms in the internal European market, free trade on products and services, but took little commitment on the other two, the conditions for a free movement of capital and even more importantly, the mobility of men and women. As for the South Mediterranean, they were reticent on the full opening of their markets to European services especially without compensation on agricultural products and without the freedom of the movement of its people (and the ongoing debates at this time on the three directive services of the EU itself, showed the difficulty of liberalizing services while binding the installation).

12. Contrary to popular belief, a number of values that constitute the bedrock of the EU are widely shared by the countries of the southern Mediterranean. To mention only the major ones:

- The human rights, the human dignity,
- The basic freedoms,
- The democratic legitimacy,
- The peace and rejection of violence as a mean or method,
- The equitable development,
- Equality of opportunities,
- The principles of rational reasoning, ethics of evidence and proof,
- The preservation of the environment,
- Individual responsibility.

Others are more difficult to hold in common, such as secularism, gender parity, the separation of powers, some form of freedom of the press, which justifies the need to exchange over these points in order to find a balance. For Europeans who believe in these values, it also means that we must allow time for the Mediterranean to make them practicable. It took several centuries for Europe to do so. What can we require from the countries that still face vital development issues to comply within thirty years? This is not to accept any cultural relativism, but to take into account the required time to share these values within the whole society.

13. The Mediterranean Union should also take into account the existence of lifestyles specific to rural communities largely marginalized from the dominant commercial and technological currents, to informal sectors that do not work on the basis of usual economic rationality. Nearly half of the population of the countries of the southern Mediterranean lives in this context. One of the criticisms addressed to the entire international expertise by a growing proportion of the population in the South is to wanting to forcibly implement a lifestyle that is not its own. This implementation is done from relays of the small competent local elite, relatively disconnected from the majority of the population. The paradox is that everyone wants access to some aspects of the European way of life, in particular, health services, education, and all the utilities. But on others, which interfere greatly with the customs, the reluctance is much stronger, or even clearly stated. It is a problem of great complexity because it appears difficult to have one without changing the others (cf. NTIC, internet etc.). In any case, this issue, which is at the heart of opposition to Modernism that thrives in the South, cannot be excluded from the agenda of the Mediterranean Union.

14. These remarks advocate for an approach that could have the following characteristics:

- First, the participants in the panel of experts believe that the Mediterranean Union must be a strong and credible anchoring for the countries that will adhere to it. As discussed below, this implies (in a declaration or charter) a target of convergence of living standards, a willingness to define common values achievable in the middle term, the affirmation of respect for differences and cultural identities, the protection of the environment. It also implies concrete and significant projects with deadlines, human and financial resources and an evaluation system.
- Secondly, it's about starting a process for which we will accept the term that could begin through targeted and central actions to achieve the envisioned goal, like what Europe did, for example, with the CECA. Several members of the panel emphasise that it should not impose any prerequisite (particularly on the conflicts mentioned above) for adhering to the Mediterranean Union.
- Third, the process must be open to countries, including non-Mediterranean countries, which would like to join it. It must also be open to new issues (in this regard participants in the Expert Group underlined the rigidity of the five-year mechanism from another era chosen by the EU to plan its resources).
- Fourth, the functioning of the Mediterranean Union should aim to develop a relational system based on an ongoing dialogue at the intergovernmental level, as at sub-national level and that of civil society, and this on the key issues of the considered societies, in particular those related to the economy, the development of infrastructure and institutions, the environment and culture. This is a central point to the extent that everyone must understand that the Mediterranean has become the epicentre of the so-called clash of civilizations. The novelty is to bring together in a union, a significant number of Northern and Southern and Eastern Mediterranean nations with ancient but profoundly different cultures, who confronted each other several times. This grouping should benefit all people and serve as a new milestone for human progress. **It is not just to avoid clashes, or attempt to impose any hegemony; it is a voluntary endogenous process aiming at a common goal and operating in a codecision mode.**

Theme 2: What is the current state of relations between Europe and the Mediterranean?

15. Given the number of organizations, which are today concerned by the Mediterranean, the expert group considered that it would be unnecessary and even counterproductive that the Mediterranean Union constitutes an additional organization, without real political power, without an original and precise agenda and without means. We only need to cite these forums to give an idea of the situation: there is the Euro-Mediterranean partnership issued from the Barcelona Declaration which at this point regroups 37 countries, the Neighbourhood Policy (43 countries, including 16 neighbours), 5 +5 dialogue, the Mediterranean Forum established at the initiative of France and Egypt in 1994, which brings together 11 countries and which is used to prepare the Partnership meetings, the Euro Mediterranean parliament (240 deputies) derived from the European Parliament and national parliaments, which plays an Advisory role and takes no binding «Resolutions» on social matters (women's rights, quality of life, immigration, security and human rights etc.). Not including the troubled Arab Maghreb Union and numerous agreements aiming to facilitate the trades (AGADIR, GAFTA, etc.). .

16. The other imperative coercion is the relationship between the Mediterranean Union and the EU. There are at least two reasons for a complementary and not interchangeable system.

- First, the Mediterranean can not relinquish Europe: (i) the Mediterranean countries of Europe are bound by common policies in the framework of the European Union and, as such, many

matters pertaining to the countries of the southern Mediterranean can not be handled outside these common policies, (ii) several Northern European countries have shown interest in recent years in the Mediterranean and are involved in the Barcelona's partnership (iii) Europe is the area of reference for all the southern Mediterranean countries, which on average are dependent on its market for more than half of their trades.

- Second, although each of these plans has obvious limits, which explains the proliferation to which we assist, they have all contributed in constituting relational assets which had beneficial effects and which must be preserved and deepened.

It is therefore not possible to imagine a Mediterranean Union, built from the 22 neighbouring countries, replacing a multilateral policy which involves all the EU countries.

17. We might think, as some of the panel members have recalled, that it is not a Mediterranean Union, which have to be created, but a Euro-Mediterranean Union which will be the outcome of Barcelona's partnership (this is also the Spanish position today). After extensive discussions, the panel has shown its reluctance towards this hypothesis on the basis of a careful examination of Barcelona's partnership, of its results, of how it operates and of the philosophy presiding over the Neighbourhood Policy, which is supposed to guide it.

Assets and Limitations of Barcelona's Partnership and the Neighbourhood Policy

18. To briefly address the report, we consider the three elements at the core of European policies today: (i) its political ambition and the adjustments which had to be made in its mechanism, (ii) its contribution to economic development, (iii) its effects on culture and connection between societies.

19. Initially, the Barcelona Partnership's goal was to help bring peace and security, to promote economic development by setting up a free trade zone and an assistance program (MEDA assistance and FEMIP which is a credit facility backed by the EIB) and to assist to the dialogue between cultures and the mobilization of civil society. The Participants of the panel are convinced that speaking of a failure in regards to the Barcelona's Partnership is inappropriate.

20. The achievements of the Barcelona's Partnership are indeed important: (i) establishment of a regular forum for Euro-Mediterranean dialogue in most areas of European jurisdiction, still in the light of current functioning of the Euro-Med committee we can doubt of the importance it is bestowed, (ii) the interest for the Mediterranean, of several non-Mediterranean EU countries including some of the new member states, (iii) the profound transformation of the position of the South Mediterranean countries in regard to globalization: all Mediterranean partner countries of the EU have, without exception, but at varying rates, benefited from the dynamic effects associated to the outside exposure, (iv) significant start of institutional evolution that seems irreversible, (v) advanced cooperation in security, traffic and combating terrorism.

21. Nevertheless, the results were not up to the goals envisioned and therefore, according to the panel, future projects must be adjusted to the means we dispose to achieve them. It is not an easy task considering the limited resources and high expectations of the Mediterranean people. Initiated after the revival of the Israeli-Palestinian dialogue, the Barcelona Process has, as its prime objective, to establish peace in the region. This was an obvious failure proving that the situation was more complex than assumed and that Europe did not have a geostrategic influence necessary for this objective. Therefore, it was the second goal, which benefited from the partnership the most, the achievement of the free trade zone and support for the related institutional reforms.

22. The second goal is well initiated, but we realized that it meant a longer process than originally planned and that it had not provided all the expected results, at least when compared with those obtained by the new members acceding to the EU. It should be noted, moreover, that achieving a free trade zone (indeed incomplete because agricultural products are not affected) is not sufficient enough

to converge economies. This observation which also applies to NAFTA is a debate that took place at the beginning of European integration itself, which chose to embrace the free trade and later the common market with important structural convergence policies in order to correct the gap between the initial conditions and to facilitate the inevitable adjustments. We know the result; Europe has had a slightly lower growth than elsewhere, but did converge the standard of living of its members in a unique way in history. The new member states that have benefited from the same approach are now undoubtedly engaged in the convergence process. This is the explanation for the commitment of Turkey to continue on the path to EU membership despite some reluctance and the importance of the necessary internal adjustments.

23. Considering the current situation in terms of economic development we find:

- First: The trajectory of growth and the employment growth in all Mediterranean partner countries, without exception, are insufficient to enable the employment of new entrants to the labour market (youth and women). It should be noted that this shortcoming, if it continues, will be necessarily inconsistent with the objectives of evolving societies (generalisation of women's work, expansion of schooling, improved levels of study, overall democratisation of societies that bear even less youth unemployment, opening to ICT which displays the consumption patterns of rich countries etc.).
- Second: according to different concurring estimates at least 22 million new jobs should be created over the next fifteen years in the Mediterranean partners of the EU to maintain their current levels of unemployment, without any change in activity rates, in particular for women's work and return in formalised employment of many individuals. This means that at the current rate of employment growth, a GDP growth rate of around 7/8% per year is needed (they are on average slightly above 4% in the most favourable and erratic years today). Added to this, the growth content in employment is still largely dependent on the public sector growth in employment and all the institutional reforms implemented are designed to cut it down to the benefit of private employment. We are clearly facing an explosive situation in some countries like Algeria, where nearly two thirds of the population are less than 30 years old. The panel wishes to emphasise that the 20/30 coming years will be decisive in the sense that all the southern Mediterranean countries are in a situation of demographic transition which means that at this term, the balance achieved between supply and demand for labour will be, in the absence of unforeseen circumstances, almost final for the rest of twenty-first century.
- Third is that, by reducing the gap of income per capita between, on one hand, the fifteen members of the EU and the new members, and on the other hand, Mediterranean third countries appreciably increased what consolidates the role of adhesion in the convergence of the standards of living. Two principal reasons explain this fact: 1) The entry in the process of adhesion represents a quasi-certainty that all institutional reforms will be made without return behind what generates strong entries of foreign capital 2) The sums granted for the convergence of new member states (CAP ERDF, ESF, other common policies) is not comparable with what the Mediterranean partners receive. We notice that during the period of 2007-2013, Poland only will receive around 60 billion convergence fund, while all the Mediterranean partners will receive only 11 billion, half of which is in form of loans from FEMIP/EIB.
- Fourth: This creates an extremely dangerous situation for the Mediterranean countries of Europe, in the extend that the physical interdependence which binds them to the South represents less than 5% of their international commitment (Commercial flows and investment) while the human and social proximity (immigrants, security risks, echoes in the media, etc.) are in the range of 15/20%. For the Southern countries, the material commitment to Europe is much stronger because it represents around 50% of their international commitments. And there are no cases in history where such a mismatch between human aspirations related to the

geographical, cultural and administrative proximity and the reality of material interdependence has not translated into serious crises.

- Finally, the EU accomplishes in the South Mediterranean, commercial surpluses which can't be done anywhere else in the world in proportion to the trades, surpluses not compensated by direct investments or the portfolio and public assistance. If the current balances are in equilibrium, it is only through income transfers of migrants (which also implies a significant emigration rate) and by tourism (which implies security). The investment rate is low (investment / GDP of 21% vs. an average. 28/30% in the take-off phase in Asia) and insufficient to achieve the required growth rate. It is therefore incorrect to say that there is an excess of savings in the Mediterranean based on the current balances as this savings are achieved in Europe.

24. The cultural situation of the partnership is, in many ways, paradoxical. Since the Barcelona Declaration the civil societies of the two sides, backed by local and regional authorities, were mobilized in the form of associations, with various initiatives showing a considerable appetite to renew old ties (especially between the Maghreb and Europe). There is also a growing trend towards emigration, which is linked not only to the large income differentials, but also the need for replacement migration in Europe and the development of many links between the two sides because of an active Diaspora that is very attached to its origins (see the importance of immigrants income transfers in Europe). Meanwhile, in Europe, the Barcelona Declaration has played a significant role in changing attitudes, something that has manifested itself clearly in the majority of European elections. But this indisputable achievement of Barcelona's partnership is being dissipated because of the lack of a better organization of intercultural dialogue. Today, we have numerous militant networks led by small associations without means, surprising interdictions on demonstrations (the Mediterranean Biennial of young creators was banned), a reduced mobility of artists, no scholarships, a decrease of co-productions, discouraged initiatives that must be revived (the theatre festival in Amman for example). The action taken by the EU in the framework of the partnership has, in this point of view, suffered from two major defects: (i) it has been very poorly funded-the Anna Lindh Foundation for lack of resources plays a box office role rather than a dynamic role and is dominated by the intergovernmental considerations, (ii) it has been poorly integrated with numerous operations conducted within the framework of decentralised cooperation. However, everyone agrees to emphasise a notable progress, concerning the mobilization of international operators on heritage conservation. But, it is clear that this civil asset suffer from an evident institutional deficiency and limitation to the individual mobility.

25. The Euromed partnership has been included since 2004 in a wider "European Neighbourhood Policy" which concern the following countries: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian Authority, Syria, Tunisia, and Ukraine. As indicated in the title, it is a European policy "take it or leave it" and not a jointly defined policy. This is one of the reasons for the reluctance of several Mediterranean countries. It is clear that it brought together countries that have little in common in terms of history, culture, demographic conditions and productive structures. The aim of Europe in this extension is to ensure stability of its neighbours in advancing issues that touch on universal common values (democracy, human rights, and state of law), security, good governance and the adoption of the principles of market economy and sustainable development. The proposals made in December 2006 by the Commission intended, in essence, to broaden and deepen the free trade area by adding new products and mostly services, to develop a political cooperation with neighbours and try to put in place common policies in the matter of transport and energy.

26. In terms of resources, transfers remain in the same order of magnitude as far as the Mediterranean countries and the main innovation is an investment fund known as "neighbourhood fund facility" that will concern all countries involved. As for the implementation process, it is based on action plans negotiated bilaterally with each country, thereby reducing the relative weight of the regional action sphere of the Barcelona's partnership, action plans based for the most part on the liberalisation of

commercial trade and the implementation of institutional reforms promoting generalisation of the market economy. The concept of reference is the establishment of an in deep free trade area, which may in no circumstances be regarded as a process of integration. That inappropriate term ignore the entire history of European construction (and the discussions that took place in the '60s which related precisely to the difference between integration and free trade) and is based on the misconception that a free trade area, coupled with a competition policy may have been a truly integrative vision with a clearly stated ambition of convergence. Moreover, Turkey, which is in a process of negotiating accession to the EU and receives higher financial transfers, was not included in the entire neighbourhood. It should be noted, finally, with the Commission, that little progress has been made on the individual mobility and on the conflict resolution. As for the action that seeks civil society and dialogue between cultures it has pursued it's orientations from small projects weakly supported.

Theme 3: How the Mediterranean Union can be positioned with respect to the existing plans?

27. The panel considers that the deepening of European policies, implemented today, should be continued by having a clear awareness of their limits. But it is precisely those limits towards the challenges of the next half-century, which justify the creation of a Mediterranean Union.

28. Achieving a free trade area on a larger scale, including new products (particularly agriculture) and facilitating service exchanges is a positive step for both the EU which, like all developed economies, has a vital interest in expanding its markets for an activity that accounts for more than 70% of its GDP, and for its partners, which will thereby increase their dynamism and reduce their transaction costs. This enlargement of the free trade area, coupled with assistance in the adoption of common universal values is a step towards globalisation, which could have as easily been addressed in the WTO for the trade of goods and services and in the United Nations for the concerned values. The main justification for an action in this direction with neighbours is that it is easier to move forward in a neighbourhood where Europe has to offer something in exchange (especially access to a large market) that in a global framework. There is no objection, in fact, that bilateral action plans help the country to move forward in the quality and access to the European standards (technical, sanitary and environmental), which had expanded considerably over the past decade.

29. In addition, several common European policies that directly affect the development of the Mediterranean countries cannot be conceived outside of the mobilisation of all EU countries. The development of the CAP which is indispensable to ensure that negotiations on liberalisation of trade in agricultural products cause a confrontation between the North that wants to export to the South its subsidised agricultural products (cereals, milk, meat, ...) and the South who wants to maintain grain and meat production, vital to rural balance and export its fruits, vegetables and olive oil. The same is true for energy security and transport.

30. The views of the expert group are that this action should be continued and deepened; taking into account the dynamic effects it produces. This deepening is now underway and covers all topics associated with the development of trade. It is, in view of the place of the European market in the Southern countries:

- To continue the tariff dismantling and implement diagonal cumulation of the rules of origin,
- To harmonise standards and production processes,
- To liberalise factor services (banking, insurance, transportation)
- To achieve the institutional harmonisation which must go beyond borders and involve the legal norms other than trade barriers,
- To accept a discipline on subsidies (particularly in the agriculture field), or to set up an asymmetrical model for the benefit of the South integrating transitorily, with a calendar anticipating their elimination,
- To define a harmonised legal framework with regard to investment,
- To establish a competition policy enabling truthful prices.

31. However, recent history shows that this kind of liberalisation, not supported by a sustained effort to facilitate the transition to a truly open market economy and change the initial conditions does not produce the expected results. An examination of the transition anywhere in the world, and in particular in the Eastern countries at the early stages, shows that productivity gains and improved competitiveness, decisive in the long term, have been obtained by (i) reallocation of jobs, cross-industry of sectors with comparative disadvantages to sectors with comparative advantages, (ii) companies less competitive in the same sector that close, to the other, (iii) the development of highly specific segments of production that thrive in intra-branches exchanges on an expanded market (The non-completion of the integrated market South-South is a major restraining factor), (iv) through massive direct foreign investments that allow a transfer of technology, changing the size of production units, (v) institutional changes concerning particularly the labour market (temporary contracts in hiring, facilities in firing, growth in the minimum wage linked to the labour productivity rather than prices) and the exchange system (fixed real exchange rate and flexible nominal exchange rate).

32. But, despite that, in the short term, this will necessarily produce a significant increase in unemployment, a dilatation of the social space, increased inequality, all things that the prospect of accession has helped to support politically in the Eastern countries and that Europe has facilitated thanks to the importance of convergence funds allocated. Having no prospect of accession and free transfers of convergence funds on a comparable scale and suffering from a distorting effect towards foreign investments that were naturally directed into countries where we knew for sure there would be no turning back, the Mediterranean partners have followed a path significantly slower. Moreover, as we mentioned before, this is the area of the developing world where the% of absolute poverty is the lowest (3% has less than \$ 1 a day, 20% has \$ 2), which corresponds exactly to the Muslim metaphysics. We should understand that for example, reforms of the labour market, in the way that is advocated by the international expertise, are very difficult to develop and a perfect place for the fundamentalist movements to find a fertile ground.

33. It is for all these reasons that the panel considers that the Mediterranean Union, if provided the means adapted to its objective, could have an important and complementary position. In principle, it should focus on six goals:

- To provide a forum for political dialogue "as equals". This is not an answer to a European neighbourhood policy or otherwise. It is a specific common political strategy, covering these four aspects that are: peace and security, economic and social issues, culture and civil society, and the environment.
- To establish clearly that this is not an alternative, but that on the contrary, the efforts should be continued and deepened. As it was said the action that, in essence, involves the insertion of the Mediterranean into the global economic market should be emphasised. Nevertheless, the creation of Mediterranean Union means that this action is not the whole story. On the side, it is necessary to develop a "relational economy" taking greater account of social constraints and contexts.
- To address initial conditions which, in any case, international experience shows play a significant role in the outcome of policies of openness. This is the education of men and women, some vital infrastructure, the functioning of the informal sector, and territorial inequalities, unacceptable institutional delays because they do not put into question the functioning of societies. This means that instead of retaining a universal model distributed with more or less conditional ties and "haphazardly", the Mediterranean Union will seek to organize actions into hierarchy on the basis of political constraints that are democratically expressed and the social contexts.
- To cease to think that any measure that increases the material net gain whatever its effect on the social space or on the territory equilibrium will later compensate the losers. The compensation being increasingly difficult in a competitive context, the gaps are widening. The

treatment of poverty, the social and the territorial balance must be attended by upstream economic choices. Recent experience in some countries such as Lebanon, vividly illustrates the orientation limits to increase net material gain concentrated on a few sectors and on a metropolis.

- To include more civil society actions and consolidate existing networks. It was reported that among others one of the Barcelona's Partnership successes was the exceptional mobilization of civil society from both sides. After setting up networks, various exchanges must come a phase of institutionalization in a form to be determined. This goes for all the elements concerning civil dialogue: the entrepreneurs, unions, universities or cultural professionals. The time for seminars, meetings on too many issues is now outdated. According to the expert group, if only on a reduced spectrum of actions, it is necessary operational structures, conjugating sub national action and international action, working at the greater Mediterranean region, enough funded, capable of learning and developing real expertise.
- Finally, the Panel considers that several areas of subsidiarities between European countries might be in the scope of the Mediterranean Union. The best way to do this is first, to work in everything that is not within the exclusive competence of the Union. In a complementary perspective, it is indeed logical to assume that the Mediterranean could agree on the central issues that have not been addressed in Europe or who are clearly regarded as matters of National sovereignty. Particularly: education, training in some aspects, culture and social institutions.

Theme 4. What is the geographic coverage of the Mediterranean Union?

34. The panel considers that on most subjects (except for the environment), the geographic coverage is not the decisive factor which best qualify the Mediterranean Union. Some constraints were nevertheless raised.

- The participants in the Expert Group have clearly agreed that the Mediterranean Union, without the entire Maghreb in the South and the most directly concerned EU members (Portugal, Spain, France, Italy, Greece, Cyprus and Malta) have a low operational credibility.
- The EU Mediterranean should allow Egypt, Lebanon, Syria, Libya, the Palestinian Authority and Israel. On this point, the panel differed from the outset on the inclusion of the Middle East, to avoid possible disadvantages encountered in Barcelona's partnership, which had made a constituting argument about peace in this region. However, a majority believes that the Mediterranean Union should be able to benefit from the contributions of these partners. In return, the group underlined that peace in the Middle East could not be a primary objective of the process. More significant has emerged the question of Western Sahara to the extent that the Mediterranean Union is not conceivable without the presence of Algeria (and / or Morocco). The panel's view is that, in any case, the resolution of concerned conflict should not be a precondition for participation in the Union, but that discussions on such conflicts should be included in its agenda.
- The Mediterranean Union should be open, from the outset to any of the EU Member State other than above cited, wanting to join and enable the Adriatic coast countries to consider participating. **It would be extremely desirable that particular Germany, which has, since its inception, involved significantly in the partnership and which is a privileged partner of Turkey, is a driving force behind the project. According to the proposals put forward by the President of the Republic, the European Union, through its institutions, particularly the Commission, should be an actor by full right of the Mediterranean Union. The European Union should be represented as such, through its President, in the intergovernmental monitoring structure.**

- Turkey should also be able to participate without calling into question its status as a country placed in the accession process with the EU. The historical place of the country in structuring the Mediterranean space makes this adherence highly desirable.
- Like the European Union, the Mediterranean Union must be designed as a process susceptible to growth connecting current borders of Euro-Mediterranean partnership.

Theme 5. What institutional structure and what sort of governance?

The two options

35. In a reached scheme, the Mediterranean Union should acquire its own institutional structure. The panel discussed two options. One consists in going right from the start into the logic of an accomplished Union, also a more limited second option would be to start the process from focusing on key sectors in regional scale, which evoke the European construction, beginning with the Marshall Plan (The Marshall Plan was to transfer the United States commercial surplus to Europe for joint projects and gave birth to the OEEC later OECD) and the ECSC.

The common constraints to the both options

36. In both options, it is necessary to have an intergovernmental structure functioning on a codecision based on a plan specifying the shared values and goals to be achieved. Empowered with a High Commissioner (Preferable to a political secretariat in the interests of efficiency), this structure should set up guidelines and operational objectives making the necessary arbitrages and could coordinate its member's positions in various higher services: Euro med partnership, neighbourhood, WTO, UN on the involved subjects. Such coordination already exists in the 5+5 dialogue and the Mediterranean Forum. However, today their formal power is extremely low. As a proof of the low political power of the Mediterranean we will take an example. When the EU adopted a directive, which takes two or three years, she consults Norway and Switzerland that are part of the EFTA, never Morocco or Tunisia, including on issues affecting them directly, such as sanitary or environmental standards. Nobody consider the EFTA in contradiction with the Union plan and is granted a consultation right, something denied to the Mediterranean countries which must adapt to directives coming from Brussels.

37. Second, the coordination of bilateral actions is imposed at the regional level on these areas, as well as those conducted at sub-national level. The link between the decentralised co operational operations and multilateral action must be dealt thoroughly and with great and complex questions. It is an issue that managed to solve the EU and which arises in more difficult terms given the low level of decentralization in the South.

38. Finally, in all cases, it is necessary to create specialised agencies, the armed wing of the Mediterranean Union policy is allegedly responsible for initiating the projects, monitor their progress and evaluate their results. The advantage of these specialised agencies is being able to verify the effective application and modification in consecutive practices to legislative and regulatory changes, and to develop an expertise that is lacking today. The method used currently in the neighbourhood, inspired by the experience of the Eastern European countries, poses obvious implementation difficulties in the Mediterranean countries. The EU is not in the same negotiating situation while it offers no prospect of membership. Therefore, countries that do not require free transfers refuse the action plans conditionality, or accept it nominally without changing its practices by lack of sufficient resources. In the current situation, we go often, without significant expert intermediaries, from intergovernmental meetings on the most diverse fields to transferring funds to national administrations.

First option

39. If the Charter or the treaty is possible, the various national cooperating agencies on the zone should share the resources corresponding to the selected goals. One of the failures of the current situation is that the southern Mediterranean countries are in bilateral relationship with many donors, which verticals reasoning and prohibits the development of a regional action other than focusing on general elements (in the field of universally accepted values in international confine) and often contradicted in the practice.

40. Euro-med Parliament is expected to turn into Mediterranean Parliament, its representation increases, as well as its powers. It was unclear how the Mediterranean Union could operate with a Euro-Med. Parliament in parallel, issued from the European Parliament and national parliaments of the Southern countries.

41. It would be advisable to also set up a committee of the regions and the cities, and an economic and social Mediterranean council.

Second option

42. The second option would be required if it is not possible to gather sufficient financial means. In return, even in the second option, geographical coverage including the Maghreb, Egypt, Lebanon and the Mediterranean countries of Europe is the minimum plan. The principle of this second option would be able to do well and on a sufficient scale on restricted areas. And the panel believes that several scenarios are to be avoided

43. The first scenario to be avoided is the AMU. This is a union with an important political ambition, little operational capacity and no concrete projects. Impotent to advance in the conflicts between its members and to keep a common position inside multilateral higher-level plans, it has lost much of its credibility.

44. The second would cover too broad of a field with small poorly funded projects driven administratively with a technical assistance and an assessment operating exclusively by outsourcing. Given the weak financial perspectives that seem to open today, it would be a mistake to go through the various departments about thirty small projects covering a broad field and constituting the proposed Mediterranean Union sheltered in some intergovernmental political service. There is a risk to gather ministerial councils on a wide range of issues, to fund conferences, to quote in the conclusions of the interministerial specific projects representing a very small percentage of the budget on an average university in the region. While it is relatively easy to mobilize public opinion and the media, the effect is in the short term, enabling without doubt to develop a relational network on the zone of Westernized elite and initiated, but little contributes to the development and ultimately discredit eventually the Mediterranean project.

45. In this second option, it would be more beneficial to learn from the European example and to develop in the Mediterranean Union's heavy multilateral action on one or two critical fields, outside specific jurisdiction of EU as the ECSC did in its time. This could include a "Mediterranean community of knowledge and competencies" and of the sectors concerning the environment (e.g. water).

46. As for governance, the financial mechanism established by the EU provides the necessary guarantees for sub-contracts and the control of corruption. In contrast, a permanent evaluation is an engine of the results in relation to the objectives that have been set up for installation.

Theme 6. Which juridical formula to allow a legal action initiated by a sub-assembly of member states of the European Union?

47. For a long time the differentiation on rhythm or content, is an accepted practice in the EU. In fact, from the outset the treaties have built a dispensatory regimen, or organized safeguard clauses, offered to new members a transitional periods. The EU has long been faced with the difficulty to allow both a variable European geometry and keeping Europe without falling into a formula a la carte. The retained solution was pragmatic, permitting States, in a controlled and organized setting, to progress in solidarity but with staggered rhythms.

48. One of the forms that have been observed is the individualization of the communitarian acquisition by trivializing formulas of opting out. Thus, the Treaty of Maastricht began differentiation logic in the social and monetary matters.

While the Amsterdam Treaty showed great ambitions in establishing an area of freedom, security and justice, they were reduced by the fact that one fifth of the Member States have obtained, under a set of protocols, as the new Title IV of the Treaty establishing the European Community (TEC) does not need to be enforceable (opposable) on them (Denmark, United Kingdom, Ireland).

49. To this situation which makes it difficult to consider a group of European countries that are seeking to strengthen their ties with the Mediterranean partners by helping to unravel the communitarian acquisition is added the enforced co-operations. Beginning in Amsterdam they have expanded their scope in the Nice treaty to the foreign policy and common security policy (PESC). The requirements of enhanced cooperation are as follows:

- The enhanced co-operations must meet the general requirements of the Treaty on European Union (Article 40 TEU). Member States may have appeal to the condition that the proposed cooperation tends to favour the Union's objectives and the community, to safeguard their interests and enhance their integration process. This is clearly the case for the Mediterranean Union.
- To avert the threat of fragmentation, the participation of eight member states is necessary.
- They may be involved only if the Council determines that the proposed objectives can not be attained within a reasonable period by applying the relevant provisions of the treaty (Article 43, TEU). This calls for an ambition of the Mediterranean Union complementary to that of partnership and focus on specific topics.
- The enhanced cooperation are open to all Member States at any time, subject for those states which plan to join to respect the original decision, and the decisions taken in this context (Article 43B, TEU). This is an important point for the panel, which implies that the Mediterranean Union is open to all member states,
- The enhanced cooperation must abide by the treaties and the unique institutional framework of the Union (Article 43b), respects the primary and drifted communitarian acquisitions (article 43c), as well as the Jurisdictions, rights and obligations of States which do not participate. They should not intrude into areas falling within the exclusive competence of the Union, do not provoke discrimination to trade, nor distort competition;
- The Commission has a veto power on the pillar I, which concerns the trade action, competition and development. The desire to articulate in a complementary manner the economic action of Mediterranean Union with the partnership and the neighbourhood policy is, as mentioned, an imperative.

- On the other pillars (PESC, JAI) the Council deliberates and the adoption of decisions is limited to the Member States parties to enhanced cooperation. Parliament's role has been strengthened in part III of the Treaty establishing a Constitution for Europe (TECE) whose approval is now required.

50. In this case, the panel considers going towards an enforced cooperation is the most favourable legal solution for the Mediterranean Union to benefit from EU support. Enhanced cooperations are less and less perceived as disintegration factors of community cohesion and European solidarity therefore perfectly justified here.

51. However, the enhanced cooperation can only be achieved between member states which have two consequences: (i) It becomes a European initiative proposed to Southern Mediterranean countries, which is not in itself, a drawback if the device works on the veritable mode of codecision, (ii) Brussels becomes the keystone of the Mediterranean Union from an impulse of the Commission.

52. The other approach is the Baltic countries that have assembled a number of states, cities, NGOs belonging to the EU and others not belonging. This action was designed to further explore certain topics to introduce later into European policies. It's through the ability of proposing, lobbying and assembly in a coordinated device of the States, the sub national actors and civil society as the experience of the Baltic States is interesting for the Mediterranean. But its ultimate goal being the accession of the concerned countries (This now poses difficulties in its operations because of the success obtained from this point of view), this experience is not enough to qualify the Mediterranean Union that gathers countries for whom the membership is excluded.

53. In conclusion on this point the panel recommends to move towards enforced cooperation on specifically Mediterranean issues today insufficiently addressed in the context of existing policies and / or covering areas outside specific policies of the European Union. The Mediterranean Union will find the entire better his place at the margins of Jurisdictions of the European Union. That does not mean that this would be marginal issues, on the contrary, because these margins are in areas of subsidiary on which the Union was unable to move. In some ways, this would be a kind of enforced cooperation at the heart of the Barcelona process. As said by an entrepreneur participating in the expert group: "First get an agreement on a number of essential things concerning the development, then measure the impact of this extraordinary idea of the Mediterranean Union, it is a beautiful utopia where a true Mediterranean can recognise himself, finally, we must engage in a decisive way a process and launch an action that must move towards this union. And it is clear that, ultimately, this process will sweep along in its slipstream and will develop everything that has already been done".

Theme 7. What are the priorities that would be better covered by the Mediterranean Union than by the existing devices and will ensure the credibility?

54. If the objective of the Mediterranean Union is to conduct by an endogenous process based on dialogue to a Mediterranean convergent and consistent space while respecting the diversity and cultural identities, four areas emerge. These are: (i) the areas related to complementary actions to facilitate the adaptation and economic and social convergence, (ii) those related to the knowledge, competencies and their transfer (iii) those related to the culture and (iv) those related to the environment.

The action over the initial conditions and over the adaptation difficulties

56. As mentioned, if the Barcelona process has pushed the Mediterranean countries to open up to the trade and has achieved dynamic effects, it was not enough to trigger a convergence process with the EU. Two reasons will be highlighted in this section: (i) The first is that it could not, for lack of means and ambition, address the changes in initial conditions prior to the opening phase of the economies, (ii) the second is that it was not reinforced intellectually and financially to facilitate inevitable adjustments.

57. The Mediterranean Union should be able to take into the account some structural delays that are not taken into account in the partnership. Some of these delays are related to the infrastructure, other to the institutions.

58. Regarding infrastructure, the region has taken a significant delay as a result of structural adjustment plans in place in the '80s and the delay (25 years) taken by the substitution of private investment to the public investment. These infrastructures are essential to take full advantage of the opening and attracting enterprises implantation. We see the role played by the expansion of the port of Tangier, extension which is clearly linked to the decision by Renault / Toyota to make a very important presence in Morocco. The infrastructure can also play a significant symbolic role by bringing together the people of the South, like the role played in Europe by the tunnel under the channel. There is no doubt that an Alexandria-Casablanca TGV, for example, would be a powerful tool to gain acceptance by the public opinion of the abandon of sovereignty necessary to advance on a case as the Western Sahara conflict. Many other projects of this type are obviously conceivable. The history is full of large projects that have changed the perceptions of the people, geography and played a central role in the development of entire regions. The Mediterranean is now greatly lacking from these projects, and the expert group considers that one of the important functions of the Mediterranean Union would be to promote significant infrastructure projects with regional destination.

59. Institutional delays must also be taken into account. They are in the action plans of the neighbourhood policy, but on a reduced hierarchical base founded in universal benchmarks (world business), which do not take into consideration the contexts. A complementary action of Mediterranean Union could be to further deepen the objectives to be achieved at a regional level, to better target certain incontrovertible actions that do not jeopardize the national sovereignty. In order to consolidate the legal certainty for investors and enhance the strength of the anchorage to the Mediterranean Union, the establishment of a court for settlement of commercial conflicts (arbitral tribunal at the Mediterranean Union level) is imposing today. Added to this a massive action (and inexpensive) on issues that place the region at low levels in the international benchmark, and do not pose major difficulties on the societal level: reducing waiting period to set up a business, reducing the number of forms by setting up one-stop counters, modification of the instruction term of commercial courts, reduction in capital participation and facilitating credit application.

60. The panel also emphasised on the need for the Mediterranean Union to take into account the social costs of adjustment linked to the opening and seek to avoid resulting in an increase in poverty (which under no circumstances can occur even in the short term, for obvious political reasons) and inequality (which must be temporary and well-compensated). This implies perceptible intellectual development compared to current practices. Here some benchmarks on a fundamental issue.

- The first necessity is to be convinced that during an international opening operation by implementation of a free trade area, there are in a short-term, winners and losers. The process leading unquestionably in a long-term to a general net gains, raises in the short term, in the context of the Mediterranean countries, particular difficulties that may put the whole process of opening into the question, especially if at the same time, the democracy is developing. The countries of Eastern Europe who have lived in the 90s this transition phase have all had to endure considerable temporary increase in unemployment and poverty. This phase has been exceeded and the plan for growth significantly improved in the 2000s, thanks to the prospect of adherence to the EU, a prospect that the southern Mediterranean countries don't have. The consequence is that: (i) the philosophy to think that as long as the material net gain increase (whoever the beneficiaries), it will always be possible to compensate the losers, is not sufficient, (ii) It is convenient before (previous, ahead) the economic decision to choose the actions and sectors that combine a goal of economic efficiency, reduction of poverty and control of inequality. And here the Mediterranean Union will require significant and stable expertise aware of the difficulties posed by the informal economy, the rural systems and urban peripheries.

- The second necessity is to put in place a proactive action aimed at the convergence of situations and territories with sufficient financial means. It is simply to extend to the Mediterranean the European Union approach which has always associated market and convergence. Based on the chosen approach, the amount implemented, it is clear that the Mediterranean policy of Europe is not doing it, element to be taken into account in a complementary manner the Mediterranean Union if the situation does not evolve.
- The third necessity is to make more effective the functioning of social institutions in the South countries and to develop land settlement policies by helping to a greater decentralization.

The Knowledge and the Competencies

61. **The Knowledge**, its generalisation, the way it is appropriate by the citizens and enterprises is the basis for the future development of the Mediterranean. There is a need both to find places exchanges that evoke the House of Wisdom in Baghdad where Greek philosophy was measured at the Muslim metaphysical, the complicity between Averroes and Latin philosophers, the Renaissance where flourished mathematics competitions in Italy and the dynamism of the precursors of modern science who fought with courage defending the "principles of rational reasoning and ethics of evidence and proof," probably one of the most important values to spread today in the Mediterranean.

62. **The Knowledge** is also the knowledge of the other to be able to communicate with another, and to speak his language, to know how to be respectful because we know his culture. One of the main problems in the Mediterranean is that the communication is asymmetric and that the Europeans are trying to find in other's home their own language.

63. **The Knowledge** is a knowledge-based economy, innovation, new technologies, the economy largely service-oriented which relies more on real skills at different levels rather than diplomas marked by the logic of national socialization. This knowledge economy which is also in the Lisbon agenda in Europe, has the great advantage of producing wealth with relatively low doses of capital, to be highly creator of employment and to allow the new entrants to the labour market (youth) to be valued in relation to their elders.

64. **The Knowledge** is, finally, a means of facilitating the mobility of men and women, thanks to the exchange of knowledge, to dispose codes and scales of the real world interpretation, which may be different but we know the interest and which are known measure of the value.

65. Several members of the panel insisted on the merits to install "**A Mediterranean community of knowledge and competencies**" which would have in its agenda, structuring together on meaningful projects and the above elements. To give an idea of operational guidelines that might seek to develop the community through institutions to be defined (High Commission or Mediterranean Union agency or specialised administration of the EU) the panel suggested three priority projects at the regional level.

66. The first project would involve **the education and the training**, which is probably the finest example of subsidiary in Europe and leads because of the importance of national prerogatives, to great difficulty in establishing cooperation. This issue that Europe could not begin but as an informal and fragmented, especially in the most important level of basic education (primary, secondary), is a major challenge for the movement of men and women. The point of view of the expert group is that we can not set a political model on mobility, without attention to employment, education and training. There are several reasons for this:

- In the first place, this set of issues is the positive side of the security policy and immigration control, offering an exit from the top and a means to assess the potential brought by a migrant

when relocating (moving). It is not simply a system of recognition of qualifications but of a system of recognition of the quality of human capital and its relative value.

- Secondly, **the education is the institutionalised hardcore of the culture** which can play an important role to avert conflicts between cultural and educational traditions in one of the world's most shrouded in history. Today there is no open and joint court discussing this issue in the Mediterranean. Merely agreeing to install, without timing and obligation of the result, would have a significant impact for Mediterranean Union
- Thirdly, there is now a great demand in the South despite the big differences between the Education Systems. This stems from the fact that after independence, the countries of the southern shore have invested heavily in education, to the extent that it represents significantly more in budgetary terms than the rest of the world at comparable levels of development. But their device is not efficient and suffers from organizational defects patents to which the European countries face to similar issues, beginning to provide answers.
- Fourthly, the questions relating to education and training constitute a field particularly suited to the collaboration between the Intergovernmental, Cooperation infra-national and the intervention of civil society. Many decentralised cooperation actions are developing today in this field. This project is expected to obtain a jump of scale through dissemination of best practices, and through development of others.

67. A number of actions require heavy support. Implementation of Engineering Schools, Technology Institutes (see the role of the seven Technology Institutes installed in Tunisia), put in place a mass action aimed at eradicating illiteracy, which still affects, in some countries, nearly 40% of the population. But other interventions are less costly and likely to be achieving important progress in medium term:

- The first is the joint definition of a common core of knowledge and skills that could be at the end of compulsory education. Today, France as well as Spain and Italy have plunged into this matter. Why not initiate discussions to reach a sketch similar to the Mediterranean Union? It will be objected that the cultures are different, let's target some skills (calculation, computer science, fluency in the national language, history) and open some options taking into the account Cultural particularities. Discuss about the introduction of this platform should evidently have a huge impact on the launch of the Mediterranean Union and indicate to the world that what the EU cant do, the Mediterranean Union will intent.
- The second relates directly to the organizational issues: (i) the training of teachers must evolve deeply. Why not encourage the movement of teachers through a system of grants (target much less expensive than the Mediterranean Erasmus, a device that with two major disadvantages, pushing to the brain-drain, make an adverse selection benefiting the privileged and westernized layers)? A device of this type would, in effect, raise the interest of **mobilizing a "hidden" elite** today abandoned in favour of a thousand experts of good quality, but who monopolize seminars, the sub-contracts, the posts in international organizations; (ii) the development of the link between education and economic development, in particular matters related to the orientation and development of technological and professional short cycles, (iii) common issues in educational systems management having the property of being a mass education Systems: developing (inventing) monitoring (guiding) tools (device), informational systems and evaluation mechanisms; (iv) the development of LMD engineering with a strong demand from Algeria, Tunisia and Morocco.

68. The second project should involve **the production of knowledge and research.**

One of the most striking imbalances today between the two shores of the Mediterranean is the disproportion between research capacities. The research in the South is skeletal, poorly considered,

because it plays a marginal role in the production of knowledge and its actors are in a discouraging situation. Its development allows a better interpretation of the real and to take a step towards modernity. The Mediterranean Union should aim to create an effective quantitative and qualitative leap in this field. The ways to consider going well beyond participation to European PCRD are:

- Facilitate cooperation between research laboratories through programs operated by a Mediterranean agency, which could work under the Seventh Program of the EU Research Framework and rely on the interconnection program of broadband (Euro-Med Connect).
- Create full mobility of researchers, based on the TEMPUS program which exists between the countries of the Euro-Med.
- Targeting some specific sectors where the southern bank has skills and strong social connotation (particularly health).
- Make a special effort on the so-called hard sciences, restoring a vanished Mediterranean tradition. Many indexes show, in fact, the particular capacities of Arab students (especially from the Koranic schools) in maths, hard sciences and medicine. Developing these capacities, structuring them in relation with European research devices, allowing them to develop in place, restoring the researcher's status (today, the researcher who succeeds aim at a position in the administration), setting up libraries with international books and digital devices, encouraging the publication and dissemination via the Internet, is an extreme urgency.

69. The third project, more directly concerns the so-called "**knowledge based economy**". - To put in place adequate devices allowing to produce operational knowledge, to disseminate it, to renew permanent material (in the knowledge economy the pace of renewal of knowledge, innovation, therefore, is more important than its amount of stock) and make it suitable for enterprises and administrations. This question has now taken a grip on Tunisia, Morocco and Egypt and is now on the agenda in Algeria, is crucial to increase the pace of growth, develop new specialties and employ the youth. It could be supported by four operations:

- The first is to install a **Mediterranean agency to promote valorisation of research** like Anvar in France, supporting selected projects to get them to the operational phase, which would finance international patents (very expensive) and will assist in preparing financing projects and business plans allowing the installing companies. It should be noted that the State can play an important role in the emergence of these projects either through its industrial strategy (see the "Emergence" program in Morocco) or by creating a market. For example, Algeria, which has decided to launch a program to build one million housing units, could decide to set aside a large part to the housing respecting energy-saving conditions and particular environment. A public commission of this kind backed by an agency such as «Mediterranean Anvar," will contribute to the emergence of new Algerian enterprises or mixed enterprise, bearer of new specializations.
- The second will aim at consolidating a **network of competitiveness or technological poles** in the Mediterranean. Several technological poles have emerged in the south Mediterranean in recent years that need a more powerful course and greater openness to the world.
- The third, aims at the development of the ICT sector and especially their private appropriation, which is itself a development factor of the knowledge-based economy. Many initiatives have taken place in Europe in recent years that could be considered, ranging from funding laptops to colleges students, to install net cafés, through the establishment of public terminals, the development of many professional training regarding this sector (Webmasters) and the breeding ground of businesses. Some of these

initiatives are picked up in the south empirically (and sometimes temporary) without having a clear idea of their impact. A Strategic cell aiming to increase the digital literacy in the South, the means to develop and to introduce it into the practice could be an important contribution of the Mediterranean Union. It will involve discussions well beyond the technical aspects because they necessarily affect the freedoms and morals. The point of views of the expert group is that we should not be afraid to tackle them in specialised bodies working openly (forums, etc.) because they are decisive.

- The fourth point aims at **the competencies and their accreditation**. To enhance mobility, to measure human capital, advancing through vocational training and continuing education throughout life, it is necessary to break the monopoly of diploma and seniority, like measuring device of qualification. It has to do to define at the Mediterranean scale and with representatives of the professions, a number of professional and technical skills, identify their contents and to accredit their achievement. This would allow, (i) releasing in part the jurisdiction of cultural and national determinations, (ii) to develop accreditation systems and distance learning throughout the Mediterranean.

The culture

70. In the Mediterranean, we have a clear cultural imperative: to help prevent a civilization conflict with an intercultural work respecting diversity based on the dialogue and pointing to enough convergence for the Mediterranean to be a peaceful and unified place. To move toward this project, the mobilization of civil society is essential because, in many cases, it can be noticed that civil societies are more advanced than political systems.

71. To move forward three imperatives are to be respected. The first is to avoid any form of Euro centrism in the cultural dialogue. There are other confines, in particular, the neighbourhood, the United Nations, where in a perfectly legitimate way the developed democratic nations try to introduce their values in the rest of the world. The second is to have sufficient credibility to prevent mutual suspicion between the point of view of civil society and governments; the third is to consolidate a "cultural industry" in the Mediterranean, which can be sustained permanently by a solvent demand.

72. **To promote intercultural dialogue** implies discussing common values and their implementation, just as was the case at the beginning of the last millennium. And for that, several conditions are necessary: (i) there must be a prestigious place dedicated to this purpose and welcoming philosophers, scientists from the Mediterranean, a "Mediterranean college", evoking the House of Wisdom (ii) This institution should operate completely independent of the established powers, and not just government, as a growing suspicion manifests itself today in the face of some NGOs. This means that the debate should be open, done without desire to proselytize, welcoming all opinions and that the nomination of members of this institution (a number of chairs should be allotted), while respecting geographical balance, has to be done through the co-opting of peers from the most reputable research institutions and intellectual resources of the area. This form of institutionalization of intercultural dialogue is imperative allowing a serene opinion in what opposes the different schools of thought. The proposed agenda for this institution could be:

- A deepening of the founding charter on "common values" of the Mediterranean Union,
- A work program on "the memoir, the histories and the heritage" on the basis of the Euromed Heritage Program
- Specific programs on "the image, the writing work, the translation"
- The definition of a program "the history of religions" which could be taught at all school systems in both North and South,
- A program of "Multilinguisme" in both North and South.

73. Valuing civil society is a necessity because we know that the main actors of change and evolution, as well as blockages of the societies. Despite the failure (in electoral terms) of the approach reflected

in the Greater Middle East project who wanted to circumvent the states by establishing a direct relationship with civil societies, working and supporting civil societies in the South is an essential aspect of the cultural dimension of the Mediterranean. From this point of view, it would be advisable:

- To extend and develop the activity of the Anna Lindh Foundation by reducing the weight of the Intergovernmental in its governance structure, which is manifested by the fact that too many networks are para-étatique,
- Consolidate initiatives as "Mediterranean cultural workshops", which are only an outline of an effort to develop a more systematic form, institutionalised in the dialogue of civil societies. It should be noted that we should overcome the reluctance of the southern states on these forms of dialogue, which will involve starting by little intrusive subjects as, for example, the law and the personnel statutes, the status of women (initiated in the Euro-Mediterranean Partnership), the social modernization (NGO status, status of syndicalism or trade unionism etc.).

74. Reinforcing **the Mediterranean cultural production** is perhaps the most decentralised and the surest way to reach the convergence mentioned. It involves reversing the current trend by developing production in the South and co-productions with the North, allowing the mobility of the cultural field professionals in the same way as that of businessmen or the researchers, by installing a reception of devices financially supported, by supporting literature, theatre, music and film. In this regard, the establishment of a Mediterranean television policy is to provided that it is sufficiently equipped, mobilizes private operators and that has self production capacity seeking Mediterranean producers.

The environment

75. The environment must be at the heart of the Mediterranean Union because how the Mediterranean basin become depends on how neighbour countries will be able to respond individually and collectively to the environmental challenges. These challenges will be linked to the population growth (an additional 100 million people by 2025 one-third will move on the coasts), a considerable increase in tourism (400 million tourists to this deadline), a continued and accelerated urbanisation, with a difficult availability of water to ensure in the short term, or the energy whose needs can no longer be met by fossil fuels only, not to mention the future of coastal areas, urban and rural that will have to adapt to the consequences of climate change.

76. Since 1996, the neighbouring countries have set up a Mediterranean Commission for a Sustainable Development, adopted a regional strategy for sustainable development whose implementation is followed by the Blue Plan. The awakening thus exists among the neighbouring countries, but political support has remained weak. Apart from the Conference of Parties to the Barcelona Convention on the protection of the marine environment within the coastal areas of the Mediterranean, there exists no current forum gathering on a regular basis the leaders of the neighbouring countries.

77. The Mediterranean Union could improve the situation in several ways:

- First, by setting up a Mediterranean information system on the environment and it's sustainable development. Despite some drafts, systematic observation of the environmental situation in the region is lacking.
- **Secondly, with regards to global issues**, there are no Mediterranean voices in the international dialogue. Two neighbouring countries are members of the G8, seven are from Europe and all are under different geographic groupings when it comes to establishing the international environmental law, in particular, of international conventions themes (climate, biodiversity etc.). The Mediterranean Union should allow a preliminary dialogue of the neighbouring countries political leaders before every international meeting dealing with these issues. This seems particularly important with regard to the climate, since according to the

best experts, the Mediterranean region should unfortunately constitute a "hot spot" of the climate change in years to come.

- **Third, for the strictly regional issues**, a primary phase is expected to address some priority issues: (i) water is the first issue, a scarce resource in the Mediterranean, unevenly distributed and will be certainly lacking in a few years in certain countries due to climate change. Issues relating to a better management of the demand, the water transfer between Mediterranean countries (water highways), the definition of operating conditions of non-conventional resource, layer of regional fossil, water desalination, are topics that should be addressed by the Mediterranean Union, (ii) we will mention after the common sea of the Mediterranean Union. This should be based on the Action Plan for the Mediterranean and its juridical instrument, the Barcelona Convention and reinforce the initiative of the European Commission to clean up the Mediterranean by 2020. To do so, it could display the ambition to make the Mediterranean one of the best managed "ecosystems" in the world by establishing common standards, (iii) be acknowledged, however, the management of coastal areas, which are fragile areas consisting of rich and diverse ecosystems, some of which are now threatened. They are vulnerable to changes in sea level linked to climate change and to demographic pressure which focuses on them. Again, the Mediterranean Union could help to develop tools to preserve them, (iv) one will underline also, the implementation of means allowing the rationalization of the use of energy and develop renewable energies that will become a necessity, given the fact that it is anticipated that primary energy demand increases by 50% over the area by 2025.
- Fourth, an action must be developed at the **local level** where many actions concerning the environment have a direct impact on the regional situation. This is particularly true for the household waste treatment, the sewage and the domestic air pollution. The Mediterranean Union could be the forum for setting standards, goals and timetables so that the region is moving collectively on these issues while taking into account the condition specific to each member country.

78. At the institutional level, three agencies appear necessary:

- **A Mediterranean commission for sustainable development**, which has a consultative role consisted of about thirty members joining together high-level personalities descending from the administrative sphere, the private sector and civil society, and reporting directly to the heads of state and government of the member countries.
- **A Mediterranean observatory for the environment and sustainable development**, an independent organisation,
- **A Mediterranean water agency** is also responsible for cleaning the pollution of the Mediterranean, a better utilisation of water and its intraregional transfer.

Theme 8. What financial resources are with which institutions?

79. The panel of experts considers that without significant new resources in the long term, the Mediterranean Union project must be abandoned. Various hearings showed the current difficulty to suggest a significant budgets increase in a context where: (i) public budgets are in generalized restriction, (ii) the advocating country, France, is part of the fraternity of countries known as the 1% who have blocked the EU intervention budget at this level of GDP, (iii) It is not conceivable also to expect European funding, if the initiative is limited to the only Mediterranean countries without the participation of the European Union. In this case the Mediterranean Union should be limited to being an authority of proposal for the realisation of the projects which would require the contribution of the budget of the European Commission.

80. A window of opportunity is open, however, linked to the fact that the CAP will be amended and that several eligible areas ERDF and ESF in Europe have reached a level of development that justifies it no longer. The need to link the Mediterranean Union with Europe implies to place itself in the community calendar. In 2010 a review of the European Union exterior mandates is scheduled, the decision must be taken at that time, in order for the formalizations to take place accordingly no later than year 2013, which corresponds to the end of the current financial perspective. However, the launch of the project will not be without effect on the current practices which have five years to converge towards its ambitions.

81. According to the information that we can have on the budgetary evolutions, it appears that over five years, a sum of around 25 billion Euros could be a credible goal to put next to the 11 billion euros allocated today for the period 2007-2013, FEMIP facility included. This issue was not addressed as such by the expert group, but the orders of magnitude, if confirmed, appear adapted to the objectives and projects considered above.

82. In addition, it was reported that the neighbourhood policy was a flexible tool allowing to finance, as part of a pattern of enforced cooperation, measures adopted by several countries simultaneously, which would move jointly on some areas of the Mediterranean Union.

83. Finally, it appears that if we combine the available funds at the multilateral level (World Bank, Africa Bank of Development), the funds are offered by the national cooperation agencies, private funds, the Arab funds, the savings of migrant workers, the national reserves not invested, the neighbourhood fund, the contribution of local and territorial communities whose resources now represent 65% of public funds available in Europe, we reach significant amounts. The question of financial resources could therefore be solved, provided that we can mobilize these resources and attribute them to meaningful projects and the financing of private companies. In a context where, thanks to a political agreement, the participating countries in the Mediterranean Union reach agreement on the goals of intervention and procedures, these funds could be mobilized in support of its orientations. However, the channels they follow today, the administrative structures that manage them will want to keep their prerogatives. Moreover, the administrations of South Mediterranean countries have made a habit of using these transfers for their own use (against institutional reforms launched), so that everything will depend on the political and strategic impetus that can give the perspective of the Mediterranean Union. The difficulty should not be underestimated, because the project of the Mediterranean Union implies necessarily some degree of federalism, as in the ECSC and EURATOM, therefore, a pooling of resources and its corollary, abandonment of sovereignty.

84. The panel considers that the installation of a financial institution specialised in the Mediterranean is a necessity for the credibility of the Mediterranean Union. The reasons lay foremost to the lack of specific expertise and in sufficient number on the area that leads to recourse of actions inspired by the universal vulgate of the transition. As mentioned, the Mediterranean poses specific difficulties that must inflect to a minimum the durations and even certain guidelines and the ways of doing things.

85. Several theories are now being considered. The first is that of a fund of funds is leaned or not with the bottom of vicinity. The second is that of a Development Bank. The establishment of a fund of funds is an inexpensive sketch in staff and can participate in the development of small and medium enterprises. Nevertheless, it would be a "second best" solution; this fund can hardly intervene to finance the essential infrastructures, goods and services. Moreover, it could not contribute to the necessary development of an intervention strategy more suited to the Mediterranean along the lines of this report. It is in a certain way, a solution that if adopted in 1944, would have resulted in limiting the intervention of the World Bank Group at the IFC. But we know the influential role played by the research department of the World Bank and the Vice Presidency regions, especially MENA. This solution would therefore waive the development an economic and social reflection with a European inspiration adapted to a region that is the epicentre of a new report to be the find between civilizations. According to the panel members, the solution of the development bank dedicated is much better, and does not rule out that a fund of funds could be included.

86. The mandate of the Mediterranean Bank could be to implement a specific Euro-Mediterranean action, and coupling the desire to install markets and related institutions, while developing convergence actions, which is unquestionably the European Union approach. If there is one place where this philosophy of action must not be abandoned it is the Mediterranean today. In this perspective, the development bank would have three main areas of intervention: (i) implement a specific Euro-Mediterranean action, focusing on a limited number of issues in addition to the existing (Euro-Med), (ii) make a synthesis between economic adjustments necessities in the short-term and a long-term support of economic development, and (iii) have an intellectual strike force to fill the capability shortfalls (lack of capacity) of partner countries and launch the Mediterranean community of knowledge.

87. In the reference configuration, the Mediterranean Bank should:

- Have to its capital all countries joining the Mediterranean Union,
- Have the opportunity to open its capital to any European country wishing to participate,
- Have power to mobilize the participation of national cooperation agencies, Arab funds and the participation of other banks and private investors,
- Have a capitalization of about 10 billion Euros,
- Have a high level experts specialised in the area (as a reference the World Bank has 450 high-level experts assigned only to the MENA region),
- Have the power to issue and distribute loans in local currency,
- Making investments in the areas of infrastructure and social areas (housing, health, education, etc.),
- Take shareholdings,
- Make interest subsidies on the basis of the collective interest of the projects,
- To develop local capacity of organized projects, give technical assistance to initiate projects and make them bankable,
- To develop an insurance system against risks to correct distortions of expectations to the advantage of countries acceding to the Union and, therefore, facilitate the entry of foreign capital benefiting the SMEs,
- To promote all forms of delegated management, in particular those dealing with the agencies reported above,
- Installing investment funds with tax benefits for the FIP to reach SMI SME
- To facilitate the creation of booklets of Co-development allowing to assign the transfers of the immigrants to productive operations.

88. One of the conceivable options is to benefit from the FEMIP gained experience, to develop and subsidiaries the Mediterranean activities of the EIB European bank which has the property of knowing finance infrastructure and community services. The transformation of FEMIP in EIB subsidiary imply an institutional reorganization and specialization of the EBRD on the Eastern European countries which requires that the southern Mediterranean countries get outside of the capital of the latter to enter

the subsidiary in question, while the EIB would enter in the EBRD capital for activities concerning the Eastern countries.

Theme 9. Can it be integrated into the Mediterranean Union the different devices of sub-national cooperation on the area and coordinate them?

89. One of the obvious successes of the Barcelona Process was to encourage sub national operators (regions, cities, counties) to set up a decentralised cooperation operations with their Southern counterparts. From the outset, it would have been desirable that these measures would have been supported and better coordinated in Brussels by a combination of the two General Directorates (RELEX and REGIO). Cross-border cooperation has partly remedied to this shortage, but from a very limited volume of interventions.

90. Objections to greater support to these actions related to the accurate observation that the decentralised levels in Southern countries have a very small autonomy margin from the central authorities. Should we, however, be satisfied with this situation and give up mobilizing in a larger scale such institutions closer to citizens? The point of view of the expert group is, on the contrary, given the proliferation of this kind of actions since then, multiplication that has proved that the interest displayed by elected communities bordering the Mediterranean. It is now time to develop and to coordinate better and to include them in the overall strategy. Indeed, whatever the degrees of decentralization, regions, cities and departments have a clear interest in moving closer. This helps to benefice the Southern sub-national entities from the technical assistance of cities, regions and departments of the North in highly specific fields such as urban management, waste disposal, water purification, vocational training, inclusion policy, health and so on. This cooperation which has greatly expanded sui generis will have to be associated with qualified representatives of civil society, to the EU's strategy in forms that can resemble to those adopted by the Union of the Baltic who, from this point of view appears the example to follow. Both sides have to win in the Mediterranean Union because it will be closer to the people, the transactions developed in relatively empirical way at the whim of local politician's choices and affinities, and which will find a framework they have helped to define.

91. Several cities and regions of the Latin arch have developed in different settings (CPMR, including UCLG) cooperating for several years with their Southern counterparts. This cooperation structure, from now on, a human tissue that facilitates intergovernmental diplomatic action. Action plans are being developed involving specialised institutes, university networks, health services, professional corporations; They grow, encouraged by local financing. There is no conditionality or regulatory consequences in these operations, there is only **the unshakable belief that the Mediterranean is an area of cohabitation.**

92. The Mediterranean Union has to go further insofar as it will push sub national levels to further coordinate their action and the central level to take into account their proposals. The device will then dispose new ideas that will deepen ties, increase the credibility of the process and correct some of the consequences of the opening up of economies closer to the citizens. It should also be noted that the regions towns and departments in Southern Europe now have, to varying degrees, expertise and means susceptible to be solicited on major issues related to the Mediterranean, transport, energy, vocational training, the environment, among others. This cooperation between local authorities and the government does not present difficulties now, both being aware of their mutual contributions. We are far from the time when on those issues states watched jealously to maintain their monopoly on international relations and when the regions were afraid of losing their autonomy.

Theme 10. Summary of an accomplished Mediterranean Union project

Constitutional charter,

Annual Intergovernmental Meeting at the highest level, the European Union Presidency included

High Authority (or political secretariat) with the presence of a representative
of the decentralised echelons

Democratic control and proposal agencies, Mediterranean Parliament

Subnational echelons Committee, regions, cities, counties

Representatives of civil society: Economic and Social Council

Sectoral plans « Community of Knowledge and competencies » « Commission on Sustainable
Development »

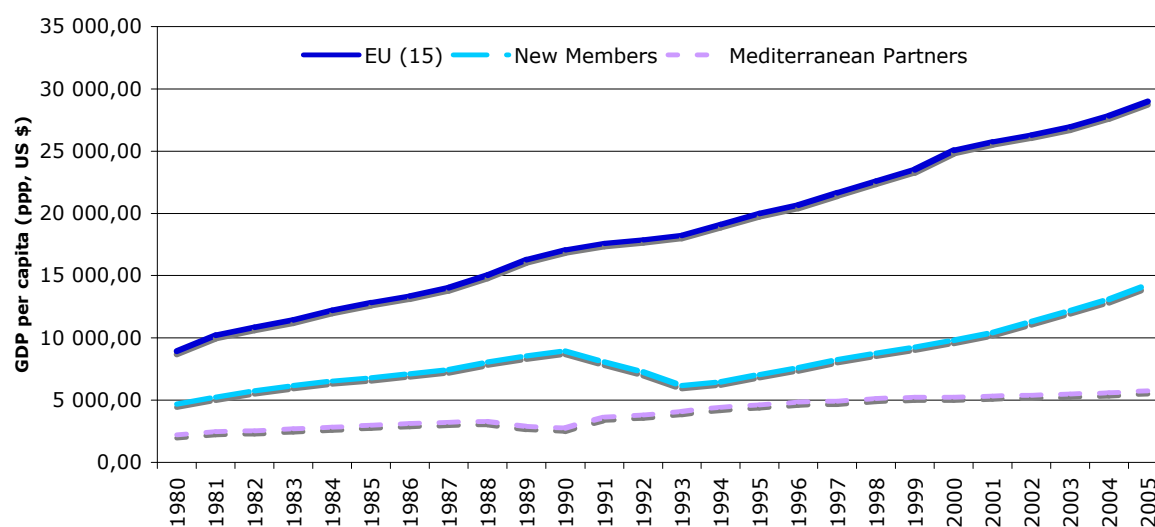
Agencies (water, energy, transfer agency), the Mediterranean College, regional forums, foundations

Court of Arbitration of trade conflicts

Dedicated Bank

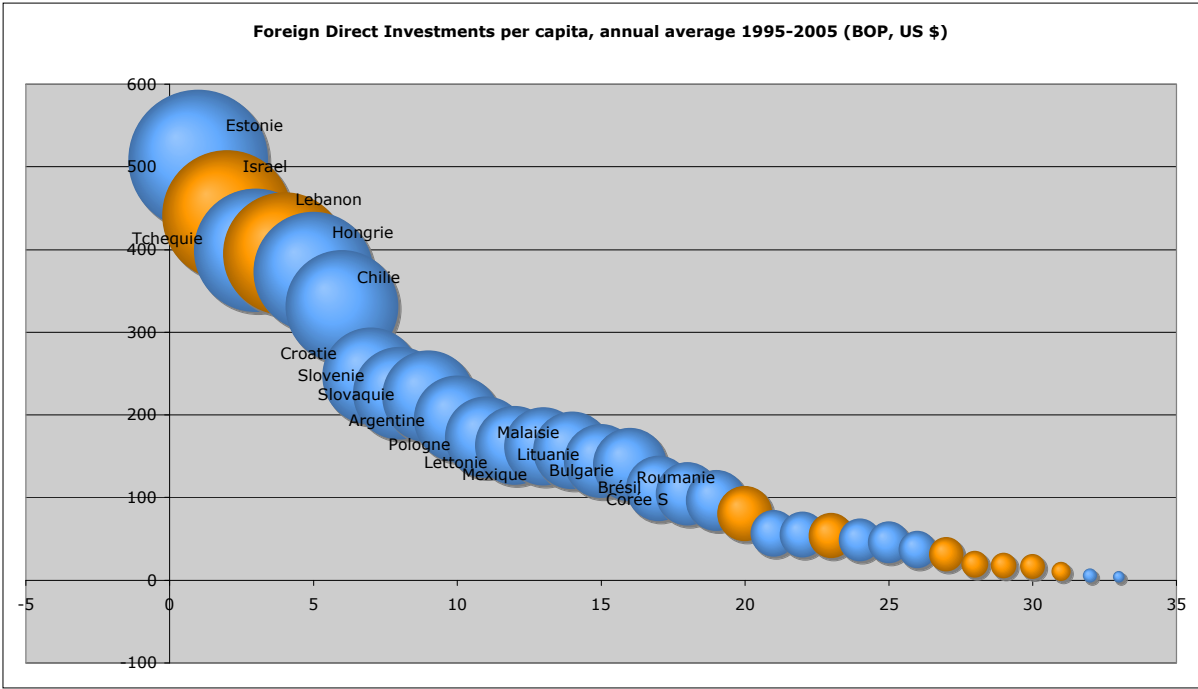
Annexe

Divergence of Mediterranean Partners with the EU

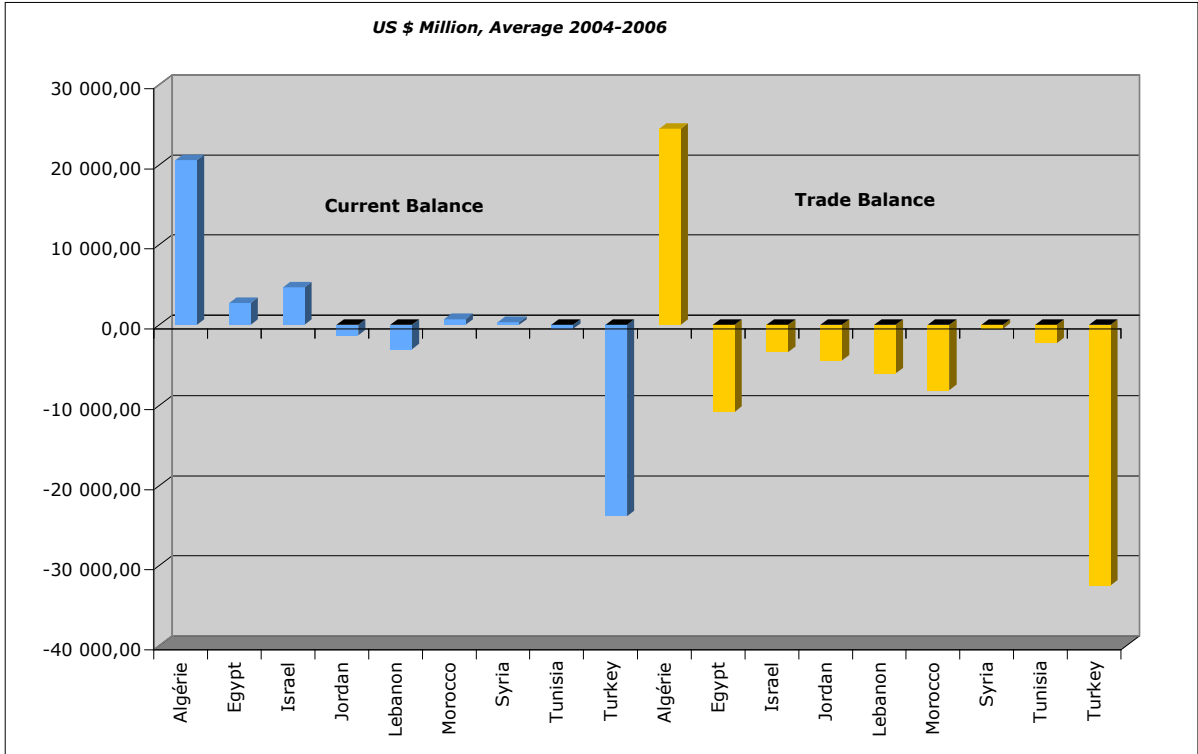


MP need to create 22 millions of jobs before 2020, just to keep constant activity and unemployment rates

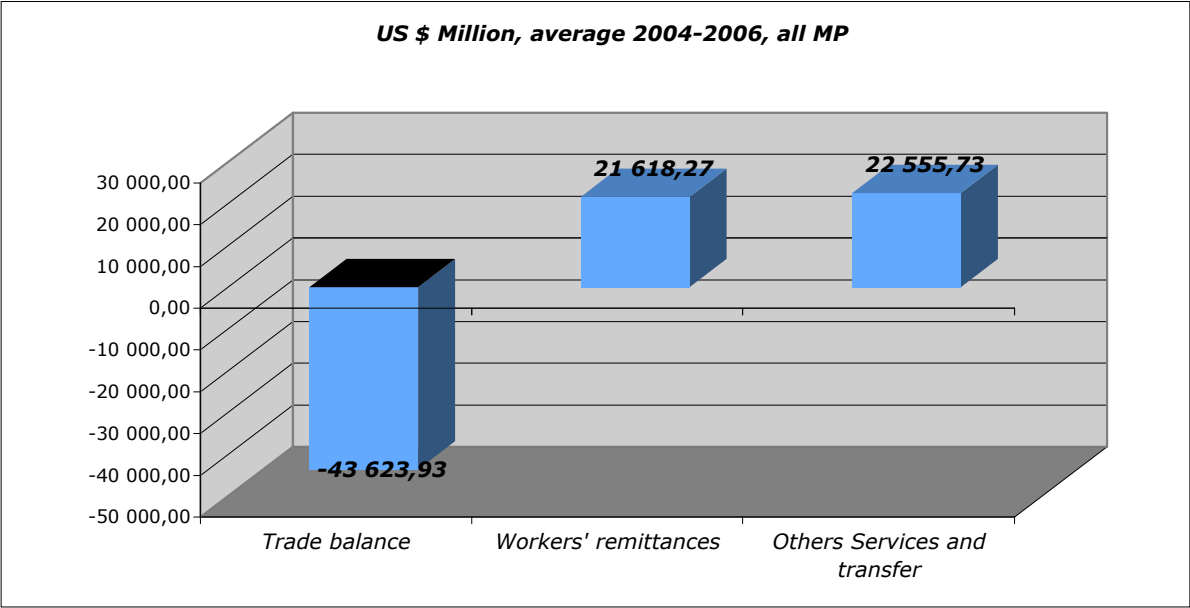
| | N° of Jobs needed in 2020 | Jobs to create between 2005- 2020 | As % of n° of jobs in 2005 |
|-----------------|------------------------------|--|-------------------------------|
| Algeria | 8 892 917 | 2 046 953 | 30% |
| Egypt | 24 570 872 | 6 452 272 | 36% |
| Israel | 3 231 130 | 737 530 | 30% |
| Jordan | 1 797 275 | 593 069 | 49% |
| Lebanon | 1 363 371 | 266 086 | 24% |
| Morocco | 12 802 303 | 2 889 007 | 29% |
| Palest. A | 998 460 | 420 021 | 73% |
| Syria | 7 227 151 | 2 405 394 | 50% |
| Tunisia | 3 587 904 | 661 204 | 23% |
| Turkey | 27 983 306 | 5 937 306 | 27% |
| Total MP | 92 454 688 | 22 408 841 | 32% |



Except Algeria, trade balance shows deficit.



The trade deficit is compensated by workers' remittances and tourism.



NOTES

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