Europe in the Middle East and Northern Africa:
The Subtle Quest for Power

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In November 1995 the foreign ministers of the European Union and twelve southern Mediterranean states—Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey, and the Palestinian Authority—convened in Barcelona, Spain, to pledge bilateral and multilateral cooperation in the area of security, culture, and economics. Their pledge launched the Euro-Mediterranean Partnership.

The partnership exemplifies the regionalist approach of the EU to world politics, which differs from that of the United States in a number of ways. The United States leans toward unilateralism. It pursues bilateral, strategic partnerships in the different world regions and responds to crises in a swift and highly visible manner. The EU, on the other hand, favors multilateralism. It supports regional integration schemes among third countries and responds to crises through low-key negotiations. These differences in style have contributed to the assumption, implicit among European commentators, political scientists, and educated citizens, that the EU approach to world politics is also different in substance, that it eschews power and refrains from imposing European interests on other states. The conclusion lies at hand that EU policy is morally superior. Embracing this way of thinking, German political scientist Ernst-Otto Czempiel argues that the “two most important functional tasks of the state are to provide security and well-being; fulfilling them should not lead to the ‘arrogance of power,’ but to the realization of democratic peace.” Presumably, the EU is in keeping with this principle, and Czempiel finds

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that the EU “will not try to dominate the world, but to augment the well-being of its citizens.” In veiled criticism of US policy he encourages other “emerging great powers” to do the same.¹

Is the difference substantive or merely stylistic? Is the EU, in its regionalist ventures, not interested in accumulating capabilities and exercising power? Or does it simply channel power differently? This is the question I seek to investigate in this essay on the Euro-Mediterranean Partnership.

First, however, a definition of state power as I understand it. The power of a state is its ability to influence the international rules of the game either through coercion and positive incentives (hard power) or through co-optation (soft power). The amount of power a state possesses is based on the military, economic, and cultural capabilities it can leverage relative to those other states whose influence on the rules of the game it seeks to eclipse. Furthermore, the future power of a state is in part a function of the power it has at present. A state intent on boosting its future power vis-à-vis others can do so by exercising its present power, leveraging the capabilities it has obtained thus far. The immediate goal of such action is to accumulate capabilities that will be available for future use.

I investigate whether the EU has been intent on boosting its future power and whether its regionalist ventures, specifically the Euro-Mediterranean Partnership, have served the purpose of accumulating capabilities. The discussion will therefore address three questions:

1. First, motivation: Is there evidence that the EU, as it engaged in the Euro-Mediterranean Partnership, was motivated by the goal of boosting its future power?

2. Second, capabilities: What were the capabilities that the EU could leverage vis-à-vis the southern Mediterranean states?

3. Third, process: Did the EU leverage its capabilities in order to accumulate capabilities that would be available for future use?

Was the EU Motivated by the Goal of Boosting Its Power?

There are two reasons why the southern Mediterranean has been strategic for EU member states. For one thing, the Middle East contains important oil reserves on which European economies depend. In addition, the region is in the vicinity of the EU. Armed interstate conflict has the potential of spilling over into EU member states. Ethnic and religious conflict as well as poverty could lead to illegal migration to Europe.

During the Cold War, EU member states had stakes in Middle East politics. At the same time they did not have the capabilities that would have allowed them to realize their interests. After World War II the only European states that could have hoped to insert themselves into the area were Britain and France, the Middle East power brokers of old. However, the war had left both states considerably weakened, diminishing their leverage over regional politics. When they faced Egypt in the Suez Crisis in 1956, it was the interception of the United States that ended the conflict. This showed just how little influence Britain and France had left. By the 1950s the Mediterranean had become the staging ground for superpower competition.

During the Cold War, European states occupied the sidelines in the superpower standoff in the Middle East, and at several stages this caused European governments considerable anxiety. In the late 1960s, a permanent Soviet fleet arrived in the Mediterranean, posing a latent threat to European military security. The 1973 war between Israel, on the one hand, and Egypt and Syria, on the other, threatened to drag the superpowers into a direct confrontation. The oil-price shock, which this conflict produced, sent European economies into a serious recession. In the 1980s the possibility of US unilateral actions against Libya left the Europeans tense.

Individually, European states had little leverage on events that unfolded in their backyard. In the early 1970s France and Italy, both states with Mediterranean borders, concluded that a common approach could be the answer. This, however, was easier said than done, as European integration had not sufficiently advanced to offer EU members a procedure for pooling their for-

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2. The European Union came into existence in 1993. It was preceded by the European Community. For the sake of simplicity, this discussion uses the term European Union throughout, even where it addresses events that unfolded before 1993.
eign policy resources. In this context the European Commission, which had the power to negotiate trade agreements with third parties, offered the best available solution. In fall 1972 it presented a plan for a “global” Mediterranean policy. It consisted of establishing a free trade area encompassing all Maghreb and Mashreq countries. The EU would dismantle tariffs on manufactured goods by 1977 and grant the southern Mediterranean countries wide-ranging agricultural concessions. The Mediterranean partners would reciprocate in full. As Britain, Germany, and the Netherlands objected to the demand for full reciprocity, it did not become part of the policy.3

These agreements granted the southern Mediterranean countries free access to the Common Market for most industrial products. In addition, they contained limited mutual concessions for agricultural imports, which were renegotiated on a regular basis. The agreements also had multイヤear financial protocols attached. With these the EU committed itself to providing financial support for its southern neighbors, which were much weaker economically. In fact, they were so weak that EU concessions for industrial products from the south posed little actual threat to European manufacturers. Meanwhile, the agricultural concessions that the EU granted remained limited in order to safeguard European farmers.

By the time the Cold War ended, the EU had increased in size, from six members in 1957 to twelve in 1986. Integration had also deepened, raising the stakes members had in each other’s political well-being. In 1985, for instance, several EU members signed the Schengen Agreement on the gradual abolition of checks at their common borders. This agreement went into effect in 1995. It increased the circle of European stakeholders in Mediterranean politics, as it raised the risks for northern European countries such as Germany of illegal immigration and drug trade from the southern Mediterranean.

By the early 1990s European states were thus driven by a number of motivations when they dealt with the Mediterranean. They sought to prevent drug traffic, and they were eager to create a measure of stability that would prevent the outbreak of war in the Middle East and North Africa. The latter

was important for preventing disruptions to the flow of oil, poverty migration from South to North, and direct threats to the territorial integrity of member states.

This enumeration offers no indication that the EU sought to increase the capabilities on which its future power would depend. However, evidence that the EU sought to amass such capabilities can be found elsewhere. In 1993 the European Commission published *Growth, Competitiveness, and Employment: The Challenges and Ways forward into the 21st Century — White Paper*, delineating its vision for the European economy. As the *White Paper* reveals, an overarching goal of the commission was to improve the economic position of European corporations in the global race for economic strength and strategic influence. The white paper states that since the 1970s Europe’s competitive position in relation to the United States and Japan had worsened in terms of employment, shares of export markets, research and development, and innovation. In response to economic decline, the commission wanted European companies to capture those high-value-added and technology-intensive niches in the global economy that were of strategic importance for perpetuating the economy’s leadership into the future. To reach this goal and secure full employment, the EU was to leverage the international trade system and demand access to foreign economies in return for opening the European market. The white paper shows that EU policy was driven by the desire to increase economic capabilities, which could enhance the union’s ability to influence the future rules of the game.

**What Capabilities Did the EU Have at Its Disposal?**

In realizing its policy objectives vis-à-vis the southern Mediterranean, the EU was confined to a limited range of capabilities. Although the European countries were militarily superior to their southern neighbors, their military resources were dispersed among the various member states. Individual states could not leverage these capabilities on their own, as this might antagonize other member states, who would feel blindsided by any unilateral national

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policy. At the same time they could not be pooled and put in the service of a common European strategy, as foreign policy remained the prerogative of the individual states. True, by November 1993 the EU had formed and established the Common Foreign and Security Policy, but its procedures were bureaucratic and depended heavily on negotiation and compromise. This left the community of European states unable to respond quickly to crises in its vicinity. Compensating for this shortcoming, the EU drew on its economic capabilities.

**Did the EU Use Its Capabilities to Increase Its Power?**

To obtain stability in the Mediterranean and boost its future economic capabilities, the EU leveraged its economic capabilities, binding the southern Mediterranean countries to the European center and opening their markets to European exports. This happened in steps. In 1992, it implemented the Renovated Mediterranean Policy. Under this policy the EU increased its financial commitments to the region for the period 1992 to 1996 by 50 percent compared with the resources that it had committed through the previous financial protocols. It also launched a regional cooperation policy, introduced programs of decentralized cooperation, and provided support for structural adjustment. At the same time, the commission negotiated new association agreements with the southern Mediterranean countries. The commission utilized its capabilities to improve the European position primarily through two processes: the negotiations leading to new association agreements and the agenda-setting process in the framework of the partnership.

**The Association Agreements: New Markets for EU Exports**

When the commission negotiated the 1990s association agreements with the southern Mediterranean states, it succeeded to a large extent in imposing its view of what bilateral relations should look like. That means it locked the partner states into far-reaching market liberalization without obliging itself to similar structural changes in Europe’s agricultural sector. That the commission succeeded in doing so was due to its superior bargaining power. The
southern Mediterranean countries had much smaller economies. Rejecting
the terms set by the EU would have meant losing access to a market on which
their societies depended heavily. The EU, on the other hand, would have
incurred minor economic losses if one of the southern states had rejected its
terms.

To be sure, the impetus for a change in relations came as much from the
southern Mediterranean as from the EU. In the early to mid-1990s the south-
ern Mediterranean states viewed the possibility of EU eastward enlargement
with trepidation. In anticipation, they tried to put their relationship with the
EU on a new footing by negotiating a better deal. In response, the European
Council and the commission made up their minds to change relations by pur-
suing a regionwide free trade area. Once this happened, southern Medi-
terranean states could do little by way of resistance.

Tunisia is illustrative of this point. The country, which had signed a coop-
eration agreement with the EU in 1976, depended on the European market
for its olive oil. The growth and processing of olives provided a livelihood
for a tenth of the local population, and olive oil was Tunisia’s largest export
commodity. At the turn of the 1990s, Tunisia was entitled to export forty-six
thousand metric tons of olive oil per year to the EU.

In 1986 Portugal and Spain joined the EU. This reduced Tunisian com-
petitiveness, because both European countries produced agricultural prod-
ucts similar to those of Tunisia, and as EU farmers they were now protected
by import restrictions, price support, and structural aid. As was customary
for the EU cooperation agreements, the agricultural concessions that Tunisia
had thus far received were subject to regular renegotiation. Trying to make up
for the loss in competitiveness that EU accession of Portugal and Spain had
caused, the Tunisian government sought to increase the quota of agricultural
imports to the EU to which it was entitled. In 1991 it obtained a three-year
extension of its current import quota, but only after overcoming resistance
from Spain and Portugal.

Subsequently, Tunisia and Morocco, which both feared that the heightened
interest of the EU in the Eastern European economies would decrease its
concern for its southern neighbors, approached the commission with the sugges-
tion of deepening the relationship between the EU and the Maghreb coun-
dtries. The commission received the suggestion warmly, and at its June 1992
meeting in Lisbon the European Council endorsed the idea of establishing a partnership with the Maghreb countries. It also specified that such a partnership should be based upon free trade. An article in the European Report indicates that the EU and the Maghreb states differed in their understanding of what such a partnership should entail:

The word “partnership” is apparently being interpreted slightly differently on the two sides of the Mediterranean. The Europeans take the partnership to mean a flexible and inexpensive way of finding production facilities on the spot as well as a local market, while Tunisian businessmen see it as a means of gaining access to European technology and foreign capital. Moreover, farming is just as sensitive an issue for the Tunisians as it is for the Moroccans. Hence the need for the EU and Tunisia to find an area of agreement.⁵

Following the guidelines given by the European Council, the commission set out to negotiate new Euro-Maghreb agreements. These would be based on four pillars: improved political dialogue, financial cooperation, greater technical assistance, and free trade by 2010. Tunisia began exploratory talks with the commission in January 1993 but was unenthusiastic about the idea that it would have to improve the terms under which it admitted EU industrial production to the Tunisian market. In the talks that followed, Tunisia tried to negotiate an increase in its olive oil export quota to the EU from forty-six thousand tons to sixty thousand tons. It also demanded free movement of labor into the Common Market. In April 1995, Tunisia was the first Mediterranean country to initial a new association agreement with the EU.⁶

With the new agreement, Tunisia received much greater grant commitments than in the past. Between 1995 and 1999, it received commitments of

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428.4 million euros, compared to grants and risk capital of 116 million euros from 1992 to 1996.\footnote{According to Council Regulation (EC) no. 2266/99, every reference to the ECU in a legal instrument has to be replaced by a reference to the euro at a conversion rate of 1 ECU = 1 euro. For this reason I am converting all historic references to the ECU into references to the euro.} With respect to trade, Tunisia obtained concessions on several categories of farm produce such as tomato concentrate, of which it could export eighteen hundred tons at no duty, and fruit salads. It did not, however, obtain the increase in its olive oil quota, for which it had bargained. Its demand for free movement of persons into the EU was also rejected. In return for agricultural concessions, which were subject to periodic renegotiations, Tunisia would, over a period of twelve years, permanently dismantle its tariffs on industrial imports from the EU.

When the Mashreq states saw that those of the Maghreb were renegotiating their relationship with the EU, they followed suit, also in the hope of obtaining greater concessions. In response to these overtures from the South, the EU expanded in 1995 what it had originally intended to be a Euro-Maghreb partnership to the entire Mediterranean.

The trade negotiations between the EU and its partners from the South were based on a template agreement that the commission drew up and applied to all its southern partners, making adjustments for each partner's individual circumstances. Using a template agreement meant that the content of each agreement was largely determined by the commission, leaving the partners only limited room to make adjustments. The association agreements have the long-run effect of permanently opening the southern economies to European imports, while resulting in modest agricultural concessions on the part of the EU, which are subject to periodic renegotiation. With the new association agreements the commission had ensured that its economic capabilities would grow as a result of the increased revenue stream from industrial exports. As far as strategic benefits are concerned, the EU was the clear winner.

The Partnership: The EU Sets the Agenda

In December 1994 Manuel Marin, European commissioner in charge of relations with the southern Mediterranean, discussed the idea of creating a
Euro-Mediterranean economic area. Its main features would be the gradual introduction of free trade and closer economic integration. In 1995 the commission formally recommended the establishment of the Euro-Mediterranean Partnership, and the European Council endorsed this proposal.

According to the Barcelona Declaration, which was signed in November 1995, the partnership was based on the recognition "that the peace, stability and security of the Mediterranean region are a common asset which [the partners] pledge to promote and strengthen by all means at their disposal."8 The declaration went on to specify three chapters, each of which was associated with a specific goal. The political and security chapter was to be geared toward creating a common area of peace and stability by means of a political and security dialogue. The economic and financial chapter was focused on constructing "a zone of shared prosperity" through the establishment of a Euro-Mediterranean free trade area. The social and cultural chapter was aimed at enhancing cooperation and mutual understanding among the societies in the EU and the southern Mediterranean.

In addition to being structured into three chapters, the partnership pursued its objectives through two dimensions: a bilateral dimension—between each individual southern Mediterranean state and the EU—and a regional dimension between the EU and all southern Mediterranean members. The bilateral dimension consisted of the association agreements, which the commission was negotiating with the southern Mediterranean states.

While the declaration contained lofty language that emphasized participation and partnership, the reality of the interaction was different. Here, the commission exercised power by setting the agenda, while the partners followed suit. The Euro-Med Committee and the MEDA regulation exemplify this.

The Euro-Med Committee is the executive organ of the partnership. The multilateral dimension encompasses the EU, on the one hand, and the collective of southern Mediterranean states, on the other. An annual conference of foreign ministers outlines the priorities for the partnership work, which the Euro-Med Committee for the Barcelona Process then administers. This

committee meets four times per year at the ambassadorial, or senior official, level, and the EU troika and each Mediterranean partner send a delegate. Since the committee does not have a dedicated secretariat, the Directorate General for External Relations of the European Commission has the responsibility for the day-to-day administration of the partnership. This includes all the decisions made by the committee and the preparation of all sectoral conferences. As Annette Jünemann has pointed out, this enables the commission to set the agenda for the partnership and advance specifically European interests.9

MEDA and the MEDA II regulation constitute another instance of the commission’s exercise of power. MEDA is the financial cooperation package that the EU provides via grants to finance most of the partnership work. The bulk of MEDA funds have been used for bilateral cooperation projects. For example, between 1995 and 1999, 46 percent of funds were committed to support for structural adjustment, 30 percent to support for economic transition and private-sector development, 40 percent to classic development projects, and 14 percent for multilateral projects.10

The allocation of funds is governed by the MEDA II regulation, which also defines procedures for program evaluation. Under MEDA II, the commission draws up strategy papers in cooperation with the European Investment Bank (EIB), for both the bilateral and the multilateral dimensions of the partnership. These strategy papers stake out the overall goals of cooperation and identify priority areas of intervention for a period of six years. They then give rise to more fine-grained indicative programs, once again for the bilateral and the multilateral dimensions. The indicative programs cover a term of three years. They are to account for the priorities identified with the Mediterranean partners. Based on the indicative programs the commission


then adopts annual financing plans, once again in cooperation with the EIB. These plans list specific projects that are to be financed.

MEDA funds are disbursed taking the needs of the recipient states into account. However, the last word on funding decisions rests with EU institutions and member states. In practice MEDA funds support the purpose of opening the southern Mediterranean and turning its countries into export-led economies. The MEDA regulation says as much: “Particular attention shall be paid to the economic, social and environmental impact of economic transition, to regional and subregional cooperation and to building the capacity of the Mediterranean partners to integrate into the world economy.”

In sum, the EU does not use MEDA to further a true partnership of equals, in which each side has the same amount of input into partnership decisions and where the southern partners are the primary decision makers of their economic policy. Instead the EU uses the funding package to more efficiently open the markets in the South. Its intention is to advance an economic paradigm of which it is a prime beneficiary and through which it could accumulate the economic capabilities that accrue from increased exports.

The partnership produced a certain amount of dissatisfaction on the part of southern Mediterranean members, among others, when work overload prevented the commission from providing them with documents on time or from funding the projects to which it had itself committed. In addition, partner states complained about the political and security chapter, which seemed to reflect solely European security interests. As Mediterranean societies open their economies, they may experience substantial social dislocation, because many industries in the Mashreq and Maghreb will not withstand the European competition. It remains to be seen whether the transition to an export-led economic model takes place without resistance.

Conclusion: How Much Power?

In this essay I have examined the claim that the EU refuses to dominate others. For this purpose, I asked whether the EU has been motivated by the desire for power and whether it used the Euro-Mediterranean Partnership to boost its capabilities. I argued that a number of concerns have motivated EU policy in the South: the necessity to prevent the outbreak of regional conflict, the need to secure continuity in the flow of oil, the desire to stem migration and drug trade from south to north, and, finally, the wish to increase capabilities and level the playing field on which the United States, Japan, and the EU compete with each other. That European states are not concerned with power is, therefore, incorrect.

After establishing that the EU has sought to amass future capabilities, I asked a second question: What present capabilities could it bring to bear on its relations with third countries as it worked toward increasing power in the future? As I then explained, the EU has not been able to draw on its military resources. For one thing, these resources are dispersed throughout the EU, as foreign and defense policy continues to be the prerogative of member states. Consequently, the EU supranational institutions cannot use them to bolster the European claim for international leadership. At the same time, individual member states cannot employ their military capabilities unilaterally, as this would lead to friction with other EU member states, which would likely feel blindsided. However, the EU has had one strategic resource, which it could bring into play as it sought to mold its relationship with other countries: the Common Market. Because the European market is very large, smaller states whose economies depend on exports to the EU have great difficulties rejecting EU demands to put their relationship on a new footing that privileges the trade interests of the EU. This is especially true if they are faced with the alternative of losing market access entirely. The EU, on the other hand, will incur little loss if trade flows between the two partners subside because the smaller country refuses its economic requests. This fact has provided the EU with considerable leverage in its interaction with the southern Mediterranean.

In a third step, I asked whether the EU, in its dealings with the Mediterranean states, utilized its present capabilities to increase future capabilities.
I assert that this was indeed the case. By locking the southern Mediterranean states into opening their industrial sectors to imports from the EU, the Europeans gained new outlets for their products and thus new possibilities for generating income, which could translate into future power. At the same time, they did not reciprocate with market liberalization in the agricultural sector. Instead of abolishing the complicated system of quotas and calendars that governs agricultural imports from the South, the EU raised the amount of financial assistance to the Mediterranean economies but continued to protect its farming community. The opening of the Mediterranean industrial sectors was permanent, but EU agricultural concessions and the financial aid package were subject to renegotiation. Consequently, the EU emerges as the clear winner from the trade negotiations.

I further argued that the EU has been able to set the agenda in the partnership work. For one thing, the commission is in charge of day-to-day administration. In addition, the commission is holding the purse strings. While the Mediterranean partners are given the opportunity to provide input into MEDA programming decisions, the last word rests with the EU. In sum, we can conclude that the EU has been intent on increasing the number of capabilities it has at its disposal. It used the Euro-Mediterranean Partnership to open a new export market and improve its export position vis-à-vis its competitors, the United States and Japan.

Finally, we have to decide whether EU foreign policy is morally superior to that of the United States. In its international relations, the United States not only draws on its economic prowess but also resorts to open coercion that is backed up by military might. The European states, on the other hand, rely almost exclusively on their economic capabilities for power. That they do so is dictated by circumstance, as their military resources are inaccessible to political use. So are Europeans making a virtue of necessity when they disavow open coercion or unilateralism? Would European states still refuse to dominate others if they had the ability to engage in domination? This is the million dollar question.