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Europe and the Arab World: Towards a Principled Partnership

The recent wave of mass protests sweeping the Arab world has caught the EU by surprise. In a bid to adapt its policies to a rapidly changing situation and regain some credibility, the European Commission has launched a proposal for a “partnership for democracy and shared prosperity”. This partnership, however, represents little more than a re-branding of existing EU policies. In order to open a new chapter in its relations with the Arab world, the EU will need to learn from its past mistakes and adopt a more humble approach that is based on the emerging political realities of the region.

Past Trends...

For decades, EU policies in the Middle East and North Africa have been predicated on upholding the political status quo in the name of “regional stability”. Given Europe’s close geographic proximity and multiple linkages with the region, a stable regional environment was considered to be of vital importance in order to build energy and trade links, control immigration, and prevent the spread of terrorist networks. Alarmed by the experience of the Algerian civil war and humbled by a history of colonial meddling, EU leaders accepted that only the region’s autocratic rulers could deliver on these issues. Change, it was widely believed, would have to come gradually and needed to be carefully supervised in order to prevent the region from slipping into chaos.

As a result, EU policies stayed well clear of promoting bottom-up change in the region. Instead, they sought to encourage top-down reforms that had the potential of fostering a gradual political and economic transition. To this end, the European Neighborhood Policy (ENP) offered a number of bilateral financial and political incentives. To those willing to go further, the EU offered so-called Advanced Status. Both relied on interdependence and positive rewards rather than negative conditionality to affect a change in regime behavior. The creation of the Union for the Mediterranean (UfM) further undermined the EU’s ability to foster political reforms by turning its policies into a “shared responsibility” and prioritizing economic and business ties.

The recent wave of pro-democracy protests and the toppling of the Tunisian and Egyptian regimes have demonstrated the deep flaws of this half-hearted approach. Irrespective of the outcome of the current revolutionary wave, it is clear that these upheavals represent a dilemma for existing EU policies on several levels.

...and Future Challenges

Stability Dilemma: The overthrow of the Tunisian and Egyptian regimes has paid heed to the EU’s assumption that regional stability could be had on the cheap. The events also put into question the EU’s more general foreign policy strategy that by fostering interdependence and dialogue the EU is able to encourage domestic reforms. But Libya’s descent into chaos also confirms the potential risks involved in a political transition. This places an old dilemma into new light: While the EU needs to support budding democracies in Tunisia and Egypt, what about laggards like Syria or Saudi Arabia?

Economic Dilemma: The EU has for long has fostered market reforms and privatization in the MENA countries. While generating economic growth, these reforms have also contributed to the stark economic inequalities in the region. “Neo-liberalism” as an economic strategy has been tarnished as a result. But any backtracking on reforms is likely to damage the economic prospects for the region. This means that the EU will have to carefully review its current focus on market-driven reforms and their potential impact.

Islamist Dilemma: The Tunisian and Egyptian examples have disproved the widely-held belief that the only alternative to autocratic Arab rulers are radical Islamist governments. Yet again, they have also shown that Political Islam is not a monolithic phenomenon. With Egypt's Muslim Brothers and Tunisia's al-Nahda now able to join the political process, the EU will have little choice but to revise its policy of non-engagement with these groups. But if the EU starts engaging with Islamists in Egypt and Tunisia, its policy of isolating Hamas and "picking winners" will become ever more contradictory.

Institutional Dilemma: During the past few months European policies have found themselves in a complete log-jam due to the enduring blockage of the UfM. Arab democracies are going to be even less likely to cooperate with Israel. New divisions might also emerge within the Arab camp. The revival of Pan-Arab solidarity and the emphasis protesters placed on national dignity might further undermine support for Euro-Mediterranean cooperation. Finding a new institutional formula in this atmosphere, especially given the EU's credibility deficit, might well be a challenging task.

Towards A New Beginning?

Caught off-guard, the EU's initial reaction to the Arab uprising has been a mixture of confusion and bewilderment. While the EU recovered its composure following the ousting of Ben Ali and Mubarak and has adopted a more principled position on Libya, it continues to suffer from a lack of cohesion as different countries jockey to reassert their national interests in the region. But as the initial confusion died down, a broad consensus emerged that a fundamental repositioning of EU policies had become unavoidable.

In its recent communication on a "Partnership for Democracy and Shared Prosperity" the EU Commission outlined its plans for a radical re-start of Euro-Mediterranean relations. During the European Council Meeting of 11 March 2011, EU Heads of States welcomed the Commission communication and pledged to "support all steps towards democratic transformation, political systems that allow for peaceful change, growth and prosperity, and a more proportionate distribution of the benefits of economic performance."

To make good on these promises, the Commission proposes a shift towards greater differentiation and conditionality by reallocating financial support according to the principle of "more-for-more": more EU assistance for more political and economic reforms. Aside from reallocating 4 billion of ENPI funding earmarked for the southern Mediterranean, the European Council promised to examine the possibility of boosting EIB lending to the region by 1 billion over the same time horizon. Discussions are also under way about 1 billion annually of extra funding from the European Bank for Reconstruction and

Development (EBRD). Other political incentives raised by the Commission include mobility partnerships, greater access to EU markets in agriculture and services, a new civil society facility and enhanced political dialogue.

The idea is that this new incentive-based approach is going to be centered on a number of clear benchmarks against which all partner countries will be assessed with participation open to all Mediterranean countries that are committed to "adequately monitored, free and fair elections." Their willingness to cooperate with the EU when it comes to immigration and foreign policy will also be assessed. The concrete role of the UfM in these plans remains unclear, except for the rather vague aspirations that it should allow for a greater use of variable geometry and provide a bigger role for the EU Commission.

These measures are promising. But they are hardly new. The idea of encouraging reforms through incentives has been an *idée fixe* of the ENP. Nor is the idea of encouraging greater differentiation in Euro-Mediterranean affairs a novelty. More innovative is the re-introduction of positive conditionality through the "more-for-more" principle. But here much will depend on implementation. In the past, the EU's financial allocations have more often been driven by national expediency than an objective assessment of reform achievements. Whether this will change under the new partnership and funding might be diverted from Algeria to Egypt or from Palestine to Tunisia, remains to be seen.

However, even if the EU manages to impose a more stringent conditionality, it is not clear that the new incentives will be juicy enough to tempt reluctant reformers. As Martin Schulz, the leader of the EP's S&D group rightly pointed out, to be comparable to

the US's post-war effort, a European "Marshall Plan for the Mediterranean" would require 1% of European GDP; far more than is being offered. Moreover, many of the political incentives raised by the Commission, such as mobility pacts or access to agricultural markets, are not particular new. What is worse, they require the approval of the always reluctant member states. Whether they will be more forthcoming on these issues, given the current political and economic climate in Europe, seems far from assured.

Learning from Past Mistakes

Instead of a real paradigm shift, the Commission's proposals therefore represent a re-branding of previous policies. This is not necessarily a problem. Many of these policies were sensible. Offering a few more resources and incentives in accordance with the principle of "more-for-more" is laudable and long overdue. But this is not enough. To open a new chapter in its relations the EU will have to learn from its past mistakes.

To start with, the EU will have to become much more coherent in its approach. At the moment, the EU mixes bureaucratic criteria and political goals when determining the level of its support to Middle Eastern countries. This makes its policies appear incoherent. If it is serious about supporting a political transition, it will have to allocate a sizeable chunk of its neighborhood funding in accordance with clear democracy criteria. With no extra funding available, this will inevitably mean a reallocation of funding away from reform laggards. To appear credible, it will also have to abstain from the temptation of curry-favoring with these by using the UfM as an alternatives channel of assistance.

The EU will also have to stop trying to pick winners in its neighborhood. Nothing has been as damaging to the EU's reputation than sidelining Hamas after the 2006 Palestinian elections. While there might have been good reasons for that at the time, any repeat would spell a swift end to its budding "partnership for

democracy". This might imply working with governments that do not share the EU's social and economic agenda, as long as they support free and fair elections. The EU will also have to scrap its policy of non-engagement with Islamist parties and other civil society actors that want to be part of this process. Given the EU's reduced influence, anything else is likely to be futile.

The EU also needs to avoid creating false expectations amongst its neighbors. Time and again, the EU has dispensed promises that it has been unable to fulfill. By hastily throwing out a new set of promises and setting artificial deadlines – such as that for a community of democracies by 2020 – the EU will do little to restore its reputation in the region. This is especially true when the EU is not willing to make the required investments to ensure such an outcome. Assurances for an increase in resources, visa facilitation, or easier trade access should not be given unless the Commission is certain that it can deliver. The EU's increasingly difficult relationship with Turkey stands testimony to the fact that unkept promises come with a price attached.

Finally, the EU should use the opportunity to break with its outdated focus on a Euro-Mediterranean community. The Mediterranean never provided an ideal frame for EU policies. This has once again been demonstrated by the course of current events. The recent upheavals have been Pan-Arab in their nature and will reshape the policies of the region accordingly. The EU should acknowledge this fact and refocus its policies in line with these developments. This means opening its new partnership to the wider Arab world and supporting more wholeheartedly Pan-Arab cooperation. But it also means acknowledging that the Mediterranean is more than "Europe's backyard".

While these steps will not solve all of the EU's problems in the Arab world, they might help it regain some badly needed trust and credibility across the region. A hasty, if well-meant, re-packaging of old ideas under a new heading risks doing the opposite.

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