WORKING PAPER

REGIONAL INTEGRATION IN THE EURO-MEDITERRANEAN

Key Dimensions, Status Quo and Prospects Towards Fundamental Rethinking

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Abstract

The latest developments on both shores of the Mediterranean Sea are unequivocal evidence that the Euro-Mediterranean Partnership failed to deliver on the promise of achieving shared prosperity through enhanced political association and economic integration. This very fact calls for a thorough assessment and fundamental rethinking of cooperation frameworks and integration schemes in the Euro- Mediterranean region. In this paper, academic literature on core dimensions of regional integration, the history of regional integration schemes and the current status quo in economic integration are each discussed, to shed light on the determinants of the very limited or non-existent catch-up between poorer and richer countries throughout the Euro-Mediterranean region. The importance of rethinking cooperation frameworks and integration schemes to accommodate the emergence of regional value chains is highlighted, based on the above assessment and the latest developments in research about globalisation.

Keywords: Euro-Mediterranean partnership, economic integration, trade policy, regional value chains.

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Introduction

The Euro-Mediterranean region brings together countries with different cultural backgrounds and economic, social and political realities, which are each developing at a varying pace and with variable geometry. This diversity has always been a double-edged sword for the region. On the one hand, it is fair to consider it a congenital threat to stability as recurring cultural idiosyncrasies and their political expressions unfold in conflicts, instead of constructive interaction between civilisations in the region. On the other hand, diversity has proved to be an invaluable asset whenever the conditions of stability are met for a multitude of participants to establish mutually advantageous collaborations aimed at exploiting potentially complementary resources and a competitive advantage for their respective economies.

In line with this assessment of the complex dynamics of intertwined integration and disintegration characterising the region, Ayadi and Sessa (2013) devised a number of alternative scenarios that could play out in Euro-Mediterranean relations at the Horizon 2030, two of which were particularly interesting in light of the above discussion on diversity. In the pessimistic scenario, labelled "red transition", the Mediterranean Sea becomes a dividing line between diverse but conflicting civilisations, leading to deeper political uncertainties and mounting economic and social difficulties, as tensions escalate between, but also within, the two shores, linked by the effects of contagion covering a number of issues, without being able to resort to cooperation. In the optimistic scenario, labelled "blue transition", the Euro-Mediterranean region experiences an increasing heterogeneity where the active contribution of people, civil society and policy makers, as well as synergetic policies are built on existing areas of agreement between distinct yet related countries.

The latest developments on both shores of the Mediterranean Sea indicate that the region has been moving in the direction of the red transition. To the North, the European Union is grappling with a timid recovery from the economic crisis, with a dangerous imbalance between Northern and Southern European countries and the failure to find a satisfactory common response to the undergoing refugee crisis. The related upsurge of nationalist sentiments often disguised among populist claims and Brexit eventually turned the threat of fragmentation of the European Union from an adventurous speculation into a plausible focus. To the South, Arab countries witnessed disruptive social and political transformations, with both the democratic aspirations of large segments of the population and the rise of extremism in a small, yet growing minority, erupting in a series of upheavals, destabilising the region's polities, economies and societies. These dynamics led to the exacerbation of tensions in several areas of the Mediterranean Basin, such as in Syria and Libya, where civil uprisings unfolded into international theatres of war, where different factions pursue their contradicting agendas with little regard for human and social consequences.

In light of such unfortunate developments, it is difficult to argue that the Euro-Mediterranean relations delivered on the promise of achieving shared prosperity through enhanced political association and economic integration. In the decades leading to the 2011 Arab uprisings, the Euro-Mediterranean policy makers seemingly equated stagnation with stability, choosing to sideline human rights and, more broadly, much needed political reforms, while issues such as combating terrorism and controlling borders dominated the agenda. On the economic front, trade negotiations led to the substantial waiving of tariffs but failed to create the conditions for the emergence of regional value chains and sustainable jobs for the educated, notwithstanding the undoubted similarities between the structural characteristics that could have been exploited by economies on both shores of the Mediterranean Sea.

The objective of this paper is to reach a better understanding of history, the current status quo and future prospects of regional integration in the Euro-Mediterranean. First, different dimensions of regional integration are identified and related definitions discussed, based on a brief analysis of relevant academic literature. Second, the evolution of regional integration schemes involving the Euro-Mediterranean countries is presented and an overview provided of on-going projects and programmes. Third, triggers and drivers of regional integration in the Euro-Mediterranean are identified in light of the above overview. Fourth, the current status quo in economic integration is analysed, based on data on a number of economic variables. Fifth, the presence or absence of a catch-up effect between poorer and richer countries in the region is discussed. Sixth, prospects for a fundamental rethinking of Euro-Mediterranean cooperation are proposed, based on a discussion about two mega-trends affecting the region's and more broadly the world's economies - "new" globalisation and automation-digitalisation.

In the analysis, we cover all the member countries of the Union for the Mediterranean, with the exception of Syria and Libya, unless stated otherwise. In line with the increasing heterogeneity factored in the blue transition scenario devised by Ayadi and Sessa (2013), in the analysis the grouping of these countries is based on their participation in the different integration schemes which have emerged in the region. The result is a first group comprising the 28 Member States of the European Union[1], a second group comprising the 4 countries currently candidates for accession to the European Union, including Turkey, and a third group comprising the remaining 9 Southern and Eastern Mediterranean countries, including Israel. There are large unbalances in the degree of integration within and economic development of the three groups, possibly misleading for the purpose of assessing their integration into a regional whole. That said, the purpose of the paper is to assess the current status quo and future prospects of Euro-Mediterranean integration from a Mediterranean-centred standpoint and therefore the presence of a largely unbalanced geometry of integration schemes and development levels between countries in the region is considered a central feature.

[1] At the time of research, EU 28 includes the United Kingdom.

Dimensions of regional integration

Integration is a process encompassing different dimensions of deepening and broadening interaction between countries moving progressively together into an increasingly interdependent whole. Regional integration refers to the process of integration between countries within a given region, defined as a space of relative proximity and separateness, connectivity and homogeneity[2] between a set of countries, as compared to the rest of the world (Jong Choi and Caporaso, 2002).

In order to grasp its complexity, regional integration must be understood as a dual process consisting of the interplay between regionalism and regionalisation. Regionalism is defined as a top-down, primarily state-led process of engaging in enhanced cooperation and building formal regional institutions.[3] Regionalisation is defined as a bottom-up, spontaneous and endogenous process of increasing people-to-people contacts, involving a variety of non-state participants organised in formal or informal networks (Börzel and Risse, 2016). The distinction between the two concepts enables us to understand the self-reinforcing potential of regional integration, when a positive feedback loop is created between regionalism and regionalisation. States engaging in enhanced cooperation and building of formal institutions at a regional level create the conditions for enhanced formal and informal contacts between their non-state participants and the resulting construction of a common sense of identity and purpose - fertile soil for further cooperation and building of institutions. This has been the experience of the European Union since its early stages and until recently.

In the literature, regionalism and regionalisation are often discussed in relation to their equivalent processes at a global level - globalism and globalisation. The relation between regionalising and globalising processes is neither a simple matter of scale, nor necessarily one of trade-off. In most cases, state or non-state participants are explicitly motivated to integrate in a regional whole either to engage in or resist to globalising processes, or a combination of both, depending on their strategy of internationalisation. State and non-state participants might achieve different levels of performance, depending on the retained internationalisation strategy, meaning that depending on the modalities of regional integration and the interplay of such modalities with globalising processes, some participants might achieve better outcomes than others within the same regional ensemble. This suggests that modalities of regional integration matter and that the success of regional integration schemes ultimately lies in the quality of the institutions regulating the power struggles between those participants responsible for defining such modalities. Tensions may arise if the outcomes of regional integration schemes are too uneven, as the divergence of national economies performance in the Eurozone demonstrates.

In our definition, we argue that regional integration is a process encompassing different dimensions of deepening and broadening interaction between state and non-state participants. In fact, depending on

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[2] *Proximity and separateness* refer to physical bridges and barriers between countries and the psychological, cultural, social and political proximity or separateness between populations in those countries inherited from these geographical features. *Connectivity* refers to the flows of goods, services, money, people and data between countries and the resulting interconnectedness between such countries, most particularly in economic terms. *Homogeneity* refers to similarities between countries in a more or less large number of structural yet evolving characteristics, including norms, values, interests, political system, economic development and so on (Jong Choi and Caporaso, 2002).

[3] In this definition of regionalism, *cooperation* and *institutionalisation* are considered as two distinct levels of regional integration, assuming implicitly that cooperation is a least advanced form of regionalism than institutionalisation. Wunderlich (2013) highlighted that integration is often confused with institutionalisation in the literature, resulting in cooperation being excluded from its definition and stressed the importance of considering cooperation and institutionalisation as two distinct yet related components of regional integration.

the conditions and motivations underpinning integration of state and non-state participants into a regional whole, one dimension of integration might be preferred and/or prioritised over another.

The two dimensions of regional integration more often taken into consideration in the literature are the political and economic dimensions. Economic integration is usually preferred as the main driver of regional integration between countries because, broadly considered, it is easier to achieve than political integration. As early as the 1960s, Bela Belassa considered an advanced form of political integration – political union – as the last of five subsequent steps towards regional integration, basically consisting of progressive economic integration – free trade area, customs union, common market, economic and monetary union (Bela Belassa, 1961). An emblematic illustration of this very fact is the establishment of the European Coal and Steel Community as the first step of the process towards regional integration that later made Europe an example of regional integration for the rest of the world.

An important distinction must be drawn between minimalistic and maximalistic approaches to regional political and economic integration. In the case of regional economic integration, minimalistic approaches foresee the signature of free trade agreements aimed at facilitating trade between regional partners through tariff dismantlement, whereas maximalistic approaches advocate deeper measures aimed at enhancing convergence of market conditions between partners through harmonization of their respective regulations and other similar adjustments. However, there is a difference between signing treaties aimed at institutionalising increasing political and economic interactions between regional partners and the actual implementation of such treaties. As Walter Mattli puts it in an influential book on the logics of regional integration, implementing regional integration treaties is a "lengthy process of establishing common rules, regulations and policies that will translate the aspiration for regional prosperity into reality" (Mattli, 1999: 12). The author points out that the majority of regional integration schemes have failed at the implementation stage, e.g. the case today with the Maghreb Arab Union.[4]

In their analysis of regional integration, some authors retain a third broad dimension encompassing all the interactions between countries that cannot be properly understood if considered in political or economic terms. In an insightful comparative analysis of regional integration processes around the world, Petit (2006) considers three types of transactions between countries – trade of goods and services, transfer of intangible non-marketed products and financial flows – and three different types of logics driving such transactions – economic, political and civilian[5]. The economic logic refers to market-driven relations between economic participants, i.e. private companies. The political logic refers to power relations between political participants, i.e. public administrations. The civilian logic refers to people-to-people relations motivated by reasons other than economic and political. Most transactions between individual countries are motivated or influenced by a combination of these three logics, the relative importance of which may vary according to the areas and modalities of regional integration considered (See Table 1).

[4] The Maghreb Arab Union among other regional integration schemes is presented and discussed further on.

[5] Petit (2006) labels this dimension civilian integration, whereas other authors prefer to label it human, cultural or even social dimension, although the latter is often considered transversal to the political and economic dimensions.

Table 1: Regional integration transactions and underlying logics

LOGIC			
	Economic	**Political**	**Civilian**
Agents/vectors	*Market organisations, firms*	*Diplomacy, army, police, justice*	*NGOs, individual actions*
Type of objective	*Profit, national wealth*	*Power, democracy*	*Welfare, social capital*
TRANSACTIONS			
Trade of goods and services			
Nature of transactions	*Trade flows*	*Governmental aid, for civil or military purposes*	*Private aid, from NGOs and families*
Base of arrangements	*Trade agreements*	*Alliances, aid policies*	*Associations, NGOs*
Transfer of intangible non-marketed products			
Nature of transactions	*Intangible exchanges of information, science, education, health*	*Diplomatic and political relations, defence, security, justice*	*Cultural exchanges, political actions, familial links*
Base of arrangements	*Research diffusion agreements and open science arrangements*	*Alliances, international treaties, governmental cooperation*	*Networks of migrants, NGOs, international associations,*
Financial flows			
Nature of transactions	*Cross-border payments, FDI, financial investments*	*Financial aid, exchange rate policies*	*Non-governmental aid, migrant remittances*
Base of arrangements	*Investment codes, fiscal arrangements, property rights*	*Financial regulations, monetary zones, international cooperation*	*Ethical codes, NGOs financial solidarity, money laundering*

Source: *Petit (2006)*

In other circumstances, one specific sub-dimension of political or economic integration draws the attention of researchers or policy makers, as in the case of security or financial integration. In general, notable advancements in one of these areas resulted from the recognition that, to address certain common concerns, coordinated responses at the regional level are more effective than fragmented action at the national level. This very fact suggests that the need for stability is a stronger incentive for countries to integrate than a common aspiration of regional prosperity.

The core concept discussed in the literature on security integration is regional security complexes, defined as a "groups of states whose primary concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another" (Buzan, 1991: 190). This definition puts the spotlight on the interdependence between security threats facing countries as fertile soil for regional integration to be advocated and actively pursued.

In the case of regional financial integration, financial crises have historically been a strong incentive for countries to integrate and manage systemic and global risks at a more appropriate level of governance than the national one. This has been the case in the aftermath of the financial turmoil of the late nineties in East Asia, which prompted certain authors to argue in favour of financial integration as a precondition for successful and sustainable trade liberalisation and economic integration within a region (see Dieter, 2000). More recently, the Eurozone debt crisis resulted in the necessity to integrate further financially, which gave rise to the banking union, whose main pillars are the single supervisory mechanism at the Eurozone level, a common resolution and recovery framework and a single deposit insurance.

History of Euro-Mediterranean cooperation and integration schemes

As mentioned in the introduction, the countries retained in the analysis were grouped in three blocks based on the current geometry of integration schemes in the region. EU28 countries are considered a unique block accounting for the advanced state of European integration, although a series of differentials between Northern European and Southern European are important determinants of the threats of fragmentation facing the European Union. Albania, Bosnia and Herzegovina and Montenegro and, with due analytical precautions, Turkey, are all grouped under the label **AC4** on account of their status as candidates or potential candidates for European Union accession and the related prospects of integration within the EU28 block. In some cases, Turkey is singled out in the analysis delving into the specific impact of the Customs Union with the European Union and, on a more negative note, the deteriorating prospects of European Union accession - not to mention the influential role the country played and continues to play in the Mediterranean region as compared to the other AC4 countries. Algeria, Egypt, Jordan, Lebanon, Mauritania[6], Morocco, Palestine, Tunisia are grouped under the label **MED9** on account of the different attempts to engage in regional integration, building on the ideal of unity between Arab countries. Israel is a high-profile exception, politically and economically isolated from its neighbouring countries, yet included under the MED9 label for analytical purposes, also considering that the political and economic destiny of the country within the region is inextricably linked to Israel’s relationships with its neighbours. In some cases, Israel is singled out in the analysis in light of its peculiar situation and to account for important differentials in economic development compared to its neighbours.

In the following paragraphs, regionalisation policies within and between the three groups – EU28, AC4 and MED9 – are subsequently scrutinised with the explicit aim of identifying core dimensions and main triggers and drivers of integration in the Euro-Mediterranean region.

EU28 countries come together in the European Union, a unique economic and political union resulting from a lengthy yet steady process of rule-based and centralised integration, launched with the eminently political aim of achieving peace and prosperity in a continent battered by two devastating wars but pursued predominantly through economic means. The European Union started with the creation of the European Economic Community in 1958, aimed at increasing economic cooperation between its six founding Member States, based on the assumption that countries trading with one another become economically interdependent and are more likely to avoid conflict and engage into wars. Since then it has evolved into a political union with its own governing institutions, to which the current twenty-eight Member States delegate part of their sovereignty, and a single market enabling goods, services, money, people and data to move freely. EU28 countries have integrated policies in a number of areas, some of which are of great relevance for the Euro-Mediterranean region such as trade, aid and mobility. The 28 EU block suffered, however, from the decision of the UK to exit the European Union, following the so-called Brexit referendum held in June 2016, which has hence initiated a process of disintegration.

AC4 countries as candidates or potential candidates for European Union accession share a commitment to the adoption and implementation of the *acquis communautaire*, the body of common rights and obligations of the European Union, far reaching in the number of policy areas covered in preparation of full integration in the union. Albania, Bosnia and Herzegovina and Montenegro signed the Central European Free Trade Agreement, a modern and comprehensive free trade agreement designed as an integral part of the pre-accession agenda, while Turkey established a Customs Union with the

[6] Mauritania is neither a Mediterranean nor a Sub-Saharan country in geographical terms but, nonetheless, a member of the Union for the Mediterranean and, as such, is included in the analysis.

European Union as a fundamental step on the path towards full economic integration. Turkey has, however, backtracked in its political reforms, which led to a halting of the accession process in 2017.

MED9 countries come together in the League of Arab States**,** founded in 1945 in response to concerns related to colonial divisions of territory in the aftermath of the Second World War and, most particularly, the establishment of Israel, de facto isolated from integration schemes across the region. The League of Arab States for a long time remained predominantly focused on protecting the sovereignty of its Member States, rather than promoting their cooperation - something that prevented any substantial advancement in both political and economic integration. The Greater Arab Free Trade Area came into force in 1998, under the auspices of the League of Arab States, to enhance economic if not political cooperation between Arab countries, but after decades of divisions and related inertia the agreement failed to translate into an incentive for countries in the region to integrate further. In 1989, in response to stagnating cooperation and integration amongst the League of Arab States, Algeria, Libya, Mauritania, Morocco and Tunisia created the Arab Maghreb Union, with a much stronger focus on economic matters. In the constituting treaty of the Arab Maghreb Union, particular emphasis was placed on the gradual institution of an economic union through liberalisation of trade, dismantlement of tariffs and, finally, the creation of a single market. However, political divisions resulted in stagnating economic cooperation and integration, as in the case of the League of Arab States. In 2004, Egypt, Jordan, Morocco and Tunisia attempted to revamp the idea of establishing a free trade area between Arab countries and signed the Agadir Agreement. The agreement foresees the dismantlement of tariffs and the approximation of legislation in virtually all economic sectors, including agriculture contrary to what had been achieved under other trade agreements in the region.

Table 2 presents an historical overview of the subsequent frameworks for cooperation and integration involving the countries retained in the analysis and the dimensions covered in the different frameworks (economic, political, civilian, security and financial).

Table 2: History of cooperation and integration frameworks involving EU28, AC4 and MED9 countries

YEAR	FRAMEWORK	TYPE	UFM COUNTRIES INVOLVED	DIMENSIONS COVERED
1945-present *1958*[7] *1962* *1973*	**League of Arab States** (LAS)	**Regional**	**MED9** (Algeria, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Tunisia)	The LAS is a regional organisation aimed at the safeguard of the independence and sovereignty of its member states through deliberation on matters and the resolution of disputes, as well as the promotion of their interests through facilitation of political, economic, social and cultural cooperation. In this sense, it aims at encompassing all dimensions of regional integration.
1951-1957	**European Coal and Steel Community** (ECSC)	**Regional**	**EU6** (Belgium, France, Germany, Italy, Luxembourg, Netherlands)	The ECSC was a framework for the creation of a common market for coal and steel aimed at preventing conflict between its founding members by means of economic integration.
1957-1993 *1973*[8] *1981* *1986*	**European Economic Community** (EEC)	**Regional**	**EU12** (Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, United Kingdom)	The EEC was a framework for economic integration between its founding members aimed at the establishment of a common market and a customs union.
1969-1990	**Global Mediterranean Policy** (GMP)	**Bilateral**	**EU6 with individual MED8** (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Tunisia)	The GMP was essentially a framework for economic cooperation between the EU and its partner countries. Three main chapters: commercial cooperation, financial and economic cooperation and social cooperation.
1989-present	**Arab Maghreb Union** (AMU)	**Regional**	**MED4** (Algeria, Mauritania, Morocco, Tunisia)	The AMU is an agreement aimed at laying the ground for future political and economic unity between its member states through the progressive establishment of an economic union and ideally the adoption of common policies in all domains. In this sense, it aims at encompassing all dimensions of regional integration.
1993-present *1995* *2004* *2007* *2013*	**European Union** (EU)	**Regional**	**EU28** (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom)	The EU is a political and economic union with an internal single market with free movement of goods, services, money, people and data and a hybrid system of supranational and intergovernmental decision-making covering virtually all dimensions of integration between its member countries, including a set of governing institutions and common policies in trade, agriculture, fisheries and regional development. In this sense, it encompasses all dimensions of regional integration.
1990-1995	**Renovated Mediterranean**	**Bilateral**	**EU12 with individual MED8** (Algeria, Egypt, Israel, Jordan,	The RMP was essentially a framework for economic cooperation between the EU and its partners with the addition of a civilian dimension limited in scope.

[7] The colours indicate the years of the subsequent enlargements of the League of Arab States and the countries concerned.

[8] The colours indicate the years of the subsequent enlargements of the European Economic Community and the countries concerned. The same applies to the subsequent enlargements of the European Union.

	Policy (RMP)		Lebanon, Morocco, Palestine, Tunisia)	Six objectives: support to Structural Adjustment Programmes, support to SMEs, protect the environment, finance regional actions, advocate for human rights and support of societal participants in relation with SMEs.
1995-2008 *1998*[9] *2000* *2002*	**Barcelona Process**	**Regional**	**EU18**[10] (Austria, Belgium, *Croatia*, *Cyprus*, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, *Malta* Netherlands, Portugal, Spain, United Kingdom), **AC1** (Turkey) **and MED8** (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Tunisia)	The Barcelona Process was an initiative aimed at enhancing economic integration and political and civilian dialogue between countries in the Euro-Mediterranean region. Three main objectives of the partnership: definition of a common area of peace and stability through reinforcement of political and security dialogue (political and security dimension), construction of a zone of shared prosperity through the gradual establishment of a free trade area (economic dimension) and the rapprochement between peoples through social, cultural and human partnership (civilian dimension).
2004-present *2004* *2005* *2006*	**European Neighbourhood Policy** (ENP)	**Bilateral**[11]	**EU28 with individual MED8** (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Tunisia)	The ENP is a framework for comprehensive cooperation between the EU and its partners focused on the stabilisation of the Euro-Mediterranean region in political, economic and security related terms. It focuses on three sets of joint priorities, each of them covering a wide number of areas of cooperation: economic development or stabilisation, security and migration and mobility.
2008-present	**Union for the Mediterranean** (UfM)	**Regional**	**EU28, AC4 and MED9**	The UfM is an intergovernmental organisation providing its member states with a forum to enhance regional cooperation and dialogue in a number of policy areas. The focus is on the economic, environmental and civilian dimensions of regional cooperation in the Euro-Mediterranean region.

Source: Authors elaboration

[9] The Barcelona Process included the signature of bilateral Association Agreements between the EU and individual MED8 countries. The colours indicate the year in which an Association Agreement was ratified and the country concerned. The same applies to the ratification of Association Agreements under the European Neighbourhood Policy.

[10] Croatia, Cyprus and Malta were not members of the EU at the time but participated in the conference launching the Barcelona Process.

[11] The European Neighbourhood Policy is chiefly a bilateral policy between the EU and each partner country but also includes a number of regional and multilateral cooperation initiatives overviewed in Table 3 below.

In regard to frameworks of cooperation and integration *between* EU28, AC4 and MED9 countries, the European Union has been playing a catalyst role in the region since the seventies, when both the first enlargement of the then European Economic Community and the launching of the Global Mediterranean Policy took place. The Global Mediterranean Policy and its successor, the Renovated Mediterranean Policy launched in 1990, following the geopolitical reconfigurations accompanying the progressive dismantlement of the Soviet Union, were built on the assumption that supporting economic liberalisation in neighbouring countries would lead to enhanced convergence and integration with the European Union, hence anchoring stability in the Euro-Mediterranean region. Under the Global Mediterranean Policy and the Renovated Mediterranean Policy, cooperation between the European Economic Community and its partner countries followed an aid for trade approach, with official development assistance channelled through financial protocols, specifying aid volumes in exchange for tariff waiving. This approach to cooperation, limited to a shallow form of economic integration, succeeded in Central and Eastern European countries, largely thanks to prospects for accession to the European Union and its single market, giving a sense of purpose to the laborious process of economic liberalisation, but it did not yield equally satisfying outcomes in Southern and Eastern Mediterranean countries.

In response to this situation, the first framework for comprehensive cooperation in the region was launched in 1995, with the organisation of a Euro-Mediterranean Conference of Foreign Affairs Ministers. The so-called Barcelona Process, named after the city where the conference was held, aimed at going beyond a narrow focus on tariff waiving in exchange for aid, to encompass political, economic and social cooperation and lay the ground for deeper economic integration, under the form of a Euro-Mediterranean Free Trade Area. However, the preparation of the largest expansion of the European Union, culminating with the accession of twelve countries in 2004 and 2007, mostly proceeding from the dismantled communist blocks of the Soviet Union and Yugoslavia, shifted attention away from the Euro-Mediterranean region and limited the impact of the newly born Euro-Mediterranean Partnership.

The European Neighbourhood Policy was launched in 2004 with the objective of avoiding the emergence of new dividing lines between the enlarged European Union and its neighbouring countries and, instead, strengthening prosperity, stability and security of all. In response to the 2011 Arab uprisings and the resulting widespread instability across the Euro-Mediterranean region, the policy was twice revised to strengthen the focus on democracy, stability and security, most particularly in relation to migration and mobility matters[12]. The latter revision was adopted in November 2015 after wide consultation involving partners and members of the European Union, resulting in a strengthened focus on a differentiated approach to and greater ownership of partner countries in the implementation of the policy. This commitment is operationalised in the form of Partnership Priorities more focused on mutual interests but also reflecting a change of priorities of the European Union towards the region. The European Neighbourhood Policy is mainly a framework for bilateral cooperation between the European Union and each partner country, in a wide number of policy areas with corresponding funding, but funds are also allocated to regional and cross-border programmes, designed to enhance integration between partner countries themselves (see table in Annex 1).

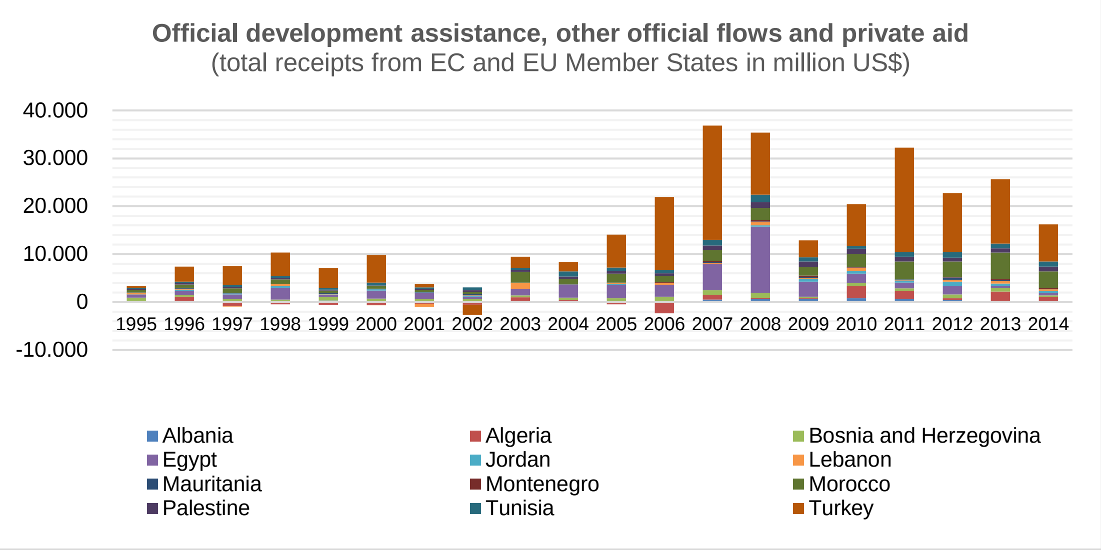
[12] Tocci (2011) stressed the distinction between stability and sustainability, showing that in the case of the regimes in the Mediterranean region, stability often run counter to the very conditions that underpin sustainability. The author assessed the European Neighbourhood Policy in light of these considerations and called for the development of what she called a truly credible Mediterranean policy. The revisions of the policy undertaken by the European Union can be understood as a response to such kind of criticisms, which multiplied amid increasing instability in the aftermath of the 2011 Arab uprisings.

The Union for the Mediterranean was launched in 2008 to revamp the Barcelona Process, providing Euro-Mediterranean partner countries with a platform for regional cooperation and dialogue under the form of ministerial conferences on issues of common concern, while shifting the focus of cooperation towards concrete initiatives in six identified priority areas[13]. These areas consist of business development, social and civil affairs, higher education and research, transport and urban development, water and environment, and energy and climate action. The Union for the Mediterranean Secretariat is mandated to organise the ministerial conferences and promote region-wide initiatives in line with the priorities identified (see table in Annex 2).

The overall magnitude and country distribution of official development assistance provided by the European Union to the Mediterranean region changed in line with the evolution of political relations with its partner countries and the related revisions of the cooperation frameworks. However, the amounts overall remained low, concentrated in a few countries and policy areas (for a discussion see Ayadi and Gadi, 2013). AC4 countries received higher shares of aid as a percentage of their GDP under far reaching Stabilisation and Association Agreements concluded as part of the pre-accession agenda. MED9 countries, under the revised European Neighbourhood Policy, received shares of aid according to a more-for-more principle, aimed at developing stronger partnership and offering greater incentives to countries that make more progress towards democratic reform in line with the framework of the Association Agreements with the European Union.

[13] Ayadi and Gadi (2011) review the history behind the creation of the Union for the Mediterranean, its institutional architecture and discuss a number of potential synergies with the European Neighbourhood Policy.

Figure 1: Evolution of public and private aid flows from EU28 to AC4 and MED9 countries



Source: *own elaboration based on OECD data*

Figure 1 shows the evolution of AC4 and MED9 total receipts of official development assistance, other official flows and private aid from the EU28 countries, directly or via the European Commission, between 1995 and 2015. Assistance increased substantially with the launch of the European Neighbourhood Policy in 2004, recovered after a consistent drop following the 2008 Great Recession and related Eurozone crisis and showed a decreasing trend since the onset of the 2011 Arab uprisings. The country distribution of aid changed in response to the uprisings and the resulting widespread instability in the region, with decreasing shares for Egypt and increasing shares for Morocco and Tunisia. Turkey remained stable as the main beneficiary of aid flows, on account of its status as a candidate for European Union accession and, more recently, in relation to the agreement concluded concerning the management of refugee flows.

Triggers and drivers of Euro-Mediterranean integration

The history of regionalisation experiences across the Euro-Mediterranean region and the evolution of cooperation frameworks between the European Union, the catalyst of integration efforts in the region, and its regional partners, suggest that while political motivations and, most particularly, security concerns have been important *triggers* of Euro-Mediterranean integration, economic endeavours have been its main and most effective *drivers*.

In the absence of security threats justifying the need for coordinated responses, independent countries tend to look with suspicion at any concession on sovereignty. Both the European Union and the League of Arab States were launched to prevent conflicts or to settle disputes between countries in a context of geopolitical reconfigurations, in the aftermath of the Second World War. However, if on the one hand European countries achieved a quite advanced level of regional institutionalisation under the impulse of progressive integration of their economies into a single market, on the other hand Arab countries, which had built their regional integration scheme on political motives, failed to engage in substantial economic and political cooperation, if not institutionalisation.

This reasoning also applies to Euro-Mediterranean integration, that is, integration between European and Arab countries along with Turkey and Israel into a whole region. The subsequent cooperation frameworks between the European Union and its regional counterparts were launched following major geopolitical reconfigurations and with the eminently political aim of achieving stability in the Euro-Mediterranean region. However, the key to achieving such an aim was identified in regional prosperity brought about by economic integration. As a result, while political integration is almost non-existent in the region, with the exception of some ministerial conferences and parliamentary meetings under the Union for the Mediterranean and the Parliamentary Assembly of the Mediterranean and a certain amount of cooperation on security-related matters, important advancements in economic integration have been achieved. However, this is relatively limited in comparison with benchmarking regions[14]. Civilian/human integration is by all means non-existent, while the migration/refugee crisis has further complicated this dimension by adding fuel to the fire of a prolonged unemployment crisis in the region and reviving old suspicions and scapegoats between people belonging to so-called “clashing civilisations”.

In line with the above, it is important to bear in mind the evolving conditions for political association between Euro-Mediterranean countries when assessing the prospects for regional integration and, most particularly, future progress in economic integration. The existence of security issues of common concern that would be more effectively tackled using coordinated responses, combined with increasing levels of solidarity between partner countries, can be an important trigger of further regional integration. In contrast, if combined with an escalation of tensions between countries, the same issues can threaten the limited advancements achieved so far.

There are important differentials across the Euro-Mediterranean region concerning the conditions for political association, if not integration. In the Maghreb, relative convergence of political aspirations between Tunisia and Morocco on the one hand and the European Union on the other hand are broadening the margin for enhanced cooperation, if only the calls for more co-ownership of the

[14] Southeast Asian countries and Latin American countries engaged in relatively advanced levels of economic integration under the ASEAN and the MERCOSUR respectively, with a certain degree of policy coordination and multilateral infrastructural investments complementing trade facilitation via tariff waiving and harmonization of market conditions.

regionalisation process are taken into due consideration[15]. This is illustrated by the current situation, characterised by an increased support of the European Union for the two countries and the initiatives of North-South integration under the 5+5 dialogue and South-South integration under the Agadir Agreement, but also increasing scepticism concerning the Deep and Comprehensive Free Trade Area and related stall in the negotiations. On the other hand, the disintegration of Libya came as an unfortunate reminder that dialogue and cooperation sensitive to context-specific conditions remain preferable to unilateral interventionism. In the Mashrek, the emergence of new conflicts in Syria and Iraq, the exacerbation of internal problems in Egypt and Turkey and the persistence of the Israeli-Palestinian conflict, which remains the main source of mistrust and suspicion between Euro-Mediterranean partners, have combined as major threats to further regional integration. However, in an optimistic vision of the future, these challenges could become fertile soil for more effective attempts at integration. The history of regionalisation schemes in the region teaches us that the need for coordinated responses to common challenges has been a much more effective incentive to deeper integration than shared aspirations of a brighter future.

In the next section, the current status quo in regional integration between the countries under study is analysed focusing on economic integration, the only dimension in which some substantial progress has been achieved and for which reliable data is available.

[15] Ayadi and Sessa (2016) look into the evolution of actual and prospective conditions for enhanced cooperation between the European Union and Tunisia before and after the revolution, highlighting how democratisation and destabilisation are influencing relations between the partners in such a way that enhanced cooperation underlined in a win-win philosophy of co-development becomes a necessity.

Status quo in economic integration in the Euro-Mediterranean region

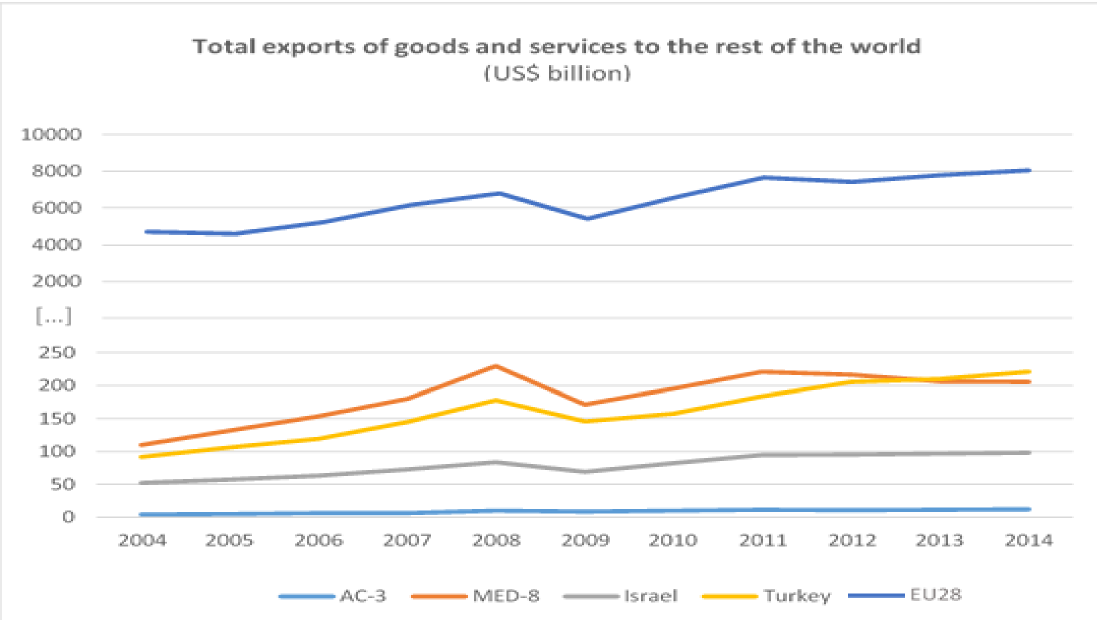
In the analysis of economic integration, it is important to bear in mind the previously mentioned distinction between shallow and deep integration. Shallow integration refers to the simple liberalisation of trade through the dismantling of tariffs between partner countries. Deep integration refers to the convergence of market conditions between partner countries, pursued through the dismantling of non-tariff barriers to trade and the approximation of regulatory frameworks.

In this section, shallow and deep economic integration are subsequently assessed looking into trade, tariff and investment data. First, the evolution of Euro-Mediterranean countries' trade is analysed to highlight the magnitude of their internationalisation capacity. Second, data on tariff and non-tariff barriers to trade is presented to shed light on the evolving conditions for shallow and deep integration between them. Third, FDI data and indicators on the business environment of the different countries are considered as proxies for convergence of market conditions, based on the assumption that convergence of market conditions has positive implications in terms of investments. Fourth, a number of economic indicators are overviewed to highlight eventual dynamics of economic catch-up between poorer and richer Euro-Mediterranean countries resulting from regional integration.

Trade

Figure 2 and Figure 3 show the evolution of Euro-Mediterranean countries' exports and imports of goods and services during the last decade. EU28, AC3 and MED8 countries are considered as blocks on account of their relative homogeneity as far as the dynamics of trade liberalisation in the region are concerned, while Turkey and Israel are singled out on account of their specific situations.

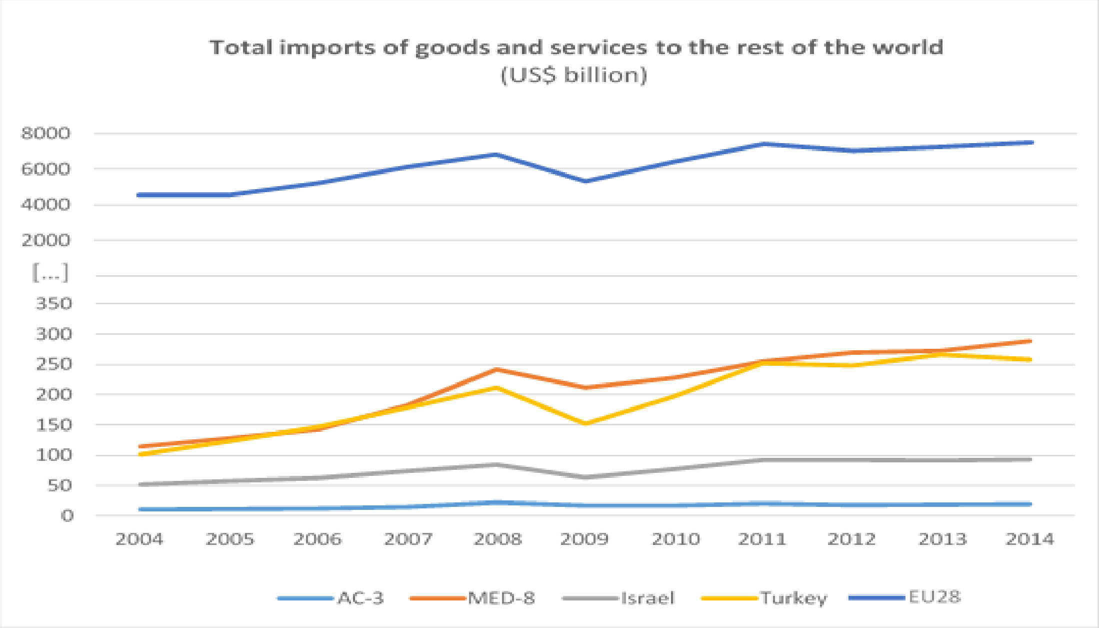
Figure 2: Evolution of Euro-Mediterranean countries' total exports between 2004 and 2014



Source: *own elaboration based on UNCTAD data*

The first elements that become apparent looking at the figures are the magnitude of EU28 countries' total trade in goods and services compared to the total trade of the other blocks and countries retained in the analysis. Putting aside the size effects that largely explain the differentials in magnitude, Figure 2 and Figure 3 show that all countries doubled their total trade between 2004 and 2014, the exception being for AC3 countries that experienced relatively stagnating levels of trade in the period under consideration. In 2014, EU28 countries were the only ones, together with Turkey, to have recovered the positive trend in exports registered in the years leading up to the 2008 Great Recession.

Figure 3: Evolution of Euro-Mediterranean countries' total imports between 2004 and 2014

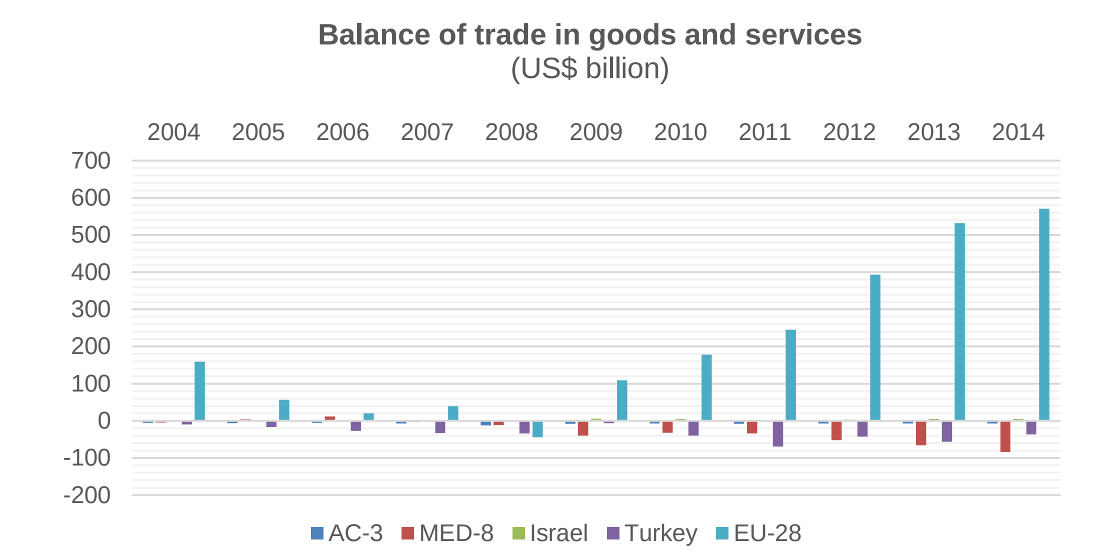


Source: *own elaboration based on UNCTAD data*

MED8 countries were not able to recover their pre-crisis level of exports. The figures show a positive trend in their exports in the two years following the crisis, but exports began to fall again from 2011 onward, suggesting a negative effect on exports of the Arab uprisings and the resulting widespread instability. MED8 countries' imports continued to increase during the same period. AC3 countries experienced a sensibly higher increase of imports compared to exports, suggesting certain unbalances in the process of accession to the European Union, considering that the latter is their main trade partner.

Figure 4 shows the evolution of EU28, AC3, MED8, Israel and Turkey's trade balances in the period between 2004 and 2014. Two distinct periods can be identified looking at the data: the years leading to the 2008 Great Recession and the resulting Eurozone crisis on one hand and its aftermath on the other.

Figure 4: Evolution of Euro-Mediterranean countries' trade balance between 2004 and 2014



Source: *own elaboration based on UNCTAD data*

Before the crisis, EU28 and MED8 countries' imports and exports were approximately balanced, with only slight differences depending on the year considered. After the crisis, EU28 countries registered a drastic improvement in their trade balance, reaching a cumulative 600 US$ billion surplus in 2014, while MED8 countries registered a diametrically opposed trend and reached a cumulative 80 US$ billion deficit in 2014.

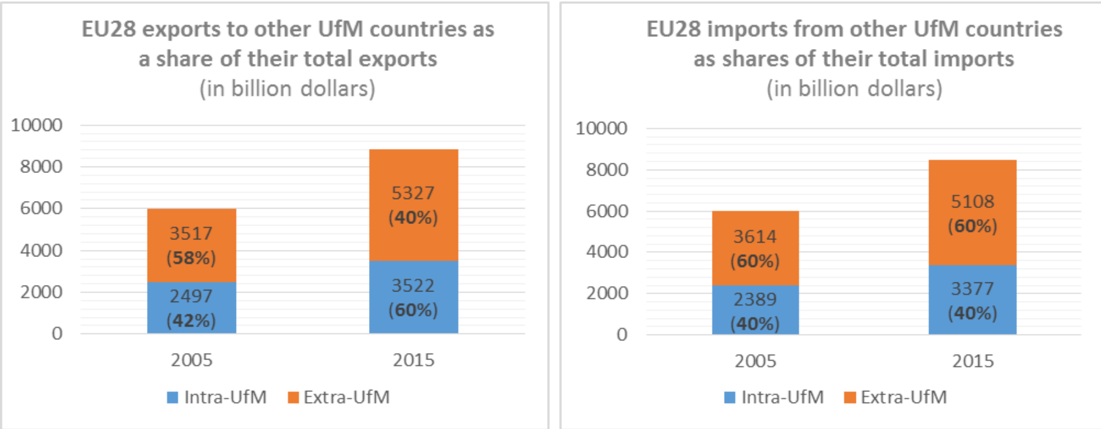
The negative impact of the 2011 Arab uprisings and the resulting widespread instability of the exports of MED8 counties was mentioned earlier as a partial explanation for their deteriorating trade balance. However, considering that in 2004 the European Neighbourhood Policy was launched and in the period between 2004 and 2014 substantial advancements in the liberalisation of trade between EU28 and MED8 were achieved, a link between these policies and their diverging trade balances cannot be excluded.

Turkey experienced a variable yet steady deterioration of its trade balance, topping a 70 US$ billion deficit in 2011, while Israel maintained a certain balance between imports and exports over the period under consideration, with a slight positive trend towards a trade surplus being registered in the years following the Great Recession.

Looking at country-level data, the EU28 position in terms of trade appears to be sustained by trade surpluses of Germany and, to a minor extent Italy, while other member countries of the European Union managed to maintain their share of exports, even registering trade deficits. The AC4 position in terms of trade deteriorated over the period under consideration, but with a more substantial deterioration in the case of Turkey, possibly partly explained by differences in the modalities of economic integration with the European Union. MED9 resource-rich countries, such as Algeria, have a trade surplus while other countries have trade deficits. Overall, their position in terms of trade deteriorated with widespread instability in the region, with some countries such as Tunisia and Egypt suffering more than others like Morocco. MED9 countries are not natural trading partners between themselves, suggesting little potential of South-South integration as compared to North-South integration.[16] In fact, regional integration between Euro-Mediterranean countries follows an hegemonic case of integration, in which one country – in this case the EU28 considered as a block – is in the position to impose the choices that best fit its own specific form of internationalisation (Petit, 2006).

Figure 5 gives an overview of the total trade of the EU28 block with countries within and outside the UfM area, label encompassing AC4 and MED9 countries.[17] The data shows that the share of EU28 trade with other UfM countries, as compared to the share of trade with the rest of the world did not change between 2005 and 2015.

Figure 5: Evolution of intra-UfM trade as compared to extra-UfM trade



Source: *Own elaboration based on COMEXT data*

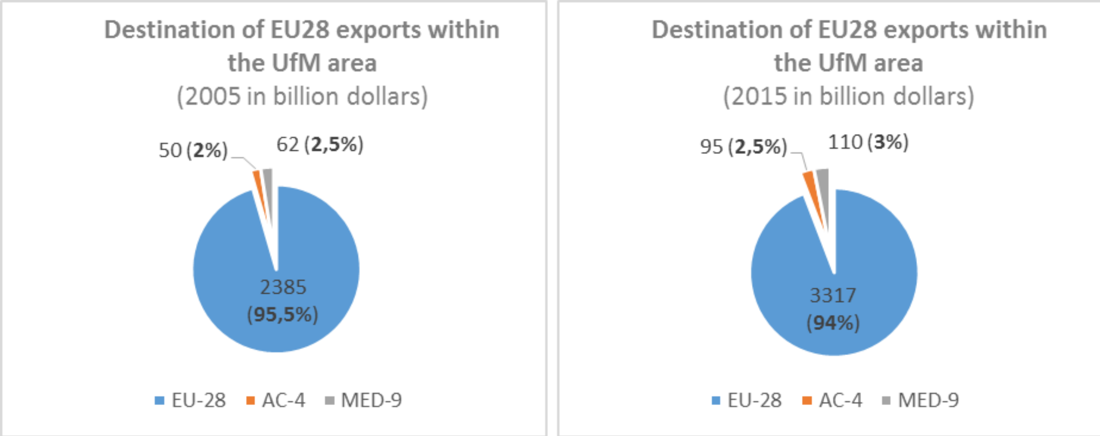
This suggests that trade regionalisation, that is, trade between regional partners increasing at a faster pace than their trade with the rest of the world, remained low in the region and that, until now, Euro-Mediterranean integration acted neither as a driver towards globalisation nor a protection against it for the countries retained in the analysis.

Figure 6 and Figure 7 compare data on EU28 trade with AC4 and MED9 countries in 2005 and 2015. EU28 exports to AC9 and to MED9 countries doubled between 2005 and 2015 but in percentages remain rather low. EU28 imports from AC4 also doubled, while imports from MED9 did not vary much between the two reference years. In 2005, MED9 countries exported almost twice as much to EU28 as AC4 countries, while their respective shares were roughly equal in 2015.

[16] Venables (2003) looks into the division of labour between countries within a customs union and effects of trade diversion and creation on the rest of the world. He brings evidence that regional integration between high-income countries and low-income countries usually leads to convergence, while regional integration between low-income countries usually leads to divergence.

[17] Intra-UFM and extra-UFM refer respectively to trade within and outside the area covered by the Union for the Mediterranean. The selection criteria for the countries retained in the analysis developed in this paper was members of the Union for the Mediterranean.

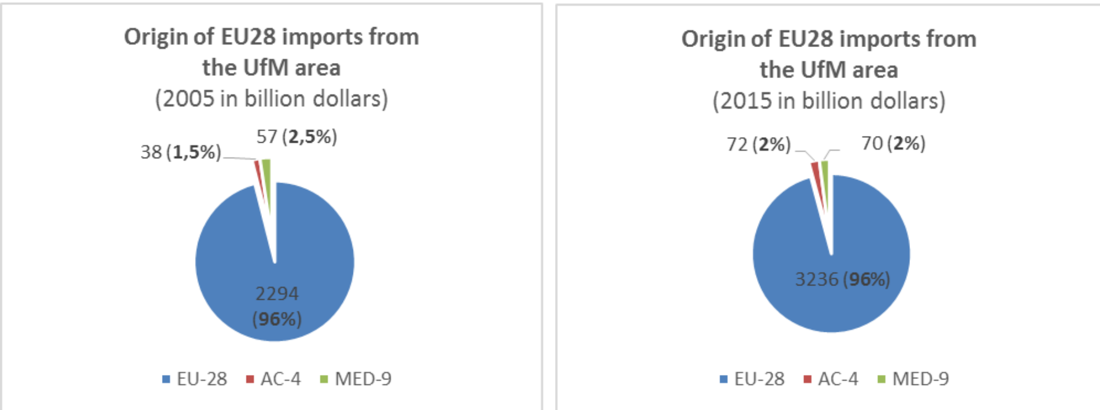
Figure 6: EU28 intra-trade and exports to AC4 and MED9 countries in 2005 and 2015



Source: *Own elaboration based on COMEXT data*

These results suggest that actual and prospective integration in the single market of the European Union have some positive effects on the AC4 position in terms of trade, in contradiction of the deterioration in their trade balances previously discussed. This leads us to believe that greater harmonization with the norms and standards of the European Union does have a positive effect on AC4 trade with the EU28 but might have negative effects on their trade with third parties. An interesting question for further research could be to analyse whether regional integration in its current form, with the European Union playing the role of catalyst, is the preferable route to internationalisation of Mediterranean countries that are not members of the European Union.

Figure 7: EU28 intra-trade and imports from AC4 and MED9 countries in 2005 and 2015

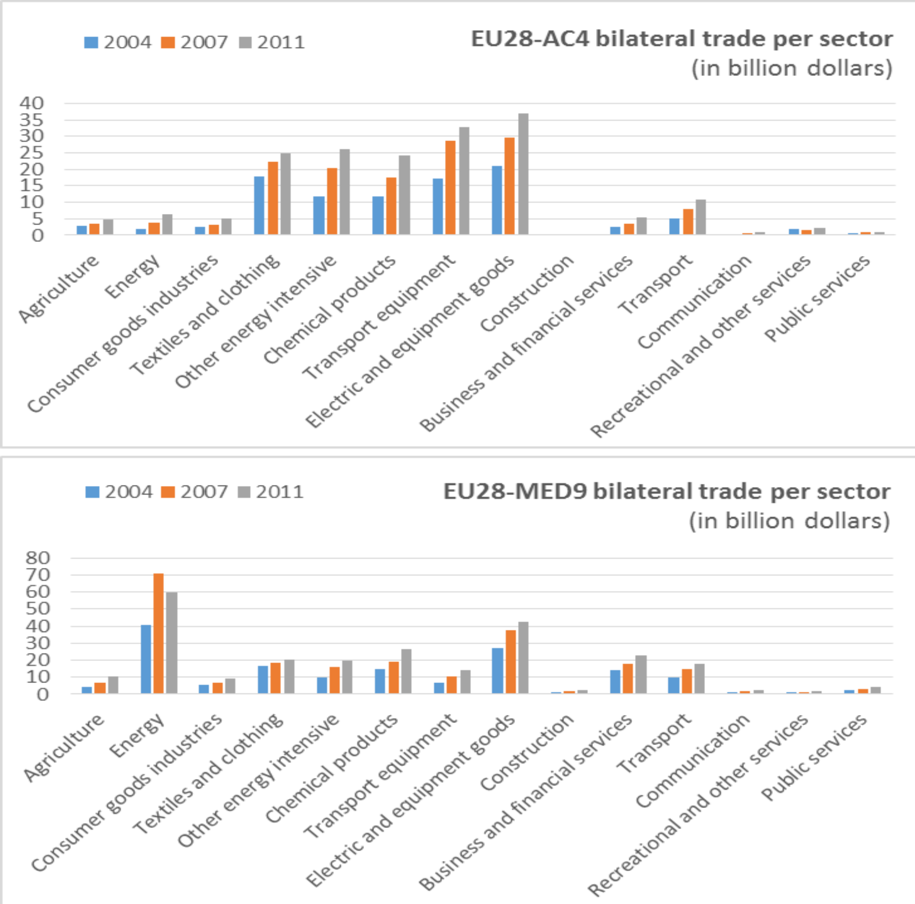


Source: *own elaboration based on COMEXT data*

***1)** EU28 refers to intra-EU28 imports, AC4 and MED9 refer to EU28 imports from the two groups.*

Figure 8 shows the sectoral distribution of bilateral trade between EU28, AC4 and MED9 countries in 2004, 2007 and 2011. Overall, the figures show higher values of trade in goods than in services. However, among goods a notable exception is the agricultural sector, which was excluded from most free trade agreements between partner countries in the region (see discussion below), resulting in limited trade of agricultural goods.

Figure 8: Evolution of sectoral trade between EU28 and AC4 and MED9 countries



Source: *Own elaboration based on COMEXT data*

1) *Bilateral trade is defined as the cumulative exports between EU28, AC4 and MED9 countries.*

The data suggests that bilateral trade is more diversified between EU28 and AC4 countries than between the former and MED9 countries, with four sectors standing out: textiles and clothing, energy and related products, chemical products and equipment goods. The latter sector, encompassing transport and electric equipment goods, registered the highest increase among all sectors between 2004 and 2011.

The sectoral distribution of bilateral trade between EU28 and MED9 countries is skewed towards the energy products and equipment goods sectors, respectively dominating MED9 exports to and imports from EU28 countries. The cumulated exports of the two groups of countries in the energy sector topped $70 billion in 2007, twice as much as the next sector with the higher value of exchanges, but dropped to $60 billion in 2011 in relation with the global financial crisis and the related slowdown in trade. The data aggregated at the MED9 level hides some important differences between countries. Algeria, Egypt and Libya (which is not included in the analysis) account for the very large majority of trade relations in the energy sector, while other MED9 countries export less but have more diversified trade relations with their EU28 counterparts.

Besides the acceleration of trade in equipment goods between EU28 and AC4 countries and the fluctuations of trade in energy between EU28 and MED9 countries briefly discussed above, the sectoral distribution of bilateral trade between the countries in the study did not change much between 2004, 2007 and 2011.

Tariff and non-tariff measures

As previously mentioned, trade between Euro-Mediterranean countries doubled in the period between 2005 and 2015, the exception being for exports of MED9 countries, in line with the overall increase in trade with the rest of the world over the same period. This is largely the result of the completion of tariff dismantling under free trade agreements already in force and the signature of a number of additional trade agreements, most particularly in the case of AC4 countries. Table 3 provides an overview of the free trade agreements in force between the countries retained in the analysis as of 2015.

Table 3: WTO status and free trade agreements in 2015

COUNTRY	WTO YEAR OF ACCESS and MEMBERSHIP		MFN TARIFF RATE (%)[1]	FTAs BETWEEN COUNTRIES IN THE UFM AREA[2]
Albania	2000	Yes	3,69	Turkey (2008), EU (2009), EFTA (2011)
Algeria	1987	No	12,52	AMU (1989), EU (2005), ongoing negotiations with EFTA
Bosnia and Herzegovina	1999	No	5,87	Turkey (2003), EU (2008), EFTA (2015)
Egypt	1995	Yes	10,58	Palestine (1997), Jordan (1998), Morocco (2003), EU (2004), EFTA (2007), Turkey (2007)
European Union	1995	Yes	1,5	Turkey (1996), Palestine (1997), Tunisia (1998), Israel (2000), Morocco (2000), Jordan (2002), Lebanon (2003), Egypt (2004), Algeria (2005), Bosnia and Herzegovina (2008), Albania (2009), Montenegro (2010)
Israel	1995	Yes	2,35	EFTA (1993), Jordan (1995), Canada (1997), Turkey (1997), EU (2000)
Jordan	2000	Yes	8,7	Israel (1995), Egypt (1998), Tunisia (1998), Morocco (1999), EU (2002), EFTA (2002), Turkey (2011)
Lebanon	1999	No	4,44	EU (2003), EFTA (2007)
Mauritania	1995	Yes	12,02	AMU (1989), negotiations concluded but not signed with EU (2014)
Montenegro	2012	Yes	5,78	EU (2010), Turkey (2010), EFTA (2012)
Morocco	1995	Yes	9,03	AMU (1989), Jordan (1999), EFTA (1999), Tunisia (1999), EU (2000), Egypt (2003), Turkey (2006)
Palestine		No	NA	EU (1997), Egypt (1997), EFTA (1999), Turkey (2005)
Tunisia	1995	Yes	15,93	AMU (1989), AEC (1991), EU (1998), Jordan (1998), Morocco (1999), EFTA (2005), Turkey (2005)
Turkey	1995	Yes	5,21	EFTA (1992), Israel (1997), Bosnia and Herzegovina (2003), Palestine (2005), Tunisia (2005), Morocco (2006), Syria (2007), Egypt (2007), Albania (2008), Montenegro (2010), Jordan (2011), agreement signed but not in force with Lebanon (2012)

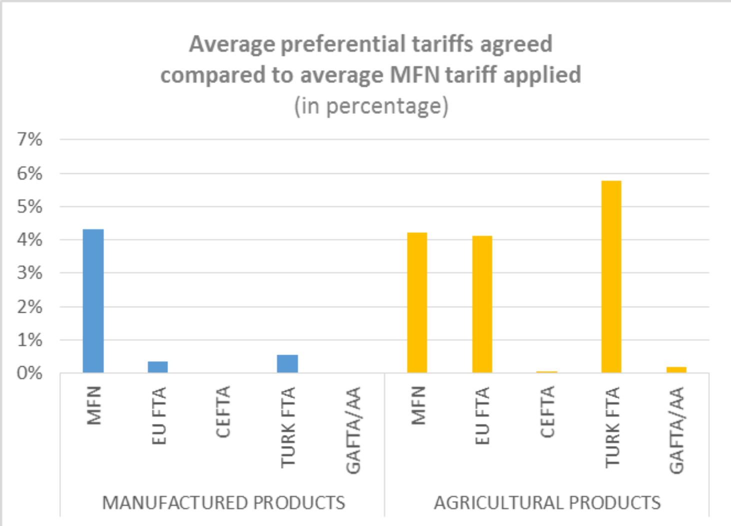
Source: *WTO, WDI for tariff data, and WB Preferential Trade Agreements Database for FTA data.*

***1)** Most favoured nation, weighted mean, all products. 2014 data for every country except 2012 data for Montenegro and 2008 data for Tunisia;* ***2)** Agadir Agreement, Greater Arab Free Trade Area, EU Association Agreements and EU-Turkey Customs Union excluded.*

Overall, tariff waiving between Euro-Mediterranean countries is considerably more advanced for manufactured products than for agricultural products and little progress has been achieved in the dismantling of non-tariff barriers to trade, most particularly when it comes to subsidies, which is still widespread right across the Mediterranean region.

Figure 9 presents the average most favoured nation tariff and preferential tariff rates applied by Euro-Mediterranean countries under the different agreements regulating their trade interactions. These agreements consist of bilateral free trade agreements signed by the European Union and by Turkey with different partners across the region, the Central European Free Trade Agreement between AC3 countries and the Greater Arab Free Trade Area and Agadir Agreement between MED8 countries.

Figure 9: MFN and preferential tariff rates applied between countries in 2015



MFN = most favoured nation tariff rate under World Trade Organisation rules.

EU FTA = Free Trade Area established under the Association Agreements with the European Union.

CEFTA = Central European Free Trade Agreement.

TURK FTA = Turkey bilateral free trade agreements with partners in the Euro-Mediterranean region.

GAFTA/AA = Greater Arab Free Trade Agreement and Agadir Agreement, almost overlapping in terms of tariffs applied

Source: *own elaboration based on WBDI and WTO data*

The Greater Arab Free Trade Area and the Agadir Agreement overlap as far as preferential tariff rates agreed between signatory countries are concerned, with the latter being formally open to all members of the former. The preferential rates agreed under the Greater Arab Free Trade Area and the Agadir Agreement are close to zero for both manufactured and agricultural products, but a delay in implementation of the agreements might result in applied tariffs being sensibly higher than agreed tariffs.

The European Union’s Association Agreements foresee the establishment of free trade areas on manufactured products with transition periods of up to twelve years, in some cases complemented with additional provisions for the progressive dismantling of tariffs on agricultural products. The data shows that tariff waiving on manufactured products under the Association Agreements is almost complete while on agricultural products it is still lagging behind, largely because liberalisation of the agricultural sector is a highly sensitive issue in both social and political terms for all countries in the region. For the same reason, tariff waiving under Turkey’s free trade agreements is also much more advanced in manufactured than agricultural products, with average tariffs applied by Turkey on the latter being considerably higher than the average MFN tariff applied across the region. Finally, under the Central European Free Trade Agreement, tariffs on both manufactured and agricultural products were dismantled in preparation for full integration into the single market of the European Union as part of the pre-accession agenda.

The dismantling of non-tariff barriers to trade has been rather slow in the Euro-Mediterranean region. EU28 countries played a catalyst role in the dismantling of tariff barriers, but lower tariffs are, in fact, compensated by higher non-tariff measures, hampering goods and services from partner countries from having access to the single market.

The World Trade Organisation defined a number of non-tariff measures applied by its member countries and collects data on the measures initiated or that are in force in any given year of reference. The data collected suffers from a number of flaws but is useful for sketching a picture of the advancements in close trade integration between the countries in the study. Table 4 gives an overview of five different types of non-tariff measures applied in UfM countries for which WTO data is available. These measures include anti-dumping, countervailing, safeguard, sanitary and phytosanitary measures and technical barriers to trade.

Table 4: NTMs initiated or in force in 2015

COUNTRY	ADP	CV	SG	SPS	TBT
EU28	22	3	0	38	78
Albania	0	0	0	5	19
Egypt	5	0	4	10	107
Israel	1	0	0	0	16
Jordan	0	0	1	8	0
Morocco	4	0	2	5	1
Tunisia	0	0	1	1	0
Turkey	26	1	2	17	19

ADP *= anti-dumping*
CV *= countervailing*
SG *= safeguard*
SPS *= sanitary and phytosanitary*
TBT *= technical barriers to trade*

Source: *own elaboration based on WTO data for available countries*

Technical barriers to trade are the most common non-tariff barriers in the region, with Egypt and EU28 countries standing out with particularly elevated numbers of measures initiated, or in force, in 2015. Sanitary and phytosanitary measures are also quite widespread, most particularly in EU28 countries, which also have a high number of anti-dumping measures in place, along with Turkey. In some cases, individual member states of the European Union apply additional non-tariff measures to those applied at the union level.

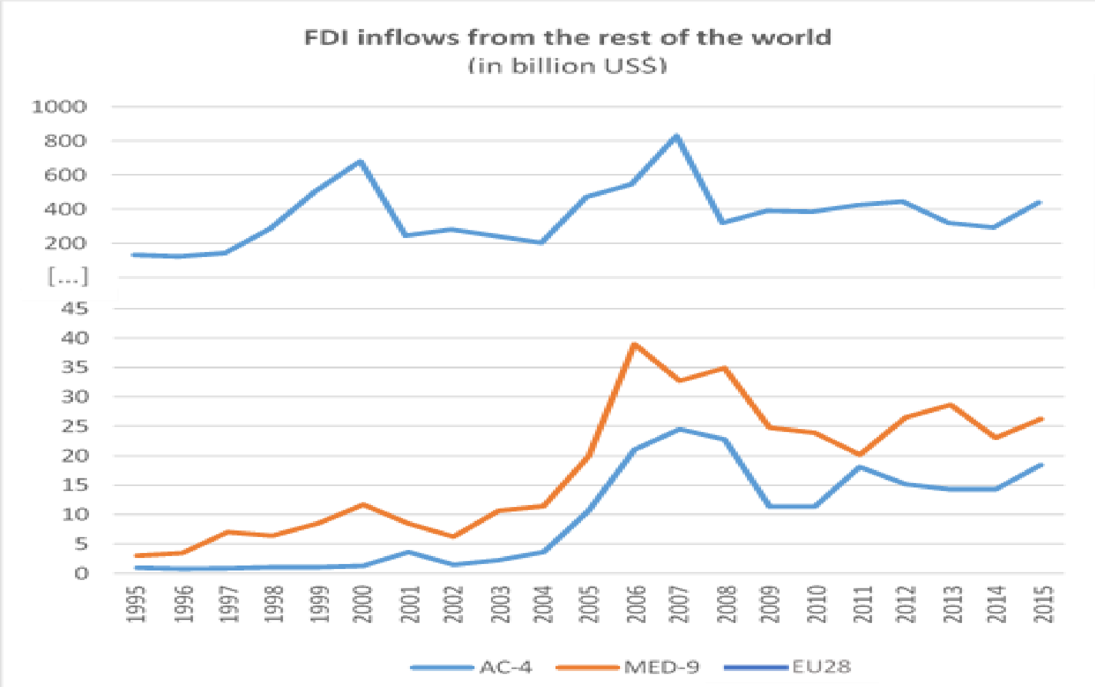
The European Union also plays a leading role when it comes to the reduction of non-tariff barriers to trade, focused on enhancing harmonisation of norms and standards across the region to facilitate trade. EU28 countries have a set of stringent norms and standards – the so-called *acquis communautaire* – that are transposed in the legislation of AC4 countries as part of the pre-accession agenda and advocated in MED9 countries by means of dedicated projects under the European Neighbourhood Policy. More recently, the reduction of non-tariff barriers lies at the heart of the on-going negotiation of Deep and Comprehensive Free Trade Areas. The harmonisation of norms and standards between EU28 and MED9 countries, based more implicitly than explicitly on the approximation of the latter to the norms and standards of the former, is slowed by the lack of prospective membership of the European Union – allegedly the main incentive for AC4 countries to harmonise their own norms and standards. This slowdown attests to the limitations of a strategy for close economic integration unilateral in nature rather than based on converging interests and priorities.

FDI and business environment

The main difference between shallow and deep approaches to economic integration is that the latter encompasses socio-economic reforms aimed at improving the business environment of the integrating economies besides facilitating their trade interactions - something that is supposed to translate into higher levels of investment. In particular, close economic integration is supposed to have positive effects on FDI, to the extent that improvements in the business environment are largely considered to be in terms of economic liberalisation that benefits both domestic and foreign participants competitively.

There are important differentials in FDI attractiveness between EU28, AC4 and MED9 countries. EU28 countries form one of the leading regions worldwide in terms of FDI outward and inward stock, while AC4 and MED9 countries are lagging behind compared to benchmark regions. The attractiveness of MED9 countries further deteriorated with the widespread instability that followed the 2011 Arab uprisings, as attested to by their ranking in the Global Foreign Direct Investment Country Attractiveness index,[18] which was seventh among eight geographic groups. At the other end of the spectrum, half of the twenty-five top ranked countries of the index are members of the European Union.

Figure 10: Evolution of FDI inflows to EU28, AC4 and MED9 countries

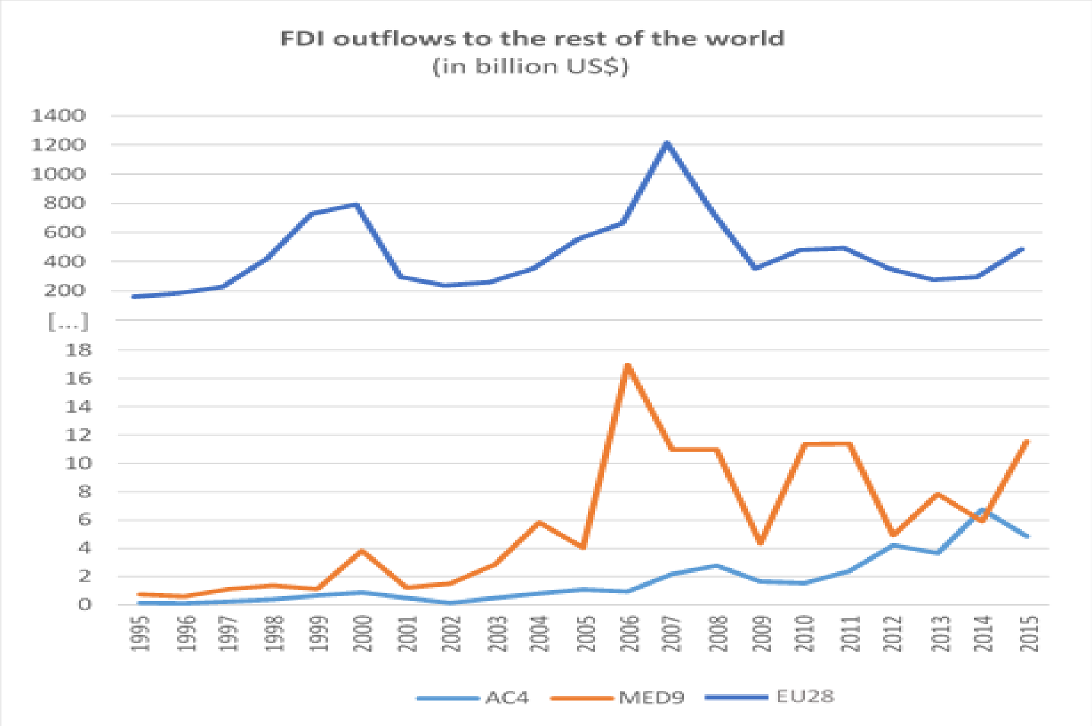


Source: *own elaboration based on UNCTAD data*

Figure 10 and Figure 11 present the evolution of FDI inflows and outflows in EU28, AC4 and MED9 countries between 1995 and 2015. The data shows the magnitude of the differentials in FDI attractiveness discussed above, but also an increasing trend for AC4 and MED9 countries compared to EU28 countries, which experienced more fluctuating levels of FDI inflows in the period considered. These fluctuations correspond to surging levels of FDI inflows in the years leading up to the 2001 and 2008 financial crises and stagnation in their aftermath.

[18] The methodology of the GFICA index is available at: http://www.fdiattractiveness.com/index-methodology/

Figure 11: Evolution of FDI outflows from EU28, AC4 and MED9 countries



Source: *own elaboration based on UNCTAD data*

FDI outflows from EU28 to MED9 countries have been quite variable over the last decade. Their evolution, from $27 billion in 2008 to $14 billion in 2012, mirrors the overall evolution of EU28 FDI outflows over the same period, from €564 billion in 2007 to €112 billion in 2014. The decrease of EU28 outflows to MED9 countries has been less drastic than for other worldwide partners of the European Union, at least partly in relation to closer political association and economic cooperation under the European Neighbourhood Policy and the Union for the Mediterranean. However, these outflows were largely concentrated in the capital-intensive energy sector and did not contribute to employment creation in MED9 countries. This specific point deserves further investigation using FDI data broken down by sectors, not available in the UNCTAD database.

Dynamics of economic catch-up in the Euro-Mediterranean region

To conclude on economic integration, it is important to look into the dynamics of the economic catch-up between lower and higher income Euro-Mediterranean countries, to the extent that only in a situation of actual or, at least, prospective convergence are the necessary incentives for lower income countries created to engage in further regional integration. Petit (2006) highlights two ideal types of regional integration schemes – between countries of similar income and between countries of different income – and underlines the dynamics of economic catch-up necessary for the second ideal type, applicable to the Euro-Mediterranean region, to be sustainable. Higher income countries with high productivity and production costs tend to invest their savings in lower income countries to benefit from low production costs. These investments result in productivity gains in lower income countries and, therefore, higher rates of economic growth, while in higher income countries the margin of profit increases, thanks to lower production costs. Hence, economic catch-up materialises through knowledge transfers and related productivity gains, while the effects on employment depend on the intensity of labour in the sectors receiving these transfers and materialising these gains.

Table 5 summarises data on three key economic indicators considered useful in shedding light on the dynamics of economic catch up between higher-and lower-income Euro-Mediterranean countries, as a result of the above discussion. The indicators retained are annual GDP per capita in current US$ and gross capital formation and gross savings, both in percentage of GDP.

Table 5: Indicators of economic catch-up between countries (description in footnote)

COUNTRY	DATE	(1)	(2)	(3)	COUNTRY	DATE	(1)	(2)	(3)
EU28	*1995*	16.522	24	21	**Lebanon**	*1995*	3.863	36	NA
	2005	26.205	25	20		*2005*	5.339	23	6
	2015	30.121	20	20		*2015*	8.051	28	22*
Albania	*1995*	761	21	20	**Mauritania**	*1995*	606	20	27
	2005	2.709	37	30		*2005*	693	61	NA
	2015	3.965	27	43*		*2015*	1.371*	57*	NA
Algeria	*1995*	1.445	31	NA	**Montenegro**	*1995*	NA	NA	NA
	2005	3.102	32	52		*2005*	3.675	18	NA
	2015	4.206	46*	25		*2015*	6.415	21	27*
Bosnia and Herzegovina	*1995*	481	20	NA	**Morocco**	*1995*	1.424	25	22
	2005	2.928	27	9		*2005*	2.023	30	32
	2015	4.198	18*	22*		*2015*	2.872	32*	28
Egypt	*1995*	964	20	22	**Palestine**	*1995*	1.327	38	7
	2005	1.197	18	22		*2005*	1.455	26	-3
	2015	3.615	14	27		*2015*	2.867	21	NA
Israel	*1995*	18.029	26	13	**Tunisia**	*1995*	2.013	25	20
	2005	20.611	20	22		*2005*	3.218	22	20
	2015	35.330	19	19		*2015*	3.873	22*	15
Jordan	*1995*	1.557	33	29	**Turkey**	*1995*	2.896	25	22
	2005	2.361	34	16		*2005*	7.117	20	16
	2015	4.940	23	21*		*2015*	9.130	19	12

Source: *own elaboration based on WBDI and UNDP data; * indicates that only 2014 data was available.*

***(1)** GDP per capita in current US$; **(2)** Gross capital formation in % of GDP; **(3)** Gross savings in % of GDP*

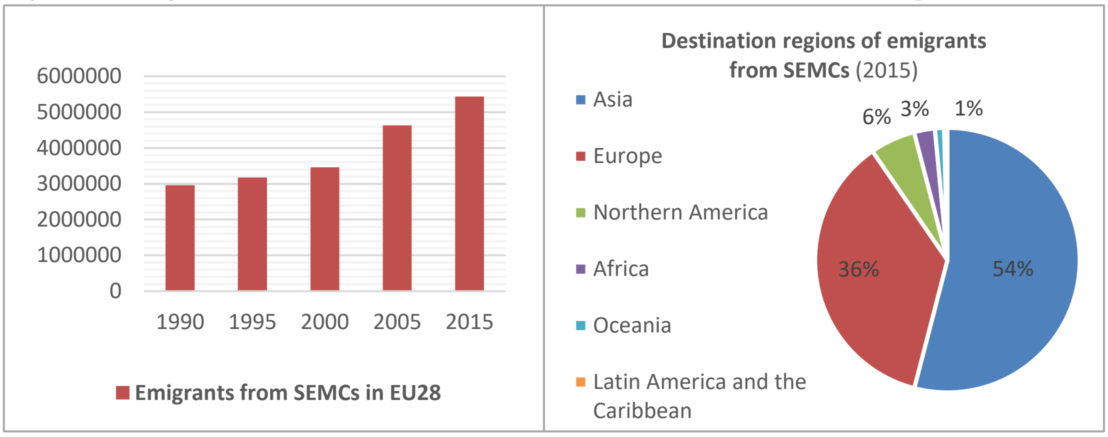
GDP per capita is an indicator widely used to capture wealth differentials between countries and, therefore, of convergence or divergence in the three reference years retained herewith, 1995, 2005 and 2015. The figures are influenced by the important differential in demographic patterns between EU28 and MED9 countries. Moreover, in the case of the former, the average GDP per capita hides important differentials between higher income Northern European countries and lower income Southern European ones. GDP per capita increased in all countries in the period considered but the gap between EU28 countries and AC4 and MED9 countries is still substantial in 2015. GDP per capita grew quicker only in a limited number of cases in AC4 and MED9 countries than in EU28 countries between 2005 and 2015, attesting to limited convergence of income levels in the region.

FDI-induced technology transfers and productivity gains are supposed to translate into higher rates of gross capital formation, but the data shows that the rate of gross capital formation remained stable between 20% and 30% of GDP in 1995, 2005 and 2015. The situation is more heterogeneous in the case of gross savings, a measure of the potential for increased private and public investment through taxation in the countries catching up. Gross savings increased or decreased depending on the country and diminished in the EU28, probably in relation to the financial and economic crisis. The data above suggests that several decades of economic integration have not materialized in the catch-up of poorer to richer countries in the Euro-Mediterranean region, with a number of consequences worth brief discussion. The persistence of a substantial gap of economic conditions and opportunities between Southern and Eastern Mediterranean countries[19] and their Southern and especially Northern European counterparts is arguably the structural determinant of migration trends across the Mediterranean Sea, whereas chronic unemployment and widespread instability can be counted among conjunctural drivers of increased flows in recent years.

Figure 12 presents some basic information about the magnitude and the direction of migration flows in the region. Europe is the second most important destination for migrants from Southern and Eastern Mediterranean countries after Asia and most particularly Gulf Cooperation Council countries. The data shows that the number of migrants residing in the European Union sharply increased between 2005 and 2015 while it had remained more or less stable in the period comprised between 1990 and 2000. Interestingly enough, this increase started in the build-up of the 2011 Arab uprisings and not only in their aftermath, raising a number of interesting questions for further research.

[19] Southern and Eastern Mediterranean countries include here Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria and Tunisia. Figure 12 presents data for these countries grouped under the label SEMCs.

Figure 12: Emigrants from Southern and Eastern Mediterranean countries in the European Union



Source: *author's elaboration based on estimates of bilateral migration stocks provided by the* United Nations *(figure courtesy of Nadzeya Laurentsyeva – Centre for European Policy Studies)*

Ayadi and El Mahdi (2013) provided an overview of the human capital situation in Southern and Eastern Mediterranean countries and highlighted a number of push factors of migration towards the European Union. These factors, discussed in light of current and prospective demographic trends in the region, include rising inequalities, shrinking middle class and above all the mismatch between the skills provided by education systems and those required by labour markets in the countries under study. This issue of skills mismatch is at the roots of the unemployment crisis facing not only Southern and Eastern Mediterranean countries but also Southern European ones, fuelling migration flows towards Northern European countries increasingly unsustainable, as attested by the focus of the debates having led to the Brexit.

These considerations point to the importance of initiatives and reforms in the field of education for future prospects of economic catch-up in the Euro-Mediterranean region. Integrated education systems and labour markets at the regional level would provide young graduates with expanded economic opportunities complementing the skills that ideally they should be equipped with by reformed education systems at the national level. The demographic dividend experienced by Southern and Eastern Mediterranean countries with rapidly growing working age populations would compensate for the demographic penalty facing aging Northern and Southern European countries.

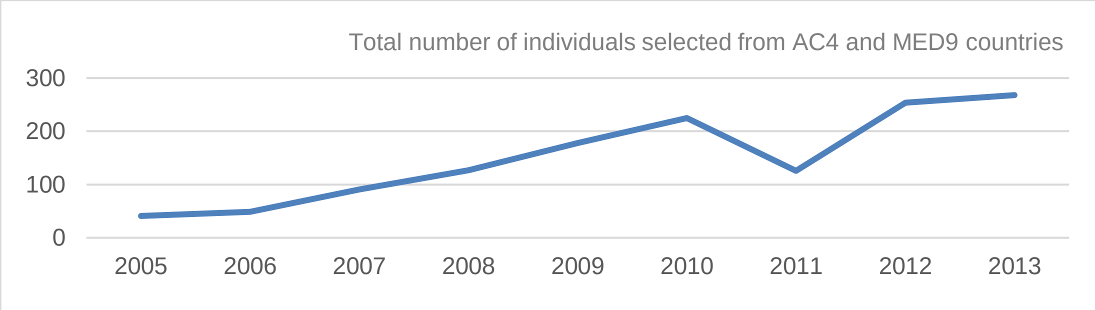
This is not only wishful thinking, as the still limited yet increasing efforts to integrate education and research between countries across the region attest. The European Union, taking stock of the success story of the Erasmus programme and similar partnerships in the process of European integration, opened a number of programmes to individuals coming from AC4 and MED9 countries.[20] Among other initiatives, the Partnership for Research and Innovation in the Mediterranean Area was launched under the Horizon 2020 framework programme, with co-funding from the European Commission and participating countries in the region. The Union for the Mediterranean, which counts higher education and research among its priority areas, supported the creation of two Euro-Mediterranean Universities among other networks and platforms in and for the region.

Figure 13 provides information on the number of Erasmus Mundus master students, doctorate candidates and scholars selected from AC4 and MED9 countries on a yearly basis between 2005 and 2015. In absolute terms, the number of individuals selected from the above countries remains low but

[20] For an overview of the programmes, see the report on the implementation of the European Neighbourhood Policy Review produced by the European External Action Service (2017).

it did register a notable increase, growing from less than 50 in 2005 to more than 250 in 2015. Egypt stands out among partner countries, with a total number of 67 individuals selected in 2013 and 100 in 2012. However, in absolute terms these numbers remain very low.

Figure 13: Erasmus Mundus exchanges of master students, doctorate candidates and scholars



Source: *own elaboration based on Erasmus Mundus statistics*

Prospects towards rethinking integration in the Euro-Mediterranean region

Overall, it can be concluded that several decades of Euro-Mediterranean cooperation did not translate into any substantial advancement in regional integration excepted some progress in trade liberalisation, nonetheless limited both in depth – tariff waiving without further harmonization – and in scope – not all sectors covered. It is not surprising that under these conditions, also considering the negative implications of the Great Recession and widespread instability in the aftermath of the Arab uprisings, economic catch-up between poorer and richer countries in the Euro-Mediterranean region did not materialise.

In this conclusive section, the analysis takes a broader view to provide the reader with a measure of the untapped potential for Euro-Mediterranean integration and prepare the ground for the formulation of policy recommendations on how to exploit this potential in the future. To begin with, it is worth noting that while the very nature of globalisation processes changed in the last few decades, with a clear shift towards the predominance of global value chains, the approach to regionalisation in the Euro-Mediterranean did not change during the same period. Regional integration remained shallow, focused on tariff waiving, as opposed to deep, resulting in a substantial reduction of tariff rates, but limited to non-existent harmonisation of processes and market conditions – pre-requisites for regional value chains to emerge. Instead, regional integration was hampered by political tensions and further escalation of conflicts, which exacerbated the dividing lines between the countries of the region rather than their outstanding similarities which are fundamental to prosperity.

The prospects for regional integration in the Euro-Mediterranean are not rosy, as the "red transition" scenario devised by Ayadi and Sessa (2013) anticipated, leading to further fragmentation and increasing distance between partner countries. Southern and Northern Mediterranean countries are facing a persistent unemployment crisis, emblematically illustrated by the highest youth unemployment rates worldwide. The lack of employment opportunities is broadly considered the main push factor for migrants, a large proportion of which are citizens of Southern European countries migrating to Northern European countries, far better off in terms of employment. These migratory pressures, coupled with flows of refugees fleeing a number of conflicts, arguably also a consequence of a shortage of economic opportunities for the region's youth, are fuelling scepticism in the latter countries about the European Union project, putting at risk any prospect for a more advanced integration scheme in the region and worldwide.

The main issue highlighted by researchers and policy makers alike to explain the employment crisis in Mediterranean countries is the mismatch between the skills provided by education systems in the region and those required by labour markets (for a discussion see Ayadi and El Mahdi, 2013 and Ayadi and Ramos, 2017). However, a number of disruptive changes on the demand side of labour markets also contributes to the challenges, most of which are related to two mega-trends which is worth discussing in more detail - globalisation and automation-digitalisation. However, these new trends might underline further opportunities that should be explored.

In an insightful book on globalisation, Baldwin (2016) identifies three types of drastic reduction in costs experienced in the past or likely to be experienced in the future as a result of unfolding technological advancements which will continue at an accelerating pace, leading to disruptive implications in terms of globalising processes and resulting pathways of economic development. These are costs of moving goods, costs of moving ideas and costs of moving people, the first two having already undergone a drastic reduction. The author distinguishes "old" and "new" globalisation and related processes of economic divergence and convergence between countries at a global level. "Old" globalisation refers to the decoupling of production and consumption induced by the drastic reduction of transportation costs, which enabled a limited number of now rich countries, such as the United Kingdom, to concentrate their know-how so that they could benefit from lower wages in then poor countries, such as China and expanding markets worldwide. This resulted in unprecedented wealth accumulation and a subsequently great divergence of income levels worldwide. “New” globalisation refers to the emergence of global value chains induced by the reduction of communication costs that contributed to an unprecedented transfer of know-how within and between firms across the world, and the resulting catch-up of some then poor yet industrialising countries who benefitted from such transfer.

Unfortunately, only a handful of countries actually benefitted from these global developments, mostly concentrated in East Asia, although the author provides evidence that geographical proximity remains an important determinant of the emergence of global value chains. In some cases, the latter could be better described as **regional value chains**, as in the case of the Germany-Poland and US-Mexico couplets.

In light of this, the question of why the Euro-Mediterranean region, in bringing together developed and developing countries with impressive complementary differentials in terms of know-how and wages, demography as well as resource endowment, did not see the emergence of regional value chains cannot be ignored. Further research should focus on the factors explaining the failure of the region to engage in mutually advantageous trade and investment relations, which are manifold and not so well understood. Here, we limit ourselves to point out that trade and investment agreements and related policies in the region did not contribute to the emergence of regional value chains, echoing the argument of Baldwin (2016) that current policies fail to grasp the changing nature of globalisation itself.

In the future, regional trade agreements and investment policies should aim at creating the conditions for regional value chains to emerge, based on potential or existing similarities between countries in the region, while industrial policies should aim at enhancing the access of domestic firms into these regional value chains. Given the changing nature of value chains themselves, education systems should be tailored in such way as to create resilient workers, that is, focusing on the development of transversal skills useful in several domains rather than sector-specific skills that can be learned on the job. At the same time, vocational training programmes focused on skills specific to given sectors or value chains should be mainstreamed alongside other lifelong learning institutions to accompany the retraining and redeployment of workers in rapidly changing labour markets, in order for them to benefit from the opportunities offered by the mega trends. The role of public-private partnerships will be central in tailoring and funding such vocational training programmes and lifelong learning institutions, as it is likely that neither private businesses nor public administrations will have sufficient knowledge, incentive or means to ensure the provision of such services to workers.

The other mega-trend having huge implications on labour markets and, therefore, on the employment situation in the region, is automation-digitalisation. Many authors are discussing the disruptive potential of the two distinct, yet tightly related trends, in terms of job destruction, as robots are progressively replacing humans in productive processes and digital platforms are abruptly replacing labour-intensive intermediaries in the market. In a rather grim picture of the future, those workers whose productivity is replaced, rather than augmented, by technological advancements will see their wages shrink or their jobs disappear.

On a somewhat lighter and more optimistic note, Baldwin (2016) discusses the repercussions for globalisation of the drastic reduction of face-to-face costs induced by innovations in the field of telepresence and remote intelligence, amongst others. He highlights a number of service jobs, actually the majority of jobs available in the labour markets, which will no longer require a physical presence, meaning that cheaper workers in developing countries will be able to provide services in developed countries, without actually moving there. If harnessed with adequate policies at a regional level, along with redistributive mechanisms, such as basic income schemes compensating the increasing weight of capital in an automated-digitalised economy (see Reich, 2015), these developments might in the longer term represent a solution to migratory pressures.

All these considerations point towards the need for more, yet qualitatively different, Euro-Mediterranean integration, aimed at the concerted establishment of common policies to harness the disruptive developments discussed above. This echoes the "blue transition" scenario devised by Ayadi and Sessa (2013), where similarities between countries in the region are exploited to turn a number of threats undermining stability in the region into opportunities for inclusive and sustainable co-development that can benefit from the opportunities offered by the mega trends.

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Annexes

Annex 1: Regional programmes funded within the framework of the European Neighbourhood Policy

PROGRAMME	SNAPSHOT	PROGRAMME	SNAPSHOT
PRIVATE SECTOR, TRADE AND INVESTMENT			
Euro-Mediterranean Network for Economic Studies **EMNES**	2015-2018 2,45 M EUR	Support to Business and Investment Partnership in Southern Mediterranean **EUROMED INVEST**	2014-2016 5 M EUR
Support to Economic Research, Studies and Dialogue **FEMISE**	*2005-2019 2,5 M EUR*	Enhancement of the Business Environment in Southern Mediterranean	2014-2016 12 M EUR
Euro-Mediterranean Trade and Investment Facilitation Mechanism **EUROMED TIFM**	2014-2017 1,5 M EUR	Support to Regional Trade Integration - Agadir Agreement	2014-2017 4 M EUR
Fast-Start EBRD Support to Southern and Eastern Mediterranean Countries	2011-2017 15 M EUR	Fostering EU Policy Implementation through Public-Private Partnership Project Preparation - **MED 5P INITIATIVE**	2013-2017 5 M EU
INFRASTRUCTURE			
Technical Assistance to the Mediterranean Urban Projects Finance Initiative **UPFI**	2012-2017 2,5 B EUR	Sustainable Urban Demonstration Projects **SUDEP**	2014-2018 10,5 M EUR
Southern Neighbourhood Advisory Programme for the Transport Sector **SNAP-T**	2013-2016	Euro-Mediterranean Road, Rail and Urban Transport Regional Programme	2011-2016 4 M EUR
EMPLOYMENT AND EDUCATION			
Social Entrepreneurs Exchange and Development in the Euro-Mediterranean **SEED EUROMED**	2014-2017 277.000 EUR	Euro-Mediterranean Young Entrepreneurs **EMYE**	2015-2016 562.000 EUR
Networks of Mediterranean Youth **NET-MED YOUTH**	2014-2016 8,8 M EUR	Euro-Mediterranean **YOUTH IV**	2010-2016 11 M EUR
Governance for Employability in the Mediterranean **GEMM**	2013-2019 2 M EUR	Euro-Mediterranean **CONNECT III**	2011-2016 9,3 M EUR
ERASMUS+	2014-2020 14,7 B EUR	**MOSHARKA**	2012-2016
Promotion of Policies for Equality in the Euro-Mediterranean Region **MEDEQUALITY**	2014-2017 976.311 EUR	Spring Forward for Women	2012-2016 8,2 M EUR
POLITICAL DIALOGUE AND SECURITY			
Euro-Mediterranean Political Research and Dialogue for Inclusive Policymaking **EUROMESCO**	1996-2019 1,254 M EUR	Regional Communication Programme - Phase II **OPEN NEIGHBOURHOOD**	2015-2019 18,2 M EUR
Strengthen Democratic Reform in the Southern Neighbourhood II	2015-2017 7,370 M EUR	EU Partnership for Peace - Middle East Projects **EU-PfP**	5 to 10 M EUR
Information and Training Seminars for Euro-Mediterranean Diplomats	2012-2016 1 M EUR	Euro-Mediterranean **POLICE IV**	2016-2020 5 M EUR
Regional Approach to National Integrity Systems Assessments in European Southern Neighbourhood	2014-2016	Euro-Mediterranean Statistical Cooperation **MEDSTAT IV**	2016-2019 4,7 M EUR

ENVIRONMENT			
Shared Environmental Information System **ENI SEIS**	2016-2020	Maritime Safety and Pollution Prevention **SAFEMED III**	2013-2016 3 M EUR
Switching to Sustainable Consumption and Production in the Mediterranean **SWITCH-MED**	2012-2016 20 M EUR	Regional Sustainable Energy Finance Facility **SEMED**	2013-2020 141,7 M EUR
Support for Climate Change Mitigation and Adaptation **CLIMA SOUTH**	2013-2017 5 M EUR		

Source: *own elaboration*

Annex 2: Regional programmes funded or labelled by the Union for the Mediterranean

PROGRAMME	SNAPSHOT	PROGRAMME	SNAPSHOT
PRIVATE SECTOR, TRADE AND INVESTMENT			
Euro-Mediterranean Development Centre for MSMEs **EMDC**	2013-2015 5,4 M EUR	EUROMED Invest Promotion and Observatory **EMIPO**	3,4 M EUR
Agadir SME Programme	2017-2019 4,35 M EUR	Economic Development through Inclusive and Local Empowerment **EDILE**	2015-2018 2,9 M EUR
Promoting Financial Inclusion via Mobile Financial Services **MOBILE FINANCE**	2014-2015 1.340.000 EUR	Governance and Financing in the Mediterranean Water Sector	2013-2016 2.5 M EUR
Growing and Scaling SMEs **CEED GROW**	2015-2017 1 M EUR	Regional Platform for the Development of Cultural and Creative Industries and Clusters	2014-2018 300.000 EUR
INFRASTRUCTURE			
OPTIMED	2016-2019 37,35 M EUR	LOGISMED Training Activities **LOGISMED-TA**	2013-2018 6,6 M EUR
Motorway of the Sea Turkey-Italy-Tunisia	2014-2037 478 M EUR	Trans-Maghreb Motorway Axis Central Section Morocco-Tunisia	2015-2020 670 M EUR
EMPLOYMENT AND EDUCATION			
Mediterranean Initiative for Jobs **Med4Jobs**	2014 onward	**YouMatch** – Toolbox Project	2016-2018 1,05 M EUR
Developing Youth Employability and Entrepreneurial Skills **Maharat MED**	2015-2018 3.852.528 EUR	Mediterranean Entrepreneurship Network	2015-2018 6.800.000 EUR
High Opportunity for Mediterranean Executive Recruitment **HOMERe**	2015-2016 709.400 EUR	Generation Entrepreneur	2015-2018 3,4 M EUR
Women Empowerment for Inclusive and Sustainable Development	2015-2017 4.525.000 EUR	Higher Education on Food Security and Rural Development	2015-2018 1,2 M EUR
Eastern Mediterranean International School **EMIS**	2015-2019 11.832.336 EUR	New Chance Mediterranean Network **MedNC**	2015-2019
Skills for Success Employability Skills for Women	2014-2015 700.000 EUR	Young Women as Job Creators	2013-2015 650.000 EUR
Euro-Mediterranean University **EMUNI**	2008 onward	Euro-Mediterranean University of Fez **UEMF**	2015 onward
ENVIRONMENT			
Mediterranean Water Knowledge Platform	2013-2016 9,525 M EUR	SEMed Private Renewable Energy Framework **SPREF**	2015-2018 836 M EUR
UfM Energy University Schneider Electric	Online project 6 M EUR	UfM Energy Platforms	2015 onward
Plastic Busters for a Mediterranean Free from Litter	2016-2020 8,8 M EUR	Capacity Building Programme on Water Integrity in the MENA Region	2014-2018 2.302.000 EUR

Networking CSOs in the Mediterranean through Environment and Water Issues **BLUEGREEN MED-CS**	2014-2017 2.855.900 EUR	Mediterranean RESCP POST RIO+20	2015-2019 8,9 M EUR
CIVIL AFFAIRS			
Women's Right to Health **WORTH**	2016-2020 4,16 M EUR	Developing Women Empowerment	2015-2018 1,5 M EUR
Women of the Mediterranean **WOMED**	2015-2018 820.000 EUR	Forming Responsible Citizens to Prevent School Violence	2015-2018 759.249 EUR

Source: *own elaboration*

About EMNES

The Euro-Mediterranean Network for Economic Studies - EMNES is a network of partners and associates research institutions and think tanks working on the Mediterranean region. EMNES aims to provide a renewed vision for socio-economic development in the Mediterranean region, mainly focusing on employment creation, social inclusion, and sustainable development.

EMNES areas of research include the role of institutions and institutional reforms, macro-economic policies, private sector and micro, small and medium sized enterprises and employment creation, role of education, innovation, skill mismatch and migration, finance, regulation and the real economy and regional integration.

EMNES will produce books, studies, scientific and policy papers and will disseminate through the organization of annual conferences, and workshop meetings in the region bringing together leading senior and junior researchers, academics, policy makers and representatives of the civil society to discuss and debate optimal policies for the future of the region.

EMNES is built on four core principles: independence, excellence, policy relevance and deep knowledge on Euro-Mediterranean affairs.

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