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Annex to the :

Communication from the Commission to the Council and the European Parliament

“TENTH ANNIVERSARY OF THE EURO-MEDITERRANEAN PARTNERSHIP:

**A work programme to meet the challenges
of the next five years.**

IMPACT ASSESSMENT

{COM(2005)139 final}

1. COVERAGE

The present impact assessment note covers the Commission recommendation to adopt a work programme for the Euro-Mediterranean Partnership for the next five years comprised in the draft Commission Communication. The Commission proposes that the Work programme and its proposals should be examined by the Barcelona VII Ministerial Conference in Luxembourg on 30-31 May 2005, and adopted by the Tenth Anniversary Conference of the Barcelona Declaration to be held in Barcelona in November 2005.

The recommendations subject to the present impact assessment note do not constitute legislative proposals and do not preclude the elaboration in due time of individual impact assessment for specific initiatives. Moreover most of the specific proposals of the work programme (see section 8 of the present document) do not require regulatory measures for their implementation,

2. ISSUES THAT THE PROPOSALS ARE EXPECTED TO TACKLE

The Euro-Mediterranean Partnership relationship is governed by an international multilateral declaration of a political nature –the Barcelona Declaration– and by Association Agreements with Mediterranean Partner countries. The first such Agreement to be concluded was with the Palestinian Authority in 1997. Since then, with exception of Syria, with which negotiations have already been finalised, agreements with all other Mediterranean Partners have been concluded, and they are in force or in the process of being ratified.

In the Barcelona Declaration the partners established the three main objectives of the partnership that constitute the three chapters of the Barcelona Process:

- **Political and security partnership:** Establish a common Euro-Mediterranean area of peace and stability based on fundamental principles including respect for human rights and democracy;
- **Economic and financial partnership:** Create an area of shared prosperity through the progressive establishment of a free-trade area between the EU and its Partners and among the Mediterranean Partners themselves, accompanied by substantial EU financial support for economic transition in the Partners and for the social and economic consequences of this reform process
- **Social, cultural and human partnership:** Promote understanding between cultures and rapprochement of the peoples in the Euro-Mediterranean region as well as to develop free and flourishing civil societies.

Ten years after the Barcelona Declaration these objectives remain valid. They represent a deliberate political choice made by the EU and its partners in November 1995 to adopt a **global and comprehensive policy**.

The partnership has brought together all the countries of the region at Ministerial level even in the most difficult circumstances. But despite the undoubted achievements, there have been problems. Difficulties in the Middle East Peace Process have slowed down progress; negotiation and ratification of the Association Agreements has been slower than expected;

South-South trade and cooperation has not increased from its very low starting point; and there is insufficient awareness of the partnership on both sides of the Mediterranean.

3. MAIN OBJECTIVES TO REACH

The underlying objective of the proposed work plan is to close the human, political, social and economic gap between Mediterranean Partners and the EU, and thus, advance sustainable development in the Mediterranean Partner countries, and promote peace, democracy and stability.

Extensive available literature and analysis demonstrate the urgent need to address the deficits Mediterranean Partners are confronted with: The UNDP reports since 2003, those of the International Financial Institutions, the reports and studies of the FEMISE (Euro-Mediterranean Network of Economic Research Institutes) and EUROMESCO (Euro-Mediterranean Network of Policy Science Institutes), as well as the work done by the Commission, notably, the Country Strategy Papers for the Mediterranean Partner countries and the Regional Strategy Paper.

Among the agreed objectives of the Partnership included in the National and regional Indicative Programmes concluded between the Commission and Partner countries, it is worth underline the need:

- To make the Euro-Med Free Trade Zone a reality;
- To promote the Sustainability of the Euro-Mediterranean Integration;
- To enhance the Rule of Law and Good Governance;
- To co-operate in developing understanding between peoples, in order to fight intolerance, racism and xenophobia
- To tackle common regional challenges affecting the sustainability of Euro-Mediterranean integration: environmental protection and sustainable development.
- To tackle the education and training challenges;
- To link the Association Agreement signatories with the Trans-European infrastructure networks for transport, energy, and telecommunication and create such networks among themselves.
- To build a multilateral network of close contractual relationships - the free-trade Agreements - between the signatories of the Euro-Mediterranean Association Agreements.
- To bring the Partnership closer to the People.

These objectives are pursued in the work programme proposed by the Commission with specific initiatives in three main areas of action: Human rights and democracy; Economic growth and reform; and Education.

4. MAIN POLICY OPTIONS

After 20 years of increasingly intensive bilateral trade and development co-operation between the 15 EU Member States and its 12 Mediterranean Partners, the conference of EU and Mediterranean Foreign Ministers held in Barcelona in November 1995 marked the start of what has since been called the Barcelona Process. The Barcelona Declaration adopted in 1995 represented a new phase in the relationship and marked the beginning of the Euro-Mediterranean Partnership. The relationship changed from being based on Cooperation agreements with preferential non-reciprocal trade concessions, to a more integrated approach including free trade agreements, political dialogue and comprehensive cooperation supported by the MEDA budget line. The establishment of the Barcelona Process and of the MEDA Programme provided a more comprehensive, cohesive, national as well as regional framework of co-operation based on bilateral and regional co-operation instruments.

Since then, the policy option followed by the Commission, the Member States and our Mediterranean Partners has been one based on the development and strengthening of a solid partnership with a bilateral and a regional dimension.

The Partnership is being further developed as a result of the **European Neighbourhood Policy** which provides a framework for strengthening it and making some of its targets more concrete. It offers the partners a stake in the four freedoms and notably a chance for closer approximation to the Single Market acquis in various fields through the adoption of Action Plans. As a first step the Action Plans have been agreed with the partners with whom Association Agreements are in force, i.e. Morocco, Tunisia, Jordan, Israel and the Palestinian Authority. The next wave will cover partners who have ratified their Association Agreements.

All partners agree that the Barcelona process, reinforced by the Neighbourhood Policy, remains the best way to mobilise the commitment of all concerned to reflect the strategic importance of Euro-Mediterranean relations. The Commission considers that action needs to be taken on all sides to re-launch the Barcelona process, to address the challenges of the countries of the region and strengthen relations between the EU and Mediterranean Partners.

The priority to be given to the process of **political, social and economic reform** in the Mediterranean in particular and more widely in the Mediterranean/Middle East is now recognised by all. The challenge for the EU and for the Mediterranean will be to improve the efficiency of the Barcelona/Neighbourhood policy as an instrument to this end. Still greater efforts are needed to translate words into actions and to demonstrate genuine political will to implement the commitments jointly entered into in the Barcelona Process.

The Neighbourhood Action Plans will be an important demonstration of this shared political will. They should be implemented as a priority, in a focussed way through the organs of the Association Agreements and with support from MEDA at the national level; new Plans should be agreed with partners ready to do so. The Barcelona Process should be used as a political framework to confirm the joint commitment to the plans and to ensure the consistency of their objectives and their contribution to regional and sub-regional integration.

The achievements of bilateral and sub-regional cooperation should feed into the multilateral process and vice versa. In order to adequately support the European Neighbourhood Policy the Commission has proposed to the Council the adoption of a new policy driven financial instrument, the European Neighbourhood and Partnership Instrument specifically designed to assist in the implementation of the Association agreements and the Neighbourhood Action

Plans. The new instrument will replace MEDA and part of the TACIS programmes and should become operational as of January 1st, 2007. The Commission has also proposed an overall increase in the budget of the instrument for the period 2007-2013.

5. EXPECTED IMPACT

Sources available

The Barcelona Declaration acknowledged that it is important to “reconcile economic development with the protection of the environment, integrate environmental concerns with the relevant aspects of economic policy and lessen the negative results which might arise from development at environmental level.” This was reinforced in the 2002 Athens Declaration of Euro-Mediterranean Environment Ministers, which underlined the importance of sustainable development as ‘the predominant global and guiding objective of the Euro-Mediterranean Partnership’, and strongly reaffirmed its commitment to the Rio Principles, the full implementation of Agenda 21 and the Programme for the Further Implementation of Agenda 21. The Declaration was adopted at the Euro-Mediterranean Mid-Term Meeting of Foreign Ministers held in Crete in May 2003.

For the Mediterranean area the integration of economy, social development and environment is particularly relevant for two reasons: first, the development of agriculture, manufacturing industry and services (including tourism) depends directly on environmental resources and largely determines the future of the region; second, natural resources are precious and fragile in many parts of the region.

At the Euro-Mediterranean Ministerial Meeting held in Stuttgart in 1999, the European Commission made a commitment to carry out a sustainability impact assessment (SIA) of the Euro-Mediterranean Free Trade Area (EMFTA).

The impact assessment is intended to contribute to the overall objective of streamlining sustainable development principles into the framework of the EMFTA, in the context of the agreements that have already been made, and on-going and future negotiations. Through a combination of consultative processes and technical studies, the study aims to provide a reliable and widely accepted analysis and understanding of the potential impacts on sustainable development of the trade measures covered by these agreements and negotiations, and an analysis of the policy options that are available for maximising benefits and avoiding or mitigating adverse effects. As well as providing a concrete input for negotiators representing all the countries of the region, the study will provide information for other policy makers and stakeholders involved in the development of related measures that interact with trade policy in relation to the goals of sustainable development. In particular, the outputs of the consultations and analyses undertaken in the study are expected to influence the design of the EU’s technical assistance and related support programmes for trade issues and sustainable development in the region.

The SIA study is being carried out in three phases over a two year period which will finalise in 2006.

- The **first phase** (concluding with this report and consultation on it) defined the methodology for carrying out the SIA study in the subsequent phases. This phase was completed in December 2004.

- The **second phase** will include:
 - testing and where necessary refining the methodology;
 - identifying the scenarios that will be assessed;
 - a broad assessment of the economic, social and environmental impacts of the EMFTA at regional level;
 - a review of strategic options on how best to avoid or mitigate negative impacts and maximise positive ones; and
 - identifying key economic sectors whose impact on sustainability is most likely to be influenced by the EMFTA process.

- The **third phase** is expected to include:
 - detailed assessment of the impacts of the EMFTA on the sectors identified in Phase Two;
 - proposals for a participatory monitoring mechanism to assist Euro-Mediterranean Partners and stakeholders to promote sustainability in the future evolution of EMFTA;
 - recommendations for further integration of sustainable development in the remaining EMFTA trade negotiations, in the implementation of Association Agreements and MEDA Programmes, and in the further orientation of policies within the Euro-Mediterranean Partnership (EMP).

In addition to this comprehensive work, an impact assessment is being prepared by the Commission on the liberalisation of services and investment, and a Study was prepared by FEMISE, and presented in December 2003, on the impact of agricultural liberalisation in the framework of the Euro-Mediterranean Partnership.

The studies available (SIA, the Studies from the FEMISE) underline the long-term benefits of further trade liberalisation accompanied by appropriate accompanying measures and strong cooperation.

6. STAKEHOLDERS CONSULTATIONS AND MONITORING

The bodies created by the partnership at political level (such as the Euro-Mediterranean Ministerial Conferences), or at officials level (such as the Euro-Med Committee or the Senior Officials meetings) constitute the major policy orientation and dialogue frameworks of the Barcelona Process. Moreover, the creation by the partnership of networks of cooperation such as EUROMESCO, FEMISE, SMAP, ENWIS, the Energy or the Transport Fora, and the Working Groups on Industrial or Trade cooperation, has been a practical and positive result which deserves continued support.

These bodies are also responsible to monitor implementation of the agreed policy initiatives. FEMISE and EUROMESCO, provide also valuable independent reviews and evaluation of policy initiatives and their implementation.

In addition to the above, other institutions and bodies are being created by other actors of the partnership that are becoming increasingly important interlocutors. Among them:

- The Euro-Mediterranean Network of Human Rights;
- The Euro-Mediterranean Civil Forum, grouping NGOs of the region;
- The Euro-Mediterranean Parliamentary Assembly;
- The Union Méditerranéenne des Confédérations d'Entreprises (UMCE) (created as a follow-up to a MEDA programme);
- The Euro-Mediterranean Commission of Euro-Cities;
- The National networks of the Euro-Mediterranean Foundation for the Dialogue of Cultures;

7. COMMISSION PROPOSALS

The Commission proposes the adoption of concrete initiatives in three critical areas for the future of the region and of EU relations with our Mediterranean partners. Once agreed, these initiatives will help to address the short and medium-term challenges faced by our partners over the next five years:

(1) Human Rights and Democracy

The aim is to advance human rights, democracy, peace and security and engage more decisively in the process of strengthening governance and participatory democracy.

(2) Economic Growth and Reform

The modernisation of Euromed partners' economies is necessary so they can benefit from the opportunities offered by globalisation and free trade with Europe. Partner countries will need to create 5 million jobs a year to cope with the new entrants to their labour markets.

(3) Education

Increasing the quality of education and providing education for all is critical for the social and human development of Mediterranean Partners.

Discussion should however not be limited to these areas and the initiatives proposed in this Communication include proposals on areas such as migration, weapons of mass destruction and counter-terrorism, also aimed to address the challenges that we will face over the next five years.

This work programme is to be developed through the institutional framework of the Barcelona Process as well as the Neighbourhood Policy and, in particular, its key instrument, the national action plans. The time-line for this work programme is summarised in section 3 of the Communication.

8. SPECIFIC INITIATIVES

Following the above general areas of action, the Commission recommends that at the Ministerial meetings in Luxembourg and Barcelona this year agreement should be reached on the following initiatives for the future of the partnership:

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| 2005 | <ul style="list-style-type: none">– Euro-Mediterranean Partners should agree a road map for agricultural liberalisation including processed agricultural products and fisheries. The Commission will submit negotiating guidelines for approval by the Council to start negotiations with Partner countries.– Euro-Mediterranean Partners should agree a timetable for economic integration agreements on services and investment. The Commission will submit negotiating guidelines for approval by the Council to start negotiations with Partner countries.– The pan-Euro-Mediterranean Protocol of origin will be enforced in 2005 with the progressive implementation throughout the Euro-Mediterranean.– Organise a Euro-Mediterranean workshop on weapons of Mass Destruction– A Euro-Mediterranean Transport Ministerial should take place before the end of the year with the participation of the EIB, to endorse a regional transport infrastructure network interconnected to the Trans-European Transport Network, and agree on the priorities of the Euro-Mediterranean Transport cooperation for the next few years. |
| 2006 | <ul style="list-style-type: none">– A Euro-Mediterranean Conference will be held, prepared at sub-regional level, on Human Rights and democratisation– All Mediterranean Partners should have embarked on agriculture and fisheries, and services and investment negotiations.– Approximation work in the field of technical legislation, standards and certification procedures should have intensified so as to pave the way for negotiations on conformity assessment agreements (ACAAs).– A Euro-Mediterranean Conference on gender equality with the participation of government representatives and civil society should take place. The Conference should concentrate on the comparison of best practices within the region to raise the role of women in society and their contribution to human development.– Adoption of a timetable with concrete measures with the objective of a thorough de-pollution of the Mediterranean by 2020.– In the light of the FEMIP experience, and following consultations with Partner countries, the Commission will assess before the end of the year the possibility of establishing a Euro-Mediterranean Development Bank.– The Commission will launch a Scholarship scheme for university students either within the existing Erasmus Mundus programme or by reinforcing mobility activities inside the Tempus scheme. |

- A Euro–Mediterranean Energy Ministerial should take place in view of progressing sub-regional energy integration markets and infrastructures
- 2007
- Euro-Mediterranean Partners should reach agreement before the end of the year on a code of conduct on measures to fight terrorism.
 - A Euro-Mediterranean conference of Justice and Home Affairs Ministers, with the participation of local authorities, should be held to discuss management of migratory flows and social integration.
 - A regional programme on rural development and optimisation of quality production should be identified for implementation.
 - After consultation with Partner countries, the percentage devoted to bilateral cooperation in the education sector should be increased by 50% of the national and regional indicative programmes.
- 2010
- All South-South free trade agreements should be concluded by the end of the year, including for services and investment, on the basis of the Agadir Agreement and of the pan-Euro-Mediterranean Protocol of origin, so that the all agreements are compatible and at the end of their respective transition periods the Euro-Mediterranean free trade area is fully operational.
 - Completion of Euro-Mediterranean electricity and gas markets and infrastructure interconnections