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signed by Ms Patricia BUGNOT, Director

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to: Mr Javier SOLANA, Secretary-General/High Representative

Subject: **COMMISSION STAFF WORKING DOCUMENT**
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.

Delegations will find attached Commission document SEC(2005) 482.

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COMMISSION STAFF WORKING DOCUMENT

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.**

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Review of the Barcelona Process

Ten years on is an appropriate time to take stock objectively of the progress made in the achievement of the ambitious goals of the Barcelona Declaration, to draw up a balance sheet of what has worked and what has not, and to consider what lessons can be drawn for the future of the relationship.

The Barcelona Declaration set out medium and long-term goals to be achieved: peace and stability in the whole Euro-Mediterranean region based on respect for common fundamental values; the promotion of the prosperity of all the partners through the establishment of free trade and economic integration both North-South and South-South, accompanied by substantial financial and other assistance from the EU to the Mediterranean partners to achieve the transformations this implies; and the development of closer inter-cultural relations to improve mutual understanding and overcome divisions based on differing cultures, religions or ethnicities.

Euro-Mediterranean Senior Officials have conducted a review of the ten years of the Barcelona Process based on input from a number of sources. The EuroMeSCo and FEMISE networks of policy institutes have carried out their own assessments. The Civil Forum Platform has also presented ideas which were further developed at the Civil Forum in Luxembourg on 1-3 April. The Euro-Mediterranean Economic Transition conference on 11-12 April will cover a wide range of economic issues related to the Barcelona Process and the Neighbourhood Policy. Arab partners have circulated a paper with their views which has provided a very useful contribution to the exercise and reinforced the sense of joint ownership.

The review is an ongoing process which will be enriched by further contributions, but the Commission would already make the following points.

At the institutional level of the Partnership substantial progress has been made. All the Association Agreements have been negotiated and most are in force. The Councils and Committees meet regularly and a series of technical sub-committees ensures practical implementation. This structure also provides the solid basis for the implementation of the European Neighbourhood Policy, which will concentrate on developing the bilateral aspects of relations between the EU and the partners. Multilaterally, Ministers, senior officials and experts meet regularly both at the general coordinating level (Foreign Ministries) and in a wide range of sectors, and agree on the main areas of their cooperation. The process has also been a catalyst to encourage coordination among the partners themselves. Compared to 1995, Euro-Mediterranean relations now have a solid framework where only an intermittent pattern of contacts existed before. European administrations attach more importance to the Mediterranean than before and administrations in all Mediterranean partners have significantly increased their awareness of the process of European integration and its importance to them, even if the degree of awareness still varies; and contacts among the administrations of the Mediterranean partners themselves have also increased.

Some progress has been made in asserting joint ownership of the process, for example through co-chairmanship of sectoral Ministerial meetings, closer consultations on the outcome of Ministerial meetings and the joint development of the Neighbourhood Policy; but the lack of cohesiveness among the Mediterranean partners has forced the EU to play a coordination role at the multilateral level.

POLITICAL AND SECURITY PARTNERSHIP

Political and security cooperation has grown although the pace has been slower than hoped for. A number of partnership building measures are in place (i.e. the Malta Diplomatic Seminars, co-operation in Civil Protection and Disaster Management and the EUROMESCO network of foreign policy institutes) or in prospect, and a more flexible approach (bilateral or sub-regional) appears promising, although it remains to be seen whether this will facilitate cooperation on counter-terrorism or non-proliferation of WMD, where progress has so far been particularly slow. South-South political cooperation has developed mainly at the sub-regional level.

The partnership has not had any direct effect on the major unresolved conflicts in the region (Arab-Israel, Western Sahara, Cyprus); on the contrary, the persistence of these conflicts has had a negative effect on the process.

Reforms in political and administrative structures have materialised in only a few of the partners and democratic convergence has fallen short of expectations. A debate has begun in many partner countries on the challenges of democratisation, including the role of democratic political Islam, but so far this has been an indirect rather than a direct result of the partnership. There has been some progress – as well as setbacks - in respect for human rights which is now directly tackled by the partnership, but much remains to be done. While overall press freedom has tended to improve, the legal and regulatory framework for the practice of activities by civil society has not generally improved. The fight against terrorism in the wake of September 11th has led to restrictions on civil liberties.

Overall, the Barcelona process can not be said to have resulted in a significant advance in democratisation but it has led to the creation of a structure of systematic co-operation and confidence building measures. Of particular relevance was the Commission Communication on Reinforcing EU action on Human Rights and Democracy with Mediterranean Partners. Implementation of the Communication started immediately after its approval by the Commission and the Council issued supportive conclusions. At the end of 2003, institutional or informal Human Rights dialogues started with several Partners, and, in the context of the European Neighbourhood Policy, action plans are being developed with those countries which have already ratified the Association Agreements. The National and Regional Indicative Programmes 2005-2006 in every country provide support for the objectives of strengthening Human Rights, civil society, democracy and the rule of law, as well as, in some cases, judicial cooperation, including improvements to the penal system and awareness raising on Human Rights issues.

In 2003, the European Initiative for Democracy and Human Rights (EIDHR) strategy in the region was revised with a view to strengthening the capacity of civil society on a regional basis. The EIDHR multi-annual programming was up-dated to attach a particular priority on the regional level to the creation or consolidation of regional networks of non-governmental operators. An indicative budget of € 2 million was allocated to this priority. As regards electoral observation under the EIDHR the EU carried out electoral observation in West-Bank/Gaza in January 2005. New subcommittees on Human Rights under the Association Agreements are being set up with a number of Mediterranean Partners. Financial support will be given from MEDA in 2006 for countries implementing measures in this field.

In 2004, a regional workshop on children's rights discussed possibilities of cooperation on questions of family law. Another Euro-Mediterranean workshop is envisaged on the subject of racism and xenophobia.

A new format for developing dialogue and co-operation on European Security and Defence Policy was successfully confirmed at the ad hoc meeting in November 2004 in Brussels. Efforts are ongoing to deepen this dialogue in the framework of the Barcelona Process, as agreed at the Valencia Ministerial Conference in 2002. These efforts focus on means to raise the visibility of this dialogue, establishing contact points on a voluntary basis and exploring the possibility for cooperation with Mediterranean partners in concrete activities on conflict prevention and crisis management.

Partnership Building Measures, i.e., the Malta Diplomatic Seminars, co-operation in Civil Protection and Disaster Management and the EUROMESCO network of foreign policy institutes, are important features of the cooperation in the first chapter of the Barcelona Process, highly appreciated by Euro-Mediterranean partners.

In May 2004, at the Euro-Mediterranean Conference held in Dublin, Ministers agreed that cooperation to fight terrorism should be intensified both at regional level and bilaterally. In the latter context, Ministers mandated the Justice and Security sub-committees existing or currently being established under the Association Agreements to take forward such joint activities at expert level with the aim of improving and assisting the development of counter-terrorism standards and capabilities. The fight against terrorism is also pursued in the framework of the Action Plans under the European Neighbourhood Policy. An informal Ad Hoc Senior Officials and experts' meeting on Terrorism in April 2004 concentrated on an exchange of views on the possibility of engaging in operational joint activities.

The Euro-Mediterranean Parliamentary Assembly was established in 2004 and it held its second meeting in March 2005. The Assembly has become one of the three institutions (together with the Foundation for the Dialogue between cultures and the FEMIP) created in the framework of the Euro-Mediterranean Partnership. The Assembly is to be welcomed both as a contribution to democracy and as evidence of the successful implementation of the policy of joint ownership.

ECONOMIC PARTNERSHIP

Although any analysis would have to be nuanced, in general it is clear that more progress has been on the economic and commercial objectives of the Barcelona Declaration than on those related to political reforms or to social questions.

Free Trade

One of the major goals of the Barcelona Process is to create a Euro-Mediterranean Free Trade Area by 2010. The Association Agreements constitute the core of the economic pillar of the Barcelona Process. The network of bilateral Euromed Association Agreements necessary for this endeavour is now almost complete (with the exception of Syria which is not yet signed and Algeria which is being ratified).

Today, outstanding results have been achieved in the trade area. These relate mostly to market opening in the field of trade in goods.

The liberalisation of trade in goods is now a reality in the Mediterranean region, even if it is true that the situation varies a lot from one Med country to another, due to the various dates of entry force of the Association Agreements

All industrial goods originating in Med countries enjoy duty free access to the EU market. Reciprocally, Med countries are progressively dismantling their tariffs on imports of EU industrial goods over a period of 12 years. A tariff-free free trade zone with the earliest signatories will thus be completed in a few years time, while for others the full completion of tariff dismantling will be achieved on a longer term.

It is however too early to assess the overall impact of tariff dismantling under the Association Agreements on the level of trade protection in the Mediterranean region, all the more so than insufficient progress has been made in the liberalisation of trade in services and in agricultural products.

Besides tariff dismantling, important progress has also been achieved through the elimination of quantitative restrictions, removals of non-tariff barriers, and greater transparency and predictability in the implementation of trade policy measures in the Mediterranean countries.

The objective of widening up preferential trading patterns prompted the adoption, by Euromed Trade Ministers, of a new Protocol on rules of origin at the conference of Palermo (July 2003). The pan-Euro-Med system of cumulation of origin, as it is called, will allow economic operators to cumulate processing made in different countries of the region and thus obtain more easily a preferential treatment. This diagonal system involves several advantages compared to the previous rules (relaxed rules of origin, enlarged sourcing possibilities, improved market access, increased incentive for investments).

Progress was also achieved in the field of trade facilitation, a priority issue in the Euromed area. In particular, work was carried out to identify the main obstacles to smooth trading patterns which led to the adoption of a set of recommendations aiming at simplifying and modernising cross-border and customs procedures in the Mediterranean region.

The adoption (at the Euromed Trade Ministerial Conference of Istanbul of July 2004) of the Framework Protocol on services liberalisation was another stepping stone of the Euromed process in the trade area. This paves the way to the negotiation of economic integration agreements on services and investments, which will contribute to integrate the region economically

The convergence of economic legislation (in particular in the field of technical regulations and standards) is another key element to the establishment of a Euromed Free Trade Area. Important steps towards eventual harmonisation and/or mutual recognition of trade-related standards across the Euromed region have been achieved at technical level. The progressive approximation of the legislation will eventually allow for the free circulation of industrial products within a wide Euromed integrated market.

In the South-South trade dimension, the most significant development was the signing in February 2004 of the Agadir Free Trade Agreement between Egypt, Jordan, Morocco and Tunisia. Other FTAs have been concluded in 2004, notably between Turkey and Morocco, Turkey and Tunisia, Turkey and Palestinian Authority, which witnesses to the progress in regional integration in the Mediterranean region.

Trade in Services

The adoption by trade ministers of the Framework Protocol on services liberalisation is a precursor to the negotiation of economic integration agreements on services and investments, which will contribute to integrate the region economically. Regional work on approximation of economic, and in particular, technical legislation and standards is being carried out and legislative priorities for alignment have been established for each partner. Once the alignment effort is accomplished and equivalent legislation set in place, Agreements on Conformity Assessment and Acceptance of industrial products will be negotiated wherever possible, thus establishing regulatory 'trade corridors' for the benefit of economic integration and growth.

Agriculture and fisheries

In the agricultural field in the past ten-year period the results of the liberalisation of agricultural trade has led to mitigated results. The traditional approach by product and based on traditional trade led to very limited liberalisation on both sides with less than 50% of agricultural trade effectively liberalised. The scope of trade liberalisation in terms of tariff headings is even more limited (39% on average on the side of the EU and 4% on average on the side of our Mediterranean partners). For processed agricultural products the Association Agreements envisage the elimination tariffs for the industrial component, but, in general terms, the agricultural element has not been affected by the tariff dismantling.

To arrive at an ambitious free trade area in agriculture a new strategy should be

envisaged making it possible to make substantial progress as regards the reciprocal liberalisation of agricultural trade, coupled with supporting measures beyond the purely trade aspects.

The degree and the scope of the liberalisation for fish and fishery products vary from one association Agreement to another. For example, some of these agreements provide, on a reciprocal basis, for a full liberalisation on the European side for fish and fishery products, whereas in other agreements, provisions on fish and fishery products are still to be negotiated. Therefore, the current liberalisation for fishery products could be enhanced. Already several of our Mediterranean partners have expressed willingness to discuss fish and fishery products in the framework of the new strategy for a greater liberalisation between the EU and the Mediterranean countries.

Economic and human development

Trade liberalisation is not an objective in itself however. The overall objective of the economic pillar of the Barcelona Process and the Association Agreements is to improve competitiveness in the Mediterranean partners' economies, achieve higher economic growth rates and enable the gradual convergence of living standards with those in the EU.

Human development indicators are showing progress over the past ten years. Health conditions have broadly improved in the region, with significant improvements for child health and the overall life expectancy. Most countries made progress in access to water and sanitation. Mediterranean Partners appear to be on track in meeting the first Millennium Development Goal of "Eradicating poverty and improving lives". Mediterranean countries' population growth rates are declining towards a more sustainable level. Authorities have

started to tackle gender disparities, as evidenced by slowly rising women's labour market participation and school enrolment rates.

Foreign and domestic private investment - indirect indicators of success - remain relatively low in the partners. The most important indicator, income per capita, shows further divergence between the EU and the partners, as economic growth rates in the latter remain rather low, notably because of high population growth rates. This is a cause for serious concern. It puts at risk the promise of sufficient employment creation to absorb a rapidly growing labour force and improve living standards in general.

Economic reforms

The Mediterranean countries have managed to achieve and to maintain a relatively high level of macroeconomic stability. Partner countries have registered a remarkable reduction in inflation over the past decade, whereby the average inflation rate has fallen from around 12% in 1995 to around 3% in 2003-2004. Also fiscal accounts were consolidated successfully up to the end of the 1990s, but in recent years this process stalled somewhat.

The Barcelona Process and the Association Agreements have certainly contributed to at-the-border reforms, i.e. external trade liberalisation in the Mediterranean Partners. However, many indicators show that beyond-the-border domestic institutional reforms have been slow in most of their economies. High transaction costs, the difficulties related to contract security and enforcement, market rigidities with regard the purchase of real estate, weaknesses in the financial sector and labour markets, an overburdening regulatory framework and a lack of transparency and efficiency in the public sector have all contributed to stifle economic activities.

This slow pace of reforms may explain why the overall economic performance was rather unsatisfactory and did not keep pace with the trade liberalisation agenda. Despite an increase in income per capita (in PPP terms) in the period 1995-2004, there are no clear signs of the closing of the prosperity gap. Mediterranean income per capita remained at around 18.5% of EU income per capita. Although the regional GDP growth rate in the period 1995 – 2004 compares favourably with the EU's growth performance, fast population increases did not allow for a catching-up in per capita income levels.

The adoption of comparable methodological standards and the availability of trustworthy and timely statistics appear as a prerequisite for an effective and correct assessment of the monetary and socio-economic situation and future prospects. In this respect, the measures taken by the European Commission, already in 1996, to provide technical support to Mediterranean National Statistical Systems through the regional programme MEDSTAT, which now enters a second phase, are especially relevant. By doing this, the EC and Mediterranean partners acknowledged statistics as the foundation for economic analysis and policy-making.

The new European Neighbourhood Policy is meant to help the partners to overcome this institutional reform deficit. In the economic domain, it offers the prospect of participation in the EU Internal Market. This not only entails a considerable institutional reform agenda; it also provides an institutional anchor for these reforms.

Environment and sustainable development

Each of the bilateral Association Agreements agreed under the EMP includes an article on environmental cooperation. However as the Environment Subcommittees are only now being established, the real implementation of these agreements in terms of actual political and legal cooperation with these countries in the area of the environment has been limited thus far.

According to studies by METAP¹, the annual costs of environmental degradation amounts to 3 to 6 percent of the GDP of most southern and eastern Mediterranean countries, indicating the economic imperative of addressing this problem. However, in general, environmental considerations have received inadequate financing and insufficient political support in most countries in the region. As a result, citizens in most countries have continued to see a degradation of their environment, with a resulting decline in their quality of life and in their resource base for economic activities such as fishing and farming.

On the bilateral front, the EC has financed some environmental projects (notably in the water sector) through national MEDA programmes, while the EIB has been active with low-interest loans for environmental infrastructure projects under FEMIP. In addition, the LIFE-Third Countries programme has managed to fund specific actions concerning technical assistance activities for promoting sustainable development in the Mediterranean.

In 1997, regional environment cooperation was recognised as an important component of the EMP with the creation of the Short and Medium-Term Environmental Action Programme (SMAP), which has already provided financing of some €40 million from the MEDA budget for regional environmental projects. SMAP III phase will include €15 million for such projects. The accompanying SMAP correspondents' network has also provided a regional forum for discussion on environmental policy issues.

Activities under SMAP have been complemented by regional environmental cooperation under the Barcelona Convention, to which the EC, seven EU Mediterranean countries and all of the non-EU EMP partners (except the Palestinian Authority) are party. Although a need has been identified for a closer synergy between EMP and Convention activities, this synergy has not yet been realised in practice. In particular, implementation of the Mediterranean Strategy for Sustainable Development, which is presently being finalized under the Barcelona Convention, must be properly articulated with the EMP process.

The Foreign Affairs Ministerial meetings of the Partnership and the Environment Ministers meeting in Athens in 2002 have provided a great deal of political guidance calling for greater efforts to be made under the EMP for the sustainable development of the partner countries including better development of environmental policies and infrastructure, and the integration of environmental concerns into the major policies pursued under the EMP. While the SIA of the EMFTA attempts to ensure the achievement of some of these goals in the trade policies under the EMP, there is a need for a greater vigour in pursuing these objectives under the Partnership and its financing in the years to come. Both bilateral and regional components of environmental cooperation need to be reinforced, including through the Action Plans under the ENP and in cooperation with all other organisations and donors active in the area.

¹ METAP is a partnership between Commission, the EIB, the World Bank and the UNDP which aims at coordination of the environmental activities of these partners in the Mediterranean, see <http://www.metap.org/>.

Industrial and Business Cooperation

Industrial co-operation has been a major component in implementing the economic chapter of the Barcelona process and, in particular, in accompanying trade liberalisation measures. Action at regional level is promoted through the implementation of a series of co operation programmes funded by MEDA in the fields of investment promotion, quality promotion or awareness-raising on the mechanisms of the Single Market. Business co-operation events have also put together hundreds of SMEs in various sectors. Innovation is an issue that will be covered in the near future. The feedback from Mediterranean partners on these activities is in general very positive. These regional initiatives complement the considerable resources devoted to industrial modernisation under bilateral programmes.

Since 2003 industrial co-operation has been putting more emphasis on policy-making aspects. To improve further market access and facilitate the free movement of industrial products, the EU and the Mediterranean partners have agreed to work together on regulatory harmonisation. An action plan to prepare for the negotiations of Agreements on Conformity Assessment and Acceptance of industrial products (ACAAs) was adopted and its implementation is underway.

As for the promotion of enterprise competitiveness, the Med partners have committed to implementing the Euro-Mediterranean Charter for Enterprise, 10 line of actions for effective action towards private sector development. The signature of the Charter in Caserta (Italy) in October 2004 by Industry Ministers was *per se* an historical event, as for the first time since the launch of the Barcelona process all Mediterranean partners signed the same document. This commitment helped put the improvement of the business environment firmly on their political agenda. The setting up of a strategic dialogue on the future of textile and clothing, an industry that is facing a serious competitiveness challenge with the end of the quotas, is a first illustration of closer collaboration between partners.

The conclusion of ACAAs will be a first step in the participation of Mediterranean partners in the Internal Market for industrial products, one of the objectives of the European Neighbourhood Policy. Progress in preparing for the conclusions of these agreements can be rapid and reachable within the timeframe set in Barcelona. However, this will require significant input from the EU in terms of administrative and technical assistance to help the countries implement the EC legislation and adapt their quality infrastructure.

Several concrete outputs can be expected from the implementation of the Euro-Mediterranean Charter for Enterprise. Firstly, the Charter implementation should be of substantial help to promote micro-economic reforms and improve conditions for doing business and stimulating investment – both domestic and foreign, as was the case in candidate countries and in the countries of the Western Balkans. Success here will mainly depend on the political will displayed by Mediterranean partners to implement the Charter principles. Benchmarking activities and the exchange of practices should lead to concrete improvements in areas such as administrative simplification, the access to finance for SMEs or the promotion of entrepreneurship via the education system. Secondly, the Euro-Mediterranean dialogue on textile and clothing should help foster complementary industrial strategies, based on the possibilities offered by the pan-Euro-Mediterranean protocol on rules of origin to diversify sourcing. Thirdly, the Charter implementation should also help better co-ordinate and reinforce the impact of financial co-operation to private sector development, be it delivered at regional, sub-regional or bilateral level.

Transport

Cooperation in the transport field has made considerable progress over the last years. The Euro-Mediterranean Transport Forum - which was launched in 1999 – and its working groups (Maritime Transport, Satellite Navigation, Aviation, Network and Infrastructure) have met regularly, allowing for fruitful exchange of experience and concrete discussion on the guidelines of new regional projects. In its Communication on the Development of a Euro-Mediterranean Transport Network adopted in June 2003, the European Commission calls for the realisation of such a network and reviews the conditions and actions to be taken in this respect. As regards projects, the Euromed Transport Project has been launched in 2002 and has produced an exhaustive Diagnostic study on transport situation in the Mediterranean region. The Euromed Transport Project will also produce a proposal for a regional transport infrastructure network, in liaison with the High Level Group on the interconnection of the Trans-European Transport Network with Neighbouring Regions. A new regional project on Satellite Navigation for the benefit of the Mediterranean region has been launched at the end of 2004, together with the opening of Galileo Euromed Co-operation Office in Cairo. Other projects will be starting soon such as the SAFEMED project on maritime safety and security, or are under preparation (aviation, follow-up to the High Level Group in the interconnection of the TEN-T with Neighbouring Regions).

Energy

The steps taken over the past years in the field of energy have been instrumental in further integrating the energy markets in the Euro-Mediterranean region. Two Ministerial Conferences of the Euro-Mediterranean Energy Forum took place in Athens in May 2003 and in Rome in December 2003. In their conclusions, the foundations for a Euro-Mediterranean energy policy were defined, based essentially upon security of supply and infrastructure interconnections, as well as specific priority actions of common interest.

Consequently, sub regional energy markets projects of common interest were identified and supported by technical assistance of the European Union. Three priority areas were targeted to be further developed: the integration of the Maghreb electricity market via the progressive convergence of the legislative framework and national policies and its further integration in the EU electricity market; the progressive establishment of a Mashreq gas market that will connect into the EU market via Turkey and promotion of energy projects of common interest between Israel and Palestine. As far as networks interconnections are concerned, those sub regional energy cooperation initiatives will facilitate the completion of the Euro Mediterranean Electricity and natural gas rings.

In addition, a “Euro Mediterranean Energy Platform” (REMEP) hosted by Italy was created. Its objectives are to facilitate and monitor the implementation of the Euro Mediterranean energy policy and specific actions of common interest.

Information Society Cooperation

For more than ten years, the European Commission is cooperating with the Mediterranean Partners in the field of the Information Society, in particular in electronic communications networks and services. After the implementation of bilateral technical assistance projects under the MEDA Programme for Morocco, several other projects are currently carried out on the reform of the postal, telecommunications and Information Society sectors in Algeria, on the support for the modernisation and restructuring of the telecommunications sector in Syria,

on the establishment of a regulatory authority in Lebanon and on the support for the Telecommunications Regulatory Commission in Jordan.

At regional level, a new MEDA project on “New Approaches to Telecommunications Policy (NATP II) will be launched in 2005, which focuses on the introduction of comprehensive regulatory frameworks taking into account the principles of the EU framework. Within the regional MEDA project EUMEDIS, 21 pilot projects are covering the thematic sectors e-Business, Health, Tourism and Culture, Innovation and Education ; the Eumedconnect project provides networking between universities and other research institutions in the region.

The Euro-Mediterranean Conference on the Information Society will take place in Ireland on 10/11 April 2005. The main objective of the event is to initiate a political dialogue on Information Society policy, in addition to the well established regulatory and technical co-operation. This political dialogue should promote the adoption of competitive regulatory frameworks in the Mediterranean partner countries; the World Summit on the Information Society (WSIS) in Tunis offers a unique opportunity to mobilise the political attention towards this issues.

As regards the media, in particular the audiovisual sector given its reaching to all sectors of society, they constitute an essential tool for the implementation of the objectives outlined in this communication. Their pedagogical potential framed within an appropriate regulatory framework provides a remarkable tool to foster awareness of, and respect for, the values and cultures of the others, both at a north-south as well as at a south-south level. Moreover, they have a non-negligible potential as source of sustainable and autochthonous economic development.

The Euro-Mediterranean partnership will see to improving the conditions for the development of independent media respectful of the basic principles informing the rule of law. It will encourage the exchange of information and expertise regarding audiovisual regulation, in particular concerning the setting up and functioning of appropriate regulatory bodies. As a first step to this effect, a dedicated conference to discuss the current state, needs and future activities to be envisaged for these sectors, will be convened on the margins of the Extraordinary Conference at the end of November 2005. Cooperation in the Information Society and Media fields funded by the MEDA programme will be reinforced by the European Neighbourhood Policy (ENP), under which joint Action Plans were adopted covering also the Information Society and Media sectors. They will start to be implemented in 2005 in cooperation with Morocco, Jordan and Tunisia via the relevant Sub-committees in the framework of the Association Agreements.

HUMAN, CULTURAL AND SOCIAL PARTNERSHIP

Education

Education has been a priority sector in the Euro-Mediterranean Partnership since the Barcelona declaration with the countries of the region. The MEDA regulation states that economic growth needs to be accompanied by increased social cohesion and stresses the need to support equitable access to quality social services, in particular to education, and also to ensure strategic interventions for the development of human resources. Between 1995 and 2005 MEDA finances nine major education programmes. Total investment in this sector amounts to € 379.5 million.

Approximately 52% of the education funds are intended for basic education, 8% for secondary education and 40% for higher education, including the Tempus programme.

It must be stressed that the role of Community aid is not only to support the efforts of the countries in the region by financial contributions, but also by sharing the experience of the European Union in the sector. The aim of Community support is to encourage a balanced educational pyramid which takes the needs and interactions between the various levels of education into account. While adhering to these principles, Community actions should be reinforced to support the efforts of the countries of the region in meeting four major challenges for the future: guarantee access to education, improve quality, increase the participation of the stakeholders and complete integration into the new knowledge / information society.

Vocational Training

With regard to vocational training, and in accordance with the spirit of partnership of European cooperation, the cooperation of the EU in particular supported, through the MEDA programme, the reorientation of Partner country Vocational Training supply towards the real needs of economic demand.

In recent years, MEDA countries have witnessed important changes to their labour market, in particular: the entry , each year on this market of a considerable number of young people; an increase in the participation of women; the reduction in absorption capacity by the public services of the young graduates; the appearance of new forms of employment; the development of the informal sector; the increase in independent work; and, finally, the flight of a certain elite towards developed countries.

In this context, since 1995, the Commission has financed 15 projects for an overall amount of 327 million €. The aim of these programmes is to develop systemic and integrated supports for the development of human resources and contribute to the improvement and efficiency of vocational training/employment systems. This, in turn, will enable and support the reform of national systems of Vocational Training in the countries of the region (and even to concentrate, in certain cases, the effort on the specific needs of certain economic sectors). At present, between 10% and 20% of the working age population in partner countries benefit from vocational training. The partners, having a high number of pupils undergoing vocational training, record a lower rate of unemployment than the others.

Culture

In the framework of the Barcelona Third Chapter of the Barcelona Declaration a series of programmes have been launched to promote “ ...dialogue between cultures and exchanges at human, scientific and technological level”

Two programmes can be mentioned:

Euro-Med Heritage: This programme is already in its third phase. The total amount is of € 57.2 million and more than 30 networks have been created concerning both material and non material cultural heritage cover many different areas like conservation of traditional Mediterranean architecture, archaeology, music, museums etc.

The general objective of this programme is to support the development and enhancement of the Euro-Mediterranean cultural heritage, thus providing for better mutual understanding. The specific objectives are 1) Fostering awareness and knowledge of cultural heritage, 2) Developing human resources in the cultural heritage field, 3) Enhancing cultural heritage including global management of heritage and institutional support.

Euro med Audiovisual: This programme started in 2000, and the budget is now entering in its second phase with a total amount of € 35 million. The general objective of this programme is the development of the audiovisual sector (radio, television, and cinema) in the Mediterranean Partners and fostering the emergence of a Euro-Mediterranean cultural identity through audiovisual heritage of the region. The specific objectives are: 1) developing cooperation among audiovisual operators in the region, 2) supporting training in the audiovisual field, 3) enhancing audiovisual heritage relating to the Euro-Mediterranean region, 4) fostering the dissemination of TV and cinema productions throughout the region.

This regional programme covers areas like the circulation of films between the two shores of the Mediterranean, the preservation of the South Mediterranean's audio-visual heritage, the training of professionals, and the production of cartoons and documentaries. In broader terms, the Programme has enabled audio-visual professionals from the 35 countries to get closer together within the Euro-Mediterranean Partnership, and so to lay the first milestones on the way to a common audio-visual area.

The Anna Lindh Euro-Mediterranean Foundation for Dialogue between Cultures

A very important achievement of the intercultural dialogue in the framework of Barcelona has been the creation of "The Anna Lindh Euro-Mediterranean Foundation for Dialogue between Cultures" with headquarters in Alexandria Library in tandem with the Swedish Institute in Alexandria (Egypt).

The Foundation has the objective to promote the dialogue between cultures and contribute to the visibility of the Barcelona Process through intellectual, cultural and civil society exchanges. Particular importance is given to the development of human resources, while youth is the main target group.

The Foundation acts as a Network of 35 national networks established by the Euro-Mediterranean partners giving the civil societies of the region an important role to play in its development.

Another important aspect of the Foundation concerns the financing. For the first time in the framework of the Barcelona regional actions, all the Euro-Mediterranean partners have announced commitments (the European Commission is providing funding of € 5 million from MEDA) with a total figure superior of over € 11million.

Justice and Home Affairs Cooperation

JHA questions constitute a key element in the framework of Euro-Mediterranean relations, both at a regional and bilateral level.

Since its inception, the EMP has witnessed a progressive inclusion of JHA related matters in its working agendas up to the adoption in Valencia, in 2002, of the framework document "in the field of justice, in the fight against drugs, organised crime and terrorism as well as

cooperation in the treatment of questions concerning the social integration of immigrants, migration and the movement of people”

In effect, we have contributed to a form of shared awareness among European and Mediterranean partners of the necessity of working together on these matters that have increasingly international connotations.

The Barcelona Declaration of 1995 already identified good governance and the rule of law as one of the objectives of the EMP, underlined the necessity of forging closer relations between administrations, of facilitating legal reforms and of the exchange of best practises. Participants committed to the establishment of a common space of peace and security with a view to the development of democracy and democratic institutions, to ensure the respect of human rights and fundamental freedoms and to cooperate in the fights against terrorism, the spread of organised crime and drug trafficking. The Declaration also created a base for the partnership to deal with social, cultural and human affairs, aiming at the reduction of migratory pressures and illegal migration, as well as the protection of the rights of migrants legally resident in the EU. A reference was also made to the fight against international crime and corruption.

The succeeding Ministerial conferences further underlined these hopes. The adoption of the above-mentioned document was their formal endorsement. It should also be mentioned that this document acted as a base for the development of bilateral cooperation in these sectors.

At the bilateral level the association agreements have gradually widened the scope by including more Justice Freedom and Security provisions (i.e. Algeria). In the ENP justice, security and freedom are priority sectors and all the action plans contain significant sections covering legal systems, corruption, asylum, migration, the movement of peoples, readmission, border controls, the fight against organised crime including human trafficking, drugs, money laundering, financial and economic crimes as well as policing and legal cooperation. The implementation of the action plans will be supported by MEDA and by the appropriate budgetary instruments, and from 2007 by a new European Neighbourhood Instrument (ENPI), centred particularly on cross-border and trans-national cooperation.

The framework of institutional dialogue including the sub-committees on justice and security and the working groups on migration and social affairs, is the privileged instrument for the implementation of the provisions of the association agreements and, from their entry into force, of the action plans.

Civil Society Cooperation

The Barcelona Declaration, adopted in November 1995, considers co-operation between civil societies as an essential element of Euro-Mediterranean relations. This represents a fundamental political evolution, as it enables a direct relationship between the representatives of civil societies.

The main instruments for civil society have been the Euro-Mediterranean Civil Forums which have permitted to articulate and consolidate the co-operation of civil society in the Euro-Mediterranean area and strengthen the Euromed networks. In total 9 civil Forums have taken place: Barcelona (1995), Malta (1997), Naples (1997), Stuttgart (1999), Brussels (2001), Valencia (2002), Chania (2003), Naples (2003) and Luxembourg (2005). Within these Forums, civil society

organizations have been able to ensure continuity and coherence in their activities and thus increase -step by step- the effectiveness of their influence on the Partnership

An important recent development has been the creation of the “Euro-Mediterranean non-governmental Platform” with a view to promote the active participation of the civil societies of the region both at regional and national levels and at sector and multilateral levels as well.

A foreseeable future is the strengthening of the role of civil society activity in the partnership (not only as part of the IIIrd chapter of Barcelona) and that all sectors of the partnership (from human rights to gender issues, from gender to sustainable development from culture to trade relations) should be covered by civil society as important inputs to all instances of the Barcelona process.

Concerning the Economic and Social Councils (ESC) the Barcelona Declaration invited them to take the initiative in establishing links with its Mediterranean counterparts in order to contribute to a better understanding of the major issues relevant to the Euro-Mediterranean Partnership. Since then, 9 summits of Euro-Med Economic and Social Councils have taken place (the last one -9th Summit- was held in Valencia (Spain) in November 2004.

The issues discussed in the framework of the ESC summits are very wide: Agriculture, Migration, Industrial and technological cooperation and relocation, poverty, etc. all of them with an extremely important impact in the framework of the Euro-Med Partnership. In this connection the ESC have underlined the need to develop networks of non-State actors who, along with promoting dialogue and mutual understanding, can carry out joint activities and research

Youth Exchanges

The Barcelona Declaration set the foundations for the Euro-Mediterranean Youth Programme by recommending that “youth exchanges should be the means to prepare future generations for a closer cooperation between the Euro-Mediterranean partners”.

In 1998, the European Commission adopted the 1st phase of the Euro-Mediterranean Youth Action Programme promoting mobility and non-formal educational activities for young people (youth exchanges, voluntary service and support measures). At present, after the conclusion of EuroMed Youth II, the Commission is working at the design of a new decentralised management for Euro-Med Youth III.

Since its start, the programme has proved to be a success (see evaluations on the Youth Website http://europa.eu.int/comm/youth/program/evaluation_en.html) and it involves now 35 partner countries (25 EU member states together with Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine Territories, Syria, Tunisia and Turkey.). It has enabled more than 20.000 young people across the Mediterranean to participate in youth exchanges, voluntary service and other non-formal learning activities.

The beneficiaries of the programme are young people aged 15 to 25. The programme is also directed to those responsible for youth associations, youth trainers and leaders, and those in charge of youth work at local or national level.

The general aims of the programme are to improve mutual knowledge, understanding and dialogue between youth in the Mediterranean partner countries and in the EU, to stimulate

young people's active citizenship, in particular by young women, within their local communities' and youth NGOs' contributions to their country's public life.

The thematic priorities within this programme are active participation of civil society, strengthening of citizenship, place of women in society, fight against racism and xenophobia, minority rights, heritage and environmental protection.

Employment and social issues.

All Euro-Mediterranean Association Agreements contain a title on employment and social issues envisaging dialogue and co-operation on matters of common concern. The main forums for addressing these issues have been the Social Affairs Working Groups which have been set up under a number of Association Agreements. Discussion in this framework concentrated mainly on living and working conditions of migrant workers, gender equality, employment policy and the fight against poverty and social exclusion.

Improving the living and working conditions of migrant workers from partner countries and ensuring their smooth social integration is an issue of significant mutual concern. Gradual but persistent progress has been made over the last ten years as concerns for example legislation at EU level banning discrimination on the grounds of religion or racial and ethnic origin both in employment and occupation and also more generally. According to case law of the European Court of Justice, provisions in the Association Agreements on equal treatment in terms of working conditions on the grounds of nationality are directly applicable. Moreover, the situation and specific problems of migrant workers have systematically been addressed in the framework of the European Employment Strategy and the fight against social inclusion. Financial support for facilitating the integration of migrant workers and their families is provided by the European Social Fund, the EQUAL Community Initiative and action programmes on non-discrimination and combating social exclusion.

Gender equality and improving the situation of women in economic, social and political life has been a priority issue in the context of the Barcelona process. Continuous exchanges have taken place within the framework of the Social Affairs Working Group Meetings. A high-level conference on the equality dimension between men and women in the Euro-Mediterranean Partnership was organised under the Belgian Presidency in July 2001. This was complemented by a series of bilateral high-level meetings and visits of the Commissioner for Employment and Social Affairs to several countries to discuss gender issues.

Coordination of social security

Plusieurs accords d'association euro-méditerranéens contiennent des dispositions relatives aux conditions de travail et à la sécurité sociale. Les dispositions concernant le principe de *l'égalité de traitement* se sont avérées très importantes grâce notamment à l'interprétation de la Cour de justice et offrent un *acquis considérable* aux ressortissants de ces pays légalement installés dans l'Union. Les autres dispositions prévoient un système limité de coordination des régimes de sécurité sociale en faveur des travailleurs provenant des pays susmentionnés qui se déplacent à l'intérieur de l'UE.

Les différentes dispositions se basent normalement sur les principes suivants:

- L'égalité de traitement avec les travailleurs des États membres dans lesquels ils sont occupés pour toutes les branches de sécurité sociale couvertes par le Règlement 1408/71.

- La totalisation de périodes d'assurance, d'emploi ou de résidence accomplies dans les États membres pour les mêmes branches de sécurité sociale à l'exception des prestations de chômage, les prestations d'accident de travail et de maladie professionnelle et les allocations de décès

- L'exportation des prestations familiales à l'intérieur de la Communauté

- L'exportation vers le pays d'origine des prestations de vieillesse, survie, accident de travail ou maladie professionnelle et invalidité

En matière de sécurité sociale, la Cour a jugé que le principe de l'égalité de traitement est directement applicable. Se prononçant sur la portée des droits d'un membre de la famille d'un travailleur marocain par rapport à une prestation de chômage destinée aux jeunes, la Cour y a affirmé que "le principe de l'absence de toute discrimination fondée sur la nationalité dans le domaine de la sécurité sociale ... implique que l'intéressé, qui remplit toutes les conditions prévues par une législation nationale en vue de bénéficier des allocations de chômage prévues au profit de jeunes demandeurs d'emploi, ne saurait se voir refuser le bénéfice de ces prestations, motif pris de sa nationalité".

Dans un souci d'une approche globale, la Commission a présenté, en 1999 et 2000, des propositions concernant ces décisions des conseils d'association pour les pays d'Europe centrale et orientale et la Tunisie. Toutefois, le Conseil n'a jamais adopté aucune de ces propositions, notamment en raison du lancement, à l'époque, du débat sur la proposition de la Commission relative à l'extension du règlement 1408/71 aux ressortissants des pays tiers.

La situation a changé par suite de l'entrée en vigueur, le 1^{er} juin 2003, du règlement 859/2003, qui étend les dispositions du règlement 1408/71 aux ressortissants des pays tiers. Depuis lors, une partie importante des dispositions de sécurité sociale figurant dans différents accords d'association, et en particulier la totalisation des périodes accomplies dans la Communauté pour le calcul du droit à certaines prestations, est déjà couverte par le règlement 859/2003.

Science and Technology

Scientific and technological research cooperation has been significantly developed over the last decade. The objective of this cooperation applies to the creation of a Euro-Mediterranean Research and Innovation Area as the main driving component of the opening of the European Research Area towards the Mediterranean region. In order to achieve this, a permanent Science and Technology and innovation dialogue between the Member States and the Mediterranean Partner Countries has been initiated since 1995, in the frame of the Barcelona S&T Committee (MoCo) and its Ad-hoc groups, which identified regional scientific priorities of mutual interest, ways and means of cooperation, and surveyed the implementation of the agreed action plans and annual work programmes for Research and Technological Development and innovation. Since the creation of INCO-MED in 1998 (under the 5th Framework programme) more than 110M € have been invested by the Community to support innovative joint Research and Technological Development research with Mediterranean Partner Countries as well as some activities for structural reinforcement of Scientific and Technological policies and Research and Technological Development institutions in the region. The sectors where these activities are engaged apply to natural resources and the wider water related sector, health, cultural heritage and a number of advanced technologies (biotechnologies, information and communication technologies, renewable energy, materials and production technologies).

Moreover, under the ongoing 6th Research and Technological Development Framework programme, the EU initiated specific activities to integrate scientific communities of the Mediterranean Partner Countries into the European Research Area, exploit scientific results in order to generate innovation, and develop human resources and research capacities. This effort will be further amplified in the 7th Research and Technological Development Framework programme where all the thematic priorities for collaborative research will develop specific activities targeting Mediterranean needs, international mobility schemes will further promote scientific exchanges with the Mediterranean Partner Countries and international cooperation policy, including the Scientific and Technological agreements, will be defined through dialogue with the Partner Countries at the regional level.

FINANCIAL COOPERATION- THE MEDA PROGRAMME

Under the MEDA programme a comprehensive array of programmes has been developed covering all aspects of the partnership. It concerns principally bilateral programme, but also regional programmes are important., Through the MEDA I and MEDA II programmes, grant support is now over €800 million per year. Loans from the European Investment Bank are around €2 billion per year. The effectiveness of these aid programmes depends mainly on government ownership and willingness to drive the reform process.

The MEDA Programme, created in 1995, is the main financial instrument of the Barcelona Declaration. It supports the realisation of the objectives set by the Barcelona Declaration through providing support for economic transition, a better socio-economic balance and regional integration.

The MEDA I Programme was effectively launched in 1996. It covered an initial period of 5 years (1995-99) and accounted for € 3.43 billion of the € 4.42 billion of budgetary resources allocated for financial co-operation between the EU and its Mediterranean partners. MEDA II covers the period 2000-2006 and amounts €5.35 billion.

In May 2000 the European Commission announced a radical overhaul of its assistance programming, the reunification of the project cycle, the dismantling of the existing eighty Technical Assistance Offices (TAOs), the creation of the EuropeAid Co-operation Office and the devolution of project/programme management tasks and responsibilities to Delegations.

In recent years very substantial progress has been made on speeding up project and programme implementation. These results have gone hand in hand with improved ownership by the Partners, a deepened Partnership, and better follow-up, owing to devolution. Decision-making is now mainly in the hands of actors on the ground. Improvement of the Partnership in quantitative and qualitative terms goes hand in hand with more efficient programmes to the extent that the extra work put in by our Partners, at the level of Ministries and other administrations involved, makes for an increase in the projects' impact.

The average amount for projects within the MEDA Programme is around € 10 million, with an average duration of 4 to 5 years. The current MEDA portfolio of on-going projects amounts to € 2.7 billion . This should be seen in connection to a total amount of € 700 to 800 million of annual commitments. Thus the current portfolio is equivalent to about 4 years of annual commitments. This corresponds to the average duration of a MEDA project. MEDA is therefore now a fast disbursing programme. Since 2002, the programme has registered the best performance in terms of speed and disbursements. In 2004, the ratio of payments to commitments reached 115%.

One of the reasons for this good performance is that sector reform programmes in support of economic and social reforms have become the pillar of financial co-operation under MEDA. MEDA funding is granted in support of national development strategies that are consistent with the objectives of the Community's development policy and underpins structural reforms intended to ensure the viability of policies on growth and equality.

As technical assistance continues to make genuine contributions to the development process in the Mediterranean partner countries, it remains a key instrument for making institutional development happen.

Interest subsidies and risk capital operations also constitute important instruments for MEDA co-operation and they provide a relevant complement to reimbursable facilities of the grant aid package. The two instruments complement each other by providing a diversified approach and addressing different sectors and beneficiaries. Furthermore, both sets of instruments constitute the background for capacity building and TA activities.

Apart from MEDA, the Commission manages a number of separate budget lines, some of which have been initiated at the request of the European Parliament and have been given a legal basis through different Council Regulations. It concerns Population Policies and Programmes, Human Rights and Democracy, Women and Development, NGOs, Rehabilitation and Drugs, AIDS, reproductive health, food aid and environment. The administrative responsibility for these budget lines rests with the responsible Directorate General concerned. All MEDA countries are in principle eligible to support under these budget lines.

	MEDA I		% P/E	2000		2001		2002		2003		2004		2000-2004	
	1995-1999			E	P	E	P	E	P	E	P	E	P	E	P
	E	P													
Bilateral Cooperation															
Algeria	164,0	30,2	18	30,2	0,4	60	5,5	50,0	11,0	41,6	15,8	51,0	42,0	232,8	74,7
West Bank and Gaza	111,0	54	49	96,7	31,2	---	62,2	100,0	80,6	81,1	60,3	72,5	93,3	350,3	327,6
Egypt	686,0	157,1	23	12,7	64,4	---	62,5	78,0	25,7	103,8	56,9	159,0	150,6	353,5	360,1
Jordan	254,0	108,4	43	15	84,5	20	10,9	92,0	49,7	42,4	46,9	35,0	50,6	204,4	242,6
Lebanon	182,0	1,2	1	---	30,7	---	2,0	12,0	5,7	43,7	24,1	18,0	40,9	73,7	103,4
Morocco	656,0	127,6	19	140,6	39,9	120	41,1	122,0	101,9	142,7	102,4	151,8	157,7	677,1	443,0
Syria	99,0	0,0	0	38	0,3	8	1,9	36,0	8,5	0,7	10,1	53,0	18,2	135,7	39,0
Tunisia	428,0	168,0	39	75,7	15,9	90	69,0	92,2	89,5	48,7	69,3	22,0	74,0	328,6	317,7
Total bilateral	2.580,0	646,5	25	408,9	267,3	298	255,1	582,2	372,6	504,7	385,8	562,3	627,3	2.356,1	1.908,1
Regional Cooperation	480,0	228,8	48	159,8	48	305,3	62,7	29,4	81,4	110,0	111,9	135,3	173,8	739,8	477,8
TOTAL	3.060	875	29	568,7	315,3	603,3	317,8	611,6	454,0	614,7	497,7	697,6	801,1	3.096	2.386
Ratio P/E					55%		53%		74%		81%		115%		