



SPECIAL REPORT

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ABOUT THE REPORT

Since the end of the Cold War, European security concerns have focused increasingly on the potential for instability on Europe's southern flank. In 1995, the European Union developed a framework for cooperation with the southern Mediterranean nations. These efforts have included some relatively ineffective programs to promote democracy in the region. In the aftermath of 9/11, the goal of encouraging the development of Middle East democracy has acquired greater urgency, not least in the eyes of the United States, which has bolstered its own efforts to spur democratic reform.

As the United States moves forward in its quest to promote reform in the Middle East, it will be important to assess the effectiveness of other democracy-promotion activities, including those undertaken by European counterparts. This report seeks to inform discussion in U.S. policymaking circles by offering an assessment of multilateral European democracy-promotion efforts in the Middle East. A forthcoming companion paper will illuminate major reform initiatives originating from within the Arab world.

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The views expressed in this report do not necessarily reflect views of the United States Institute of Peace, which does not advocate specific policy positions.

SPECIAL REPORT 127

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CONTENTS

Introduction	2
The Evolution of the Barcelona Process	3
Other European Democracy-Promotion Initiatives	5
Assessing the Impact of the Barcelona Process	7
Looking beyond Barcelona	8
The Transatlantic Dimension: Complementarities and Frictions	12
Whither Transatlantic Cooperation?	13

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Promoting Middle East Democracy European Initiatives

Summary

- With the end of the Cold War, major geopolitical shifts prompted southern Europe to reorient its strategic landscape toward the southern Mediterranean. From a European vantage point, the Mediterranean's strategic importance centers on migration, energy dependence, security/counterterrorism, and trade.
- Established in November 1995, the Euro-Mediterranean Partnership (EMP), also known as the Barcelona Process, was intended to be Europe's answer to growing concerns about instability on its southern flank. The EMP has provided a framework for cooperation between EU members and their twelve Mediterranean partners. The partnership consists of a series of bilateral association agreements that cover trade, development, and reform issues. To date, all of the Mediterranean partners except Syria have signed association agreements.
- Aside from their primary goal of promoting economic reform and trade, the European Union's association agreements seek to encourage political reform. However, the effort to spur political reform has yielded only limited results, not least because the European Union has adopted a long-term, cautious approach in the name of preserving short-term stability.
- By and large, the European Union (like the United States) has not translated its calls for the promotion of democracy and human rights into concrete action. A variety of reasons explain this failure, including differing interests among EU members, the great reluctance of EU members to use conditionality, and the fact that the original intent of the Barcelona Process was *not* to promote political reform.
- Beginning in 2000, efforts have focused on reinvigorating the Barcelona Process by providing for a more vigorous and coherent democracy-promotion strategy. European strategists have sought to link European policy in the Mediterranean to the wider Middle East as well as to post-enlargement Wider Europe.
- Still, a successful European democracy-promotion policy in the Middle East is far from assured. Several obstacles could impede effective implementation. First, neither the European Union nor its individual member states have demonstrated *sustained* commitment to using conditionality as an instrument for reform. Second, governments

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in the region have not signaled their willingness to pursue genuine reform. Third, European democracy-promotion efforts risk being drowned in a sea of bureaucracy. Success depends on the European Union and its regional partners overcoming all three of these obstacles.

- Sustained transatlantic cooperation could contribute significantly to efforts to promote democratic reform in the Middle East. While direct cooperation in the region remains a distant prospect, enhanced consultation, via a variety of venues, would make a significant contribution toward democracy promotion in the Middle East.

Introduction

In the wake of the September 11, 2001, terrorist attacks on the United States, calls for reform in the Arab world have reverberated across the globe. Less than a year after the attacks, in July 2002, a group of Arab intellectuals, under the auspices of the United Nations, issued the first Arab Human Development Report. In sobering detail, the study chronicled the Arab world's long-standing political, economic, and social ills. Specifically, it identified three critical deficits facing all Arab countries: freedom, women's empowerment, and knowledge. The study made an impassioned plea for transforming the region through reform.

The United States and Europe responded with their own calls for promoting reform in the region. In December 2002 U.S. secretary of state Colin Powell announced the Middle East Partnership Initiative, which centers on the promotion of reform in the Middle East. More recently, the G-8 unveiled the "Partnership for Progress and a Common Future" with the broader Middle East and North Africa. The G-8 initiative underscores the need for multilateral cooperation as well as the importance of reform efforts emanating from the region.

The June 2004 G-8 summit demonstrated transatlantic consensus on the overarching goals of democracy promotion and reform in the broader Middle East and North Africa. Both sides of the Atlantic view the promotion of reform as crucial for their security as well as for the long-term stability of the region, where both have vital interests at stake. However, key differences exist between U.S. and European thinking on how best to achieve this goal. At the same time, important convergences of interest underscore the unexploited potential for greater transatlantic cooperation. To date, transatlantic cooperation has been minimal and largely ad hoc in nature; concrete progress remains limited. Given the long-term challenge ahead, the transatlantic community will need to resolve these differences in order to work together effectively toward the common goal of Middle East reform.

It is important, therefore, to understand the nature of European policies and programs geared toward democracy promotion in the Middle East to determine areas of complementarity as well as areas of friction. Surprisingly little is known of European efforts on this side of the Atlantic outside of a very small and specialized community.

This report examines the European Union's multilateral engagement with the Arab world in the area of democracy promotion. It reviews the European Union's most significant reform-promotion efforts in both the Mediterranean and the wider Middle East. After assessing these efforts, the report concludes with an analysis of the prospects for transatlantic cooperation in this area.

(A companion Special Report is being produced that asks many of the same questions of current Arab initiatives. Observers agree that change in the Arab world must come from within and that, therefore, homegrown initiatives should be encouraged and nurtured where feasible. Anything that smacks of being imposed from outside is likely to be met with resentment and even outright resistance. As U.S. and European-led efforts proceed, it is vital to gain a deep understanding of what Arab reformers propose and how best to work with indigenous movements in a sustained manner.)

The Evolution of the Barcelona Process

Europe's proximity to the Middle East and North Africa, coupled with its large Muslim immigrant population, ensures that the Arab world occupies a top spot on Europe's foreign policy agenda. Beginning with the fall of the Berlin Wall in November 1989, major geopolitical shifts prompted Europe, and southern Europe in particular, to reorient its strategic landscape toward the southern Mediterranean. To be sure, European policymakers also focused on the struggle to integrate Eastern Europe, but instability in Algeria and concerns about an influx of illegal immigrants caught the attention of policymakers more generally.

In today's Europe, the Mediterranean's strategic importance centers on four key factors:

- *Migration.* Europe is home to a significant number of North African immigrants. For example, an estimated 15 percent of Morocco's population lives in Europe.
- *Energy dependence.* The European Union is dependent on imports (often originating from North Africa and the Persian Gulf) for half of its energy supplies.
- *Trade/economy.* The European Union is the largest trading partner for every country in the region, with the exception of Jordan.
- *Security/counterterrorism.* The EU policy paper "European Security Strategy" (published in December 2003) identifies five key threats to European security—terrorism, weapons of mass destruction (WMD), regional conflict, state failure, and organized crime—all of which can be found in the wider Middle East. The March 11, 2004, terrorist attacks in Madrid, which killed nearly two hundred people, have only heightened concerns about the terrorist threat.

In the early 1990s increased awareness of Europe's neighbors, both to the east and to the south, instilled a sense of urgency about the need for concerted action on reform. Europe's strategic thinkers emphasized the role of economic and political reform in ensuring the peace and stability of Europe's wider neighborhood. Southern-tier countries—notably, France, Spain, and Italy—took the lead in initiating greater engagement with the Mediterranean. A number of individual countries adopted their own democracy-promotion policies, but the most significant response occurred at the multi-lateral level in the European Union.

In June 1991 the European Union asserted that the promotion of democracy and human rights was an essential element of its foreign policy and a "cornerstone" of European cooperation. At that time, a European Council declaration (http://europa.eu.int/comm/external_relations/human_rights/doc/hr_decl_91.htm) stressed the role of human rights and the rule of law as critical components of its development initiatives. The council adopted a resolution in November 1991 (http://europa.eu.int/comm/external_relations/human_rights/doc/cr28_11_91en.htm) that established guidelines and procedures for a consistent approach toward countries attempting to democratize. Although the policy reflected Europe's preoccupation at the time with the newly independent states of the former Soviet Union, it laid the groundwork for putting democracy and human rights in a broader context—and this new approach was soon adopted toward the Arab states of the Mediterranean.

The following year, at the behest of its southern European members, the European Union reassessed its relations with the Mediterranean in light of the end of the Cold War, launching the Renovated Mediterranean Policy (RMP). The RMP introduced several important innovations, most notably the notion of partnership with Mediterranean countries and structural adjustment support for those countries engaged in liberalization and economic reform. Significantly, the revised policy also stipulated that the European Parliament could freeze the budget of a financial protocol (providing assistance to Mediterranean countries) in the case of serious human rights violations. For a brief period in 1991, the European Parliament withheld aid to Syria and Morocco on human rights grounds. While the parliament subsequently relented, its action established a precedent linking assistance with the need to respect basic human rights.

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Throughout the early 1990s, the European Union continued to signal the importance of human rights and democracy in its foreign policy. The European Parliament launched the European Initiative for Democracy and Human Rights (EIHDR) in 1994, bringing human rights–promotion line items together under a single budget heading. Currently, the EIHDR is funded at 132 million euros for activities worldwide; approximately 10 percent of EIHDR funding goes to the Middle East. (In 2001 the European Commission established EuropeAid to implement the commission's external aid instruments. EIHDR functions as a unit within EuropeAid.)

Most important, in May 1995 the European Union developed a democracy and human rights clause governing relations with third countries that stipulated the suspension of aid and trade in the event of serious human rights violations (COM 95(216)23 May 1995). The clause was to become standard language in contracts between the European Union and third countries. The clause appears in all negotiated bilateral agreements, with the exception of sectoral agreements.

Established in November 1995 the Euro-Mediterranean Partnership (EMP) (http://europa.eu.int/comm/external_relations/euromed/bd.htm), also known as the Barcelona Process, was intended to be Europe's answer to growing concerns about instability on its southern flank. Southern-tier members argued that post–Cold War expansion to the east needed to be balanced by looking to the south as well and were particularly alarmed by the socioeconomic chasm dividing Europe and North Africa. The European Commission noted that European-Mediterranean income disparities stood at 1 to 12 and would increase to 1 to 20 by 2010 if no measures were taken. The commission also estimated that the Mediterranean countries' populations would grow from 220 million in 1995 to 300 million by 2010. North Africa's population explosion and lack of economic opportunity heightened European fears of massive illegal immigration that would destabilize Europe.

Europe's desire for a role in the Middle East peace process inaugurated by the 1991 Madrid Conference also played a role in the creation of the EMP. Europe did not occupy a prominent place at the negotiating table but instead managed the multilateral Regional Economic Development Working Group (REDWG). The Barcelona Process was launched using the momentum of the 1993 Oslo Accords, thereby tying the fate of the EMP—at least in part—to the Middle East peace process.

The EMP provides a framework for cooperation between EU members and their twelve Mediterranean partners (Libya is not as yet a partner, although discussions for bringing Libya into the EMP are under way). The partnership consists of a series of bilateral association agreements as well as the Barcelona Declaration, which provides for broad multilateral cooperation in sectors such as agriculture, energy, tourism, and youth. To date, all of the Mediterranean partners except Syria have signed association agreements. (Negotiations on the Syrian agreement have stalled over differences on a newly required clause regarding WMD.)

The association agreements serve as the European Union's principal instrument for promoting democratic change in the Arab world. When signing association agreements, Mediterranean partners have been obliged to endorse the human rights clause, which stipulates a commitment to democratic reform. In theory, the European Union could invoke the clause when governments commit serious human rights offenses and withhold aid or suspend trade. In addition, as signatories to the Barcelona Declaration, the Mediterranean partners have agreed to language endorsing the principles of respect for human rights, fundamental freedoms, and the rule of law.

Conceptually, the Barcelona Declaration divides into three “baskets” of issues: political, economic, and cultural. The political basket aims to establish a Euro-Mediterranean area of peace and stability based on common respect for human rights and democracy. The creation of a Euro-Mediterranean Free Trade Area by 2010 constitutes the principal goal of the economic basket, while intercultural dialogue and understanding are the hallmarks of the third basket.

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cal and economic policies and extract better performance on the former through the latter. The human rights and democracy clause included in every association agreement provides for regular meetings to raise issues of concern at the ministerial and official level. A political reform/human rights subcommittee has been established with Morocco—a first for any of Europe's partners, Arab and non-Arab alike—providing an opportunity to engage on these issues at the working level with even greater regularity and seriousness.

At the same time, EU relations with each Mediterranean partner are bolstered by a web of economic and social sector activities that helps to build a sense of partnership and a common basis from which to move forward. This comprehensive framework provides important incentives for establishing conditionality as well as a sense of ownership by Mediterranean partners.

All projects of the EMP are funded by the MEDA program, which currently is allotted one billion euros annually. MEDA funding occurs in seven-year cycles, with the current cycle, MEDA II, covering the period 2000–2006. The European Investment Bank (EIB) provides an additional 2 billion euros in loans to the region.

The majority of MEDA funds have been spent on the EMP's second basket, economic and trade assistance. For many years MEDA aid was oriented toward offsetting the social cost of economic reform. However, a portion of funding has been devoted to promoting good governance with the justification that greater transparency and accountability contribute to a better business climate. Some of these projects have contributed to promoting democratic reform, although their contributions are not formally recognized as such.

The economic basket has not only enjoyed the most financial support but also achieved the most progress to date. The association agreements include a free trade agreement between the European Union and its Mediterranean partners. The Agadir Agreement, concluded in March 2004 and signed by Morocco, Tunisia, Jordan, and Egypt, marks an important step toward building a Euro-Mediterranean Free Trade Zone, creating an integrated market of more than 100 million people in the four signatory countries.

Human rights, women's empowerment, and press freedom projects constitute the majority of political basket funding. Judicial reform stands as another prominent focus. Only a small number of projects have been aimed at institutional reform, and the European Union has resisted funding parliaments, political parties, or trade unions directly. Following tensions with Mediterranean governments over some MEDA programming, MEDA II political basket funding is geared more toward women's and children's rights. Indeed, only a small percentage of MEDA funding directly targets democracy promotion; the vast majority of its funding is more closely oriented toward a traditional development mandate.

A newly created Euro-Mediterranean Foundation, based in Alexandria, became operational on July 1, 2004. The foundation seeks to fulfill the third-basket imperatives of developing a dialogue of cultures and civilizations within the framework of the Mediterranean region. As such, this new institution is not likely to serve as a catalyst for nongovernmental organizations (NGOs) to develop in the region. Nor will it help to address the European Union's need to develop a bottom-up approach to the promotion of democratic reform in the region. Instead, member states are likely to keep the foundation's agenda apolitical, steering it away from potentially sensitive areas more directly related to democracy promotion.

Other European Democracy-Promotion Initiatives

While Europe's multilateral democracy-promotion efforts focus mainly on the Mediterranean region, the European Union has initiated programs with other subregions of the Middle East—and EU officials have in the past year expressed a desire to devote more attention to those areas. Specific initiatives include the EU-GCC Dialogue, the Comprehensive Dialogue

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with Iran, and a cooperation agreement with Yemen. These programs, it should be noted, are not as rich and varied as the European Union's interaction with the Mediterranean region, and the same instruments and levers are not available.

EU-GCC Dialogue

The European Union–Gulf Cooperation Council (GCC) Cooperation Agreement was signed in 1989. Its stated objective is to facilitate relations on trade issues as well as to contribute more generally to the stability of the region. EU-GCC ministerial meetings occur annually, and EU-GCC regional directors engage in political dialogue once a year. Substantively, the agenda does not address political reform, focusing instead on free trade issues and on cooperation in fighting terrorism and nonproliferation. A working group on energy issues also has been established. The GCC recently expressed an interest in securing European assistance in helping to develop a single currency. In addition, an EU-GCC free trade area agreement is under negotiation. To date, results of the political dialogue have been disappointing. The European Union has offered to launch contacts on human rights issues but has met with reluctance from its GCC partners. The commission is planning to open a delegation in the Gulf as part of an effort to reinvigorate the dialogue. While the European Union has allocated few resources to the political dialogue, it may fund technical assistance in the area of economic cooperation in the future.

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Comprehensive Dialogue with Iran

The European Union's Comprehensive Dialogue with Iran dates to 1998. The European Union made a strategic choice to engage rather than isolate Iran. However, the European Union does not have any contractual relations with Iran. The dialogue features semi-annual meetings at the undersecretary level to discuss political and economic issues. In December 2002 the European Union linked negotiations on a Trade and Cooperation Agreement to progress on political issues in four key areas: human rights, WMD, terrorism, and the Middle East peace process. Movement on a free trade agreement has ceased due to significant tensions between Iran and the International Atomic Energy Agency (IAEA) over nuclear proliferation. A Human Rights Dialogue was launched in 2002, consisting of a roundtable discussion with representatives of Iranian civil society followed by a session with government officials. Working groups on trade, energy, and illegal drugs have also been established. The Comprehensive Dialogue has yielded few significant results. The Iranians have not been willing to make concessions on any of the four key political issues; indeed, in certain areas, such as WMD proliferation, significant backsliding has occurred. At the same time, the European Union has refused to relax its conditions and move forward with the trade agreement, driving current discussions into a stalemate. Observers point to the European Union's steadfast position as evidence of its willingness to implement conditionality.

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Cooperation Agreement with Yemen

The European Union signed a cooperation agreement with Yemen in 1997. The agreement's objective is to facilitate cooperation in the areas of trade and development and in various sectors such as communications and the environment. Joint Cooperation Committee meetings are held annually. A new political dialogue component, covering issues related to political reform, was added in the summer of 2004. EU officials have listed the strengthening of pluralism and democracy as a priority for 2005–6. Specific project proposals include providing support to the Supreme Election Committee in anticipation of elections in 2006 and to local NGOs and media so as to enhance civil society's role in the decision-making process. The European Union has allocated 61–70 million euros in aid for Yemen for 2002–4. The commission is planning to open a delegation in Sanaa later this year.

Assessing the Impact of the Barcelona Process

The European Union's democracy-promotion strategy has been characterized by a long-term, cautious approach adopted for the sake of preserving short-term stability. By and large, the European Union (like the United States) has not translated its calls for the promotion of democracy and human rights into concrete action. Rather than directly confronting regimes in the region, EU democracy-promotion programs have relied on more indirect methods, such as increasing support for "democratic values" and promoting cross-cultural dialogue.

The European Union has generally favored a top-down approach, conducting most of its democratic reform activities on a government-to-government basis. MEDA funding is used primarily for government programming, while the EIHDR line item (the relatively insignificant sum of 1.3 million euros for the Middle East) is used to fund NGOs. Contacts with Arab NGOs have not been accorded a high priority, and funding has been given only to those groups with a decidedly secular, pro-Western outlook and to apolitical organizations such as environmental groups.

Indeed, of the three baskets that constitute the EMP, the political reform portfolio has registered the least success. Arab states of the Mediterranean continue to be dominated by autocratic governments that restrict political freedoms. Even in the best cases, institutional and political reform has made only limited, often fleeting progress.

This lack of achievement is hardly surprising, given the modest nature of the European Union's efforts to promote political reform in the region. In the EMP's early years, less than 1 percent of MEDA funding was devoted to political reform. A specific program, MEDA Democracy, was established in 1996 to fund democracy-promotion projects, but it was dismantled in 2001 and merged into the EIHDR.

While the European Union does not bear significant responsibility for the Mediterranean region's dearth of political reform (the chief responsibility lies with the region itself), several factors have impinged on the EMP's effectiveness as an instrument to promote reform. Five factors stand out.

- *The original intent of the Barcelona Process was not to promote political reform.* In a sense, Europe launched the Barcelona Process in order to erect a cordon sanitaire, to protect itself from potential instability welling up from the southern shores of the Mediterranean. As such, the impetus for the creation of the EMP was less about spurring reform than about staving off the threat of massive illegal immigration. The Barcelona Process initially focused almost exclusively on trade and aid. Europe recognized that insisting on political reforms would only irritate incumbent regimes in the Middle East and complicate Europe's near-term goals of promoting placid ties with those governments. Money flowed to buy stability rather than to lay the groundwork for change. Indeed, the Barcelona Process at first eschewed significant political reform measures because of the instability they would likely generate.
- *EU members have differing interests in, and differing goals for, the Middle East.* Southern-tier countries in the European Union have been less willing than their northern neighbors to rock the boat and push for reform. Their proximity to the southern Mediterranean heightens their concerns over illegal migration and instability and makes them uncomfortable with the notion of conditionality. In contrast, northern-tier countries such as Britain and Germany have pushed for a more stringent interpretation of the human rights clause embedded in the association agreements. As a result, the European Union has found it difficult to act in concert on the issue of reform. Instead, the European Union has often found itself captive to the lowest common denominator, and rather than launching bold initiatives to promote Middle East reform, it has acted with excessive caution.
- *EU members have been deeply reluctant to use conditionality.* The factors outlined above have made the European Union largely unwilling to use the levers at its

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disposal to push harder for reform from its Mediterranean partners. The human rights clauses written into the association agreements are rarely invoked. Only one country, Tunisia, has had its MEDA aid reduced because of its human rights record. (In that case, the Tunisian government obstructed the European Union's work with a Tunisian human rights group.) In general, the connection between progress on reform and funding has not been made explicit. For example, Egypt, despite its poor record on reform, has received a disproportionate amount of aid over the years because of its critical role in the Middle East peace process. While most EU members embrace the concept of conditionality in principle, they are wary of seeing it translated into practice. The European Union has yet to find a workable balance between engagement and isolation that would lead to some form of targeted conditionality.

- *The Barcelona Process has been encumbered by an unwieldy bureaucracy.* With its multiyear budget cycles and volumes of paperwork, the EMP is exceptionally cumbersome bureaucratically. When policies and programs need to be redefined, the process is extremely difficult to redirect. Currently, planning is under way for the 2007–13 budget cycle; such a protracted cycle presents little opportunity for creative reform, which demands nimble instruments and flexible timing. Decision making is slow and can be held hostage by an individual member state looking to protect or advance its own narrow interests. Complicated procedures often hamper implementation of MEDA programming. In the first five years of the EMP, only 26 percent of the amount committed to aid was actually disbursed. Conflicting loyalties between the European Council, which represents the interests of individual member states, and the European Commission, whose mandate is tied to the interests of the European Union as a whole, can also add to bureaucratic tensions. The commission often looks to enhance the EU structure, while the council can be constrained by individual members who jealously guard their prerogatives.
- *The early fate of the Barcelona Process was intimately linked with the status of the Middle East peace process.* The Barcelona Process was formulated in the heady days following the negotiation of the Oslo Accords. The subsequent breakdown of the Oslo process has hobbled the Barcelona Process, impeding its ability to implement regional initiatives.

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Looking beyond Barcelona

Nearly a decade old, the Barcelona Process has registered few successes in the quest to promote democratic reform in the Middle East and North Africa. While sustained reform must originate from within the region, European decision makers have eschewed policies that could exert real pressure to reform on incumbent regimes. Instead, like their U.S. counterparts, the Europeans have opted for short-term stability and a preservation of the status quo. The net result has been decidedly modest advances in the pursuit of respect for human rights and the rule of law. In some cases, such as that of Tunisia, states have displayed significant backsliding on political reforms.

Few observers contest that the Barcelona Process's democracy-promotion record is modest at best. Some EU member states (from the northern tier) have privately called for scrapping the EMP and developing an entirely new framework for engagement encompassing the entire Middle East and North Africa. But EU member states that support the Barcelona Process constitute a powerful bloc that has fiercely resisted any attempt to retire the Barcelona Process; it remains a sacred cow.

Instead, beginning in 2000, efforts have focused on "reinvigorating" the Barcelona Process by providing for a more vigorous and coherent democracy-promotion strategy. European strategists have sought to link European policy in the Mediterranean to the

wider Middle East as well as post-enlargement Wider Europe. A series of European Commission papers published over the past eighteen months articulate an overarching strategy as well as specific policies designed to facilitate and strengthen reform. Together, these policies form the backbone of Europe's future Middle East democracy-promotion strategy.

European Neighborhood Policy

Launched in March 2003, the Wider Europe–Neighborhood policy (http://europa.eu.int/comm/external_relations/we/doc/com03_04_en.pdf) offers a new framework for relations with Europe's new eastern and southern neighbors following the European Union's May 1, 2004, enlargement (when ten new members were admitted). Europe's borders now reach to Ukraine, Moldova, and Belarus. At the advent of the European Neighborhood Policy (ENP), the European Union's southern-tier members successfully lobbied to include the Mediterranean states in the new policy. The resulting "new neighborhood" encompasses a vast swath of territory stretching from Morocco to Moldova. The European Union cannot offer these countries membership but hopes to ensure a stable, friendly neighborhood by providing powerful incentives to implement reform.

Rather than building a "Fortress Europe" insulated from outlying political and economic instability, the policy aims to create a "ring of friends" around the European Union, nations that share the same values of democracy, respect for human rights, and the rule of law. In hopes of developing a "zone of prosperity," the European Union would offer its new neighbors the prospect of entry into its internal market and, ultimately, the four freedoms (freedom of movement of goods, of persons, of services, and of capital) of EU membership in exchange for the implementation of *significant* political, economic, and institutional reforms.

The ENP will be structured around a series of differentiated "action plans" that are jointly drafted with partners. Key areas covered by the plans will include political dialogue, economic and social development, trade, and justice and home affairs. The action plans, which envision a three- to five-year time frame, will be customized for individual countries and will contain mutually agreed-upon objectives and benchmarks that spell out actions the European Union expects in exchange for the benefits of greater integration. Benefits would accrue to partner countries progressively as they meet specific targets and benchmarks.

The European Union is currently drawing up action plans with those countries involved in the Barcelona Process that have operational association agreements. Barcelona countries selected for the first round of ENP action plans are Tunisia, Jordan, Morocco, and Israel/Palestinian Authority. The European Union is in consultation with these countries and is in the process of assisting with the development of their action plans.

Essentially, the ENP is intended to bolster (and perhaps replace) the Barcelona Process. It enhances and clarifies conditionality by offering a huge incentive—access to Europe's internal market—to encourage countries to undertake serious reforms. It also aims to serve as a strategic overlay that articulates the principles of engagement with the Mediterranean and the Middle East. Together with the European Security Strategy (see below), the ENP seeks to establish important precepts for moving forward. In particular, the policy identifies three key factors—proximity, prosperity, and poverty—that define Europe's relations with its neighbors. Europe's new neighbors' geographic proximity presents both opportunities and challenges. The region's interdependence requires joint approaches to cross-border threats. At the same time, the European Union must work with its partners to tackle root causes of instability—a deficit of both democracy and economic opportunity—and promote prosperity.

EU members must still negotiate funding for the ENP. Southern-tier countries have expressed concern that the ENP will siphon funds away from the Barcelona Process or, even worse, that the Barcelona Process will be supplanted by the ENP. Several key questions arise:

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How will funds be allocated between new neighbors to the east and Mediterranean neighbors? How much MEDA funding will be diverted to the European Neighborhood action plans? Will additional funding be required, and if so, much?

In addition, some incentives offered by the ENP are not monetary and instead hold out the prospect of access to Europe's internal market. Europe's powerful farm lobby will vigorously oppose allowing other countries such access and will seek to obstruct efforts to revise the European Union's Common Agricultural Policy (by removing tariffs) so as to allow wider access.

"Reinvigorating EU Actions"

In May 2003, the commission issued an important communication entitled "Reinvigorating EU Actions on Human Rights and Democratization with Mediterranean Partners" (http://europa.eu.int/comm/external_relations/human_rights/doc/com03_294.pdf). The document established strategic guidelines for strengthening the implementation of the human rights clause of the association agreements. It acknowledged the disappointing record of the European Union's efforts to promote human rights with its Mediterranean partners and offered ten recommendations for improvement.

Echoing the ENP, "Reinvigorating EU Actions" proposes establishing human rights action plans in partnership with Mediterranean counterparts. The proposal envisions regular dialogue between the European Union and individual partner countries on human rights issues, as well as regular consultation with, and increased funding for, human rights NGOs. As an enticement, a separate pot of money (from MEDA funds)—to be used in any sector—will be made available to countries that meet action plan benchmarks. The human rights action plans will be anchored to the ENP, serving as a component of the more comprehensive action plans developed as part of the ENP.

The Strategic Umbrella

Three key documents—"European Security Strategy," "Strengthening the EU's Relations with the Arab World," and "Interim Report on the EU Strategic Partnership with the Mediterranean and the Middle East"—form a strategic umbrella for Europe's new democracy-promotion strategy. While the ENP lays out concrete policy options for energizing movement on reform, the European Security Strategy and accompanying papers situate these options in a broader, strategic context.

- As noted earlier in this report, the document "European Security Strategy" (http://ue.eu.int/ueDocs/cms_Data/docs/pressdata/EN/reports/76255.pdf) identifies five key threats to European security: terrorism, proliferation of WMD, regional conflicts, failed states, and organized crime, including trafficking in illegal drugs and weapons and illegal migration. The paper notes that these threats differ significantly from the threat of invasion that defined the period up to and including the Cold War. While conventional threats could be tackled by military means, these newly defined threats demand a mixture of instruments, including political and economic tools.

With EU enlargement as its point of departure, the strategy builds a strong case for integrating Europe's wider neighborhood into a web of well-governed, democratic states. The paper acknowledges traditional trade and development policies as powerful tools for promoting reform (the well-worn "trade-and-aid" formula) but also advocates the use of conditionality and targeted trade measures as a means of promoting democracy. The paper makes a strong case for "preventive engagement" to avert future crises. It demands a more active, capable, and coherent policy that harmonizes the many policies and instruments at the European Union's disposal.

- In December 2003—the same month that saw the publication of "European Security Strategy"—the European Council published a paper entitled "Strengthening the EU's

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Partnership with the Arab World” (http://ue.eu.int/ueDocs/cms_data/docs/PressData/en/misc/78358.pdf) that lays out the principles that should govern the European Union’s relations with the Arab world. It asserts that an overriding objective should be to promote political, economic, and social reform. At the same time, successful reform efforts must emanate from within the region. Reform objectives will be pursued for Mediterranean countries via the Barcelona Process. The ENP will enhance and deepen relations with countries that are part of the Barcelona Process. The paper acknowledges that relations with countries east of Jordan are less developed than relations with Barcelona countries and in need of greater engagement. The paper underscores the need to deepen candid political dialogue and to focus on concrete reform issues. Significantly, it calls for the involvement of a wide spectrum of political forces and organizations in the region that favor a nonviolent approach and that agree to play by democratic rules.

- Issued in March 2004, “Interim Report on an EU Strategic Partnership with the Mediterranean and the Middle East” (http://www.eu2004.ie/templates/document_file.asp?id=10466) provides an update on the development of the European Union’s Middle East strategy. It emphasizes the need for the European Union to consult with Middle Eastern countries and to inculcate a sense of shared ownership among its regional partners. The report enumerates the shared perspectives with partners in the region, including the value of consultation as well as the need to resolve the Arab-Israeli conflict. The importance of differentiation, rather than a one-size-fits-all approach, is also underscored. The report elucidates a broad concept of security that addresses domestic concerns such as unemployment and underdevelopment. It reiterates the centrality of the Barcelona Process and, by extension, the ENP. The paper concludes by asserting eleven key objectives, including development, through partnership, of a common zone of peace, prosperity, and progress; resolution of the Arab-Israeli conflict; long-term, sustained engagement with the region; and the need to strengthen political dialogue and promote respect for human rights and the rule of law.



The European Union has made important progress by laying out a plan of action for promoting democratic reform in the Middle East. Concepts of partnership and conditionality have been further developed through the use of joint action plans. Greater weight has been added by endowing the plans with enticing incentives, namely, access to Europe’s internal market.

Still, a successful European democracy-promotion policy in the Middle East is far from assured. Several obstacles remain that could impede effective implementation. First, neither the European Union nor its individual member states has demonstrated *sustained* commitment to using conditionality as an instrument for reform. Instead, European governments reflexively seek to preserve the status quo at all costs. Second, governments in the region have not signaled their willingness to pursue genuine reform—yet as currently structured, the European strategy relies heavily on these governments’ cooperation. Third, European democracy-promotion efforts risk being drowned in a sea of bureaucracy. Already, redundancies and overlaps are becoming apparent in and between the Barcelona Process and the ENP. Actors in the region could find themselves trapped in a thicket of reports, regulations, and procedures, with the notion of democratic-reform promotion getting lost along the way.

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The Transatlantic Dimension: Complementarities and Frictions

Sustained transatlantic cooperation could contribute significantly to efforts to promote democratic reform in the Middle East. In the aftermath of 9/11 (and of the terrorist attack in Madrid on March 11, 2004), both the United States and Europe have identified

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the absence of political and economic freedoms in the Middle East as a primary source of instability and a threat to international security. Indeed, the region presents several strategic threats that have come to define the post–Cold War era: terrorism, failed states, and the proliferation of WMD. Therefore, the promotion of democratic reform in the Middle East is a key strategic priority for both the United States and Europe.

U.S. and European views also converge on key elements defining the Middle East's path toward democratic reform. General agreement exists on the need for reform to emanate from the region, rather than being imposed from outside. The notion of regional ownership is further bolstered by the concept of pursuing reform in partnership with the region—a critical focus of both the Barcelona Process and the U.S. Middle East Partnership Initiative. Also, both the United States and Europe have shifted from a regionwide to a country-specific approach, acknowledging that “one size does *not* fit all.”

Most significantly, both the United States and the European Union appear to be converging on the need for some type of conditionality—on the need to insist on a linkage between a country's performance on reform-related objectives and the benefits it accrues, whether in the form of increased financial assistance or improved access to markets. Neither side has gone too far along this path, and each is limited by a variety of domestic constraints. However, were they to work together to fashion a united EU-U.S. position on conditionality as well as joint incentives (e.g., membership in the World Trade Organization or coordinated increases in financial aid), they could give conditionality precisely the boost needed to produce results. At the least, they would minimize the ability of governments in the region to play the United States and the European Union off each other.

Important complementarities as well as frictions characterize the transatlantic dimension of the quest to promote Middle East reform. While transatlantic tensions over the Middle East have received greater attention in the media and among think tanks, the complementary roles of the United States and the European Union are also significant. The U.S. and European approaches boast different strengths; they are likely to achieve far more if coordinated than if undertaken separately.

Geographically, the European Union maintains a comparative advantage over the United States in the Maghreb and the Levant. Thanks to its decade-long engagement via the Barcelona Process, as well as to its extensive historical ties and geographic proximity, the European Union has developed rich and complex relations with the Arab countries of the Mediterranean. For its part, the United States has engaged more actively with the Gulf countries, particularly Yemen and the member states of the Gulf Cooperation Council.

From a programmatic standpoint, the European Union has focused its efforts largely on human rights, women's empowerment, judicial reform, and press freedom. The European Union's human rights emphasis, particularly its focus on developing ties with human rights NGOs, places it at a distinct advantage in this area. The European Union has also devoted resources to cross-cultural dialogue, which will receive even greater attention in the newly inaugurated Euro-Mediterranean Foundation. The foundation holds the potential to foster linkages to a variety of civil society groups in the region—a long-standing goal shared by both the European Union and the United States.

U.S. democracy-promotion aid has been directed more toward strengthening the democratic process and institution building, particularly parliamentary training and judicial reform. With its strong focus on electoral politics, the United States has been engaged in election assistance and observation as well as political party development. To date, the European Union has eschewed such activity, ceding the United States a comparative advantage in this area. Like its European counterparts, the United States has pinpointed women's empowerment and media development as important focus areas. A variety of U.S.-funded programs seek to enhance NGOs at the grassroots, particularly women's NGOs. The United States continues to develop bottom-up democracy-promotion programs, an area that the Europeans (aside from their aid to apolitical service NGOs) are only beginning to develop.

Unfortunately, transatlantic frictions, rooted in differences of approach and language, have obscured these potential synergies. While certain nuances and complexities characterize each side, the critical difference separating the United States from Europe reduces to one of idealism versus realism. The idealist/realist clash translates to important differences in approach for each side. For example, on the question of isolation versus engagement, the Europeans will often adopt a pragmatic stance. Europe's Comprehensive Dialogue with Iran and its rapid rapprochement with Libya embody this approach. The United States, meanwhile, more typically opts for a policy of isolating "rogue regimes." Eschewing Europe's "soft power" model, the United States has staked its policies on a more muscular approach that relies on coercive policies such as the threat of sanctions and, in extreme cases, military action. The U.S. Congress recently enacted economic sanctions against the Syrian government, precluding any possibility of significant engagement, at least in the short term.

Transatlantic tensions over the issue of isolation versus engagement could seriously undermine joint reform-promotion efforts in the region. Differences over how to treat states such as Iran, Syria, and Libya (despite the resumption of diplomatic relations between the United States and Libya) could derail transatlantic cooperation. The United States and the European Union may find themselves clashing fairly often on whether or to what degree to engage these nations, creating opportunities for such states to play the United States and the European Union off one another.

A related key difference concerns the issue of enforced regime change. The United States argues that the only option for dealing with certain recalcitrant regimes (e.g., Saddam Hussein's regime) is to remove them from power. Immediately after the invasion of Iraq, some U.S. officials warned of the potential for a similar fate for the government of Bashar Assad in Syria. In contrast, most Europeans favor a gradual, long-term approach to reform. They regard political reform in the Middle East as a generation-long challenge that will require patience and a need to work with entrenched regimes. Many Europeans have voiced fears that the United States has a far shorter attention span and is unwilling to commit to a decades-long endeavor. Strong differences over Iraq between the Americans and the Europeans starkly illustrate the damage to transatlantic relations that the issue of regime change can inflict.

U.S. policymakers tend to seek out individuals who can serve as "champions" of reform, looking for an Arab Gorbachev who might spearhead regional reform. The Europeans are leery of identifying individual reformers as recipients for EU support, concerned that such choices will inevitably politicize aid.

Whither Transatlantic Cooperation?

The magnitude of the challenge of promoting Middle East reform underscores the need for transatlantic cooperation. Indeed, translating the consensus on the need for Middle East reform into concrete action would significantly benefit both sides of the Atlantic. If the Americans and the Europeans are to cooperate effectively and move the region forward on the path of democratic reform, they must devise mechanisms that harness existing complementarities while easing tensions. If, however, transatlantic tensions persist unabated, they will significantly diminish the prospects for success.

At their June summit, the G-8 partners reiterated their commitment to expand democracy-promotion initiatives in partnership with the region. The most important aspect of the G-8 package is its emphasis on consultation both with the region and among Western allies. The G-8 partners adopted a Plan of Support for Reform that includes initiatives on democracy building, literacy, and microfinance. A new Forum for the Future is slated to meet in Morocco in December 2004 and will be central to the success of the G-8 plan. The forum will bring together ministers from G-8 countries and the region to discuss reform; at the same time, parallel discussions will take place between

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business and civil society leaders. In June, the G-8 also pledged to establish, with willing regional partners, a Democracy Assistance Dialogue, which will bring governments, civil society organizations, and others together to coordinate activities and share information on democracy-building activities.

Closer cooperation among the allies, however, is far from assured. With American standing in the Middle East at a nadir, the Europeans are reluctant to associate too closely with the United States in the region. European fears of being dragged down by America's flagging credibility dramatically reduce the likelihood of joint U.S.-EU programming in the region. Further, the European Union is unlikely to give the United States a role in any of its Barcelona-related institutions and will instead continue to favor the formula of "complementary but distinct" programming.

As such, greater dialogue and consultation hold the key to enhanced transatlantic cooperation, enabling complementarities to be identified and redundancies eliminated. More effective cooperation calls for ongoing consultations in a variety of venues.

- Regular consultation between U.S. and EU missions in the field would make an important contribution to enhanced cooperation. U.S. political officers covering reform could meet with their EU counterparts as part of their regular reporting duties.
- Another useful step would be to hold an annual conference at which U.S. and EU diplomats posted in the Middle East could come together to compare notes on programs and projects, best practices, and lessons learned.
- In a similar vein, the United States could establish a committee among EU representatives in Brussels to serve as a focal point for consultations on reform with the European Union.
- Regular videoconferences at the working level between Washington-based policymakers and their Brussels counterparts would also help to facilitate dialogue.
- A paper published by the German Marshall Fund in 2004 ("Democracy and Human Development in the Broader Middle East") proposes that the United States and Europe "pool the best [democracy-promotion] proposals available . . . and coordinate their implementation." This recommendation, the fruit of discussions between European and American scholars, merits further exploration.

The establishment of a G-8 joint democracy fund would be another valuable means of fostering cooperation. The June G-8 declaration stipulates the creation of a regional "Network of Funds," consisting of regional development institutions and international financial institutions, to better coordinate existing programs, build institutional capacity, and improve the investment climate. A similar fund that pools multilateral resources to coordinate and develop democratic reform projects would be a useful tool to promote multilateral cooperation and move the reform agenda forward.

What is *not* likely to spur reform is to create, at the institutional level, new bureaucratic mechanisms. With the exception of the Forum for the Future, the development of new bureaucratic structures may well only encumber efforts. Instead, existing mechanisms, such as the annual G-8 summit, should be exploited. Specifically, the following options should be considered:

- add Middle East democracy promotion as a regular item on the agendas of the annual G-8 and U.S.-EU summits, requiring joint reporting and planning;
- establish an annual report on the status of reform efforts in the region to be presented and discussed at the G-8 summit; and
- give the United States observer status at the annual Barcelona Process ministerial meetings.

Ultimately, sustainable democratic reform in the Middle East must emanate from the region. However, the United States and the European Union, through greater dialogue and consultation, can make a difference. While transatlantic differences in outlook and

approach threaten to undermine efforts at increased cooperation, significant common ground exists. Shared strategic interests coupled with complementary strengths in the region hold the potential for more fruitful transatlantic engagement on democracy promotion. While direct cooperation in the region remains a distant prospect, enhanced consultation, via a variety of venues, would make a significant contribution toward democracy promotion in the Middle East.

While transatlantic differences in outlook and approach threaten to undermine efforts at increased cooperation, significant common ground exists.

An online edition of this report can be found at our website (www.usip.org), together with additional information on the subject.

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