

THE MEDITERRANEAN POLICY OF THE EUROPEAN COMMUNITY

by GIAN PAOLO PAPA*

I. INTRODUCTION

Opposed by the United States, who fear an extension of European preferential zones, misunderstood by the new member states of the Community, for whom the Mediterranean, as a region, is a flight of the imagination, criticized by the Community farmers, who fear competition from similar products, the Mediterranean Policy of the Europe of the Nine is experiencing a slow and difficult development.

These reactions to the trans-Mediterranean links that have been created in the last ten years between a Europe that is proceeding towards its objective of integration and this explosive 'melange' of tensions and poverty that characterize the shores of the Mediterranean are not unfounded. The agreements signed between the European Community and this region, which is essential for its security, have caused the traditional majority enjoyed by the United States in GATT to transfer to the EEC which is supported by Mediterranean countries interested either in the eventual adhesion to the EEC or in the creation of a free trade area with Europe. Furthermore, a co-operation free from the old imperialistic/colonial implications could easily spread, through the Arab states on the shores of the Mediterranean, to those of the Arab peninsula supplying oil. This could mean a dialogue between the energy thirsty Europe and the states that possess the precious oil, with an obvious danger for the large oil multinational corporations that have traditionally acted as the intermediaries for the product. Moreover, a

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long term agreement at reasonable prices between the Arab States and the Community could imply that the U.S.A. would be deprived of part of its energy needs, with the coming of the 1980's.

The British hesitation to join in a concerted action in the Mediterranean, on the other hand, finds its origin more in the traditional intellectual failure to consider the Mediterranean as a region, than in political choice. In the British tradition financial and economic co-operation has proved to be an option of a global nature (a policy oriented towards the developing countries as a whole) or dictated by specific operations connected with strategic exigencies (Cyprus, Malta, Gibraltar). To follow a regional approach in the Mediterranean for the new member States seems to imply a set-up which lacks an accepted foundation. This attitude is all the more understandable since the Mediterranean, the region from where our civilization sprung and which has been a centre for cultural and economic cultivation, seems to have disappeared as an entity for two thousand years. The international organizations (U.N.O., OECD, GATT, UNCTAD) have divided it between Europe, Asia and Africa like all the national ministers and the geographical publications.

The objections raised by the peasants of the Mediterranean regions of the Community against the concessions given (and to be given) to competing products of the region in the context of preferential agreements is also understandable. Coming from poor regions relative to the opulent industrialized parts of Europe, the peasants ask why, being the least secure, it should be them that pay the burden of a European policy aimed at favouring their Mediterranean neighbours. The reactions became all the stronger as the Common Agricultural Policy has opened the Common Market to the large wheat and sugar producers of the northern regions giving them a locational advantage relative to the marginal producers. Whilst the small land holders of Calabria and Languedoc still await the hypothetical benefits from an aid policy for structural changes necessary to ensure them a more equitable income.

Nevertheless, during the last ten years, links between the Community and a number of countries comprising 170 million inhabitants and covering a surface area 14 times that of France, have been progressively forged, shrouded in the almost complete silence of the press. Eleven agreements make up the structure of

this dialogue with the Mediterranean region for which the European Community, a traditional commercial partner, offers vast development possibilities.

This polarization of Mediterranean countries towards Europe is explained by the fact that European realities are a basic factor in the growth models of the Mediterranean countries which cannot but integrate them in their development programmes. Being the only close partner enjoying a high level of income, the community constitutes for these countries, the major element determining investment decisions. It is in fact practically the only customer for agricultural products which make up the bulk of these countries' exports. It is worth noting that the amount of trade between the EEC and the Mediterranean is more or less equal to that between the EEC and the USA and three times that with Latin America. These facts only help to strengthen the argument for Europe's interest in the Mediterranean region. Moreover during the last ten years trade between the two areas has grown by a yearly average of about 10%.

In 1973, the Community had formal relations with all the Mediterranean basin countries with the exception of Albania, Libya and Syria. As for Jordan negotiations are being undertaken for the signing of an agreement. It is generally agreed, though, that these agreements make up a mosaic of limited agreements that lack homogeneity. However one must bear in mind that these agreements have been drawn with the objective of dealing with the different needs of the various Mediterranean countries themselves, within the context of the Community's discretion that for legal and political reasons is in practice limited only to trade matters. These bilateral agreements have been drawn after insistent requests by the interested countries, with the Community acting rather passively and cautiously, case by case, dealing with the most pressing problems.

Although seeming so limited, these links still have provided the necessary set-up within which a dialogue would be entered into to define the prevailing problems and freely discuss possible future solutions.

What is more significant is, that these agreements have presented a welcome opportunity to reconsider the relations between Europe and the Mediterranean and pave the way to eventual financial, industrial, technical and social co-operation.

II. NATURE OF THE PROBLEM; INTERDEPENDENCE OF SOLUTIONS:

It is, of course, true that the Mediterranean region is characterized by considerable differences in the level of economic and social development and by contrasting political regimes, not to mention the Arab-Israeli conflict. In the Mediterranean there are countries that belong to the European Community, NATO and COMECON as well as countries with neutral tendencies. Still this sea which seems so divided represents also a community of problems. Most of these problems cannot be solved except in co-operation with the two Mediterranean countries that belong to the EEC i.e. France and Italy. But these two countries, by far the most important amongst those of the Mediterranean shores, are integrated within the politico-economic structure of the European Community.

Because of this the Europe of the Nine becomes, so to speak, altogether Mediterranean with all that this implies. Thus the Mediterranean's problems become Europe's problems. The link that joins the two is not only a determinate North-South one but the interests of the two are woven together in a pattern of interdependence. This 'interdependence axis' concerns not solely strategic matters but also trade as well as migration of persons, energy supplies, financial flows and ecological problems.

(a) The necessarily agricultural calling:

The Mediterranean shores are typified by a common environment that is characterized by the similarity of climate and soil with common constraints of water shortage and erosion and limited plains of any appreciable size. These factors naturally lead to similarity in output and hence to intensive competition between the Mediterranean countries of the North and those of the South, for both of which the market that represents the essential outlet is that of the Community.

Thus the climatic conditions of this region, make about fifteen products that could be considered as typically Mediterranean (wine, olive oil, citrus, various fruits and vegetables) with production periods that are quite alike. These products barely manage to provide a living for the mass of rural population, which in the Southern Mediterranean comprises two-thirds of the total population. More-

over the population in these areas is expected to double by the end of this century. This mass of rural population, in itself, is a cause of an economic, social and political disequilibrium the actual importance of which and the difficulties it would present in trying to adjust to it in the longer run, should not be under-estimated.

The chance of finding employment for, and improving the lot of this section of the population rests at one and the same time on developments in agricultural production, on the shifting of an ever increasing proportion of this population to expanding industrial or urban areas, and on emigration; each of these solutions, though, leads to numerous other complex problems.

It should be realized, however, that any progress that can be attained by improving, in arid areas, extensive and poor agriculture using man-power is no solution. Only intensive agriculture and hence essentially, horticulture, forestry or vineyards, and the processing of their products can possibly provide the necessary employment and income to these rural masses, as long as it is impossible to provide them with sufficient employment elsewhere.

But which part of the world, except the European Community already and for a long time now the main market for these countries which provide it with 80% of its imports in these products, could ensure a significant outlet for these perishables that cannot be transported over too long a distance?

This situation would not have given rise to any difficulties, were it not for the fact that these products signify a threat to similar products coming from the less favoured regions of France and Italy. The Latin members of the Community had put as a condition for their membership the adoption of an agricultural policy which has seriously limited foreign competition. Thus the Mediterranean producers are themselves faced with an obstacle which only the European Community could remove.

The Southern Community countries should however realise that they are the principal beneficiaries from the development of trade in industrial products in the Mediterranean. They should also realise that for various products (particularly tomatoes, cucumbers and onions) the most formidable competitors lie in Northern Europe, and especially in the Netherlands, where intensive cultivation under glass houses is organised on a continental basis.

For their part the Northern countries of the Community are generally more concerned about the interests of their consumers than about an agriculture which does not really belong to them. They are mainly concerned lest they would have to support, on the financial level, the consequences of a Mediterranean Policy, which would consist of aid to Community agriculture or aid to Mediterranean countries.

(b) Industrial Development: in search of Investors and Markets

Industrial development in the Mediterranean is characterised by the existence of considerable differences which range from the more advanced industrial economies like Spain and Israel to the underdeveloped, areas of the Tunisian type. If one were to add to the former two countries, Yugoslavia, Greece and Portugal, the list of countries exporting a certain, or rather an important volume, of industrial products would be complete. For the rest, except for hydrocarbons, exports are minimal.

However industry is a sector which provides better chances of growth than in agriculture. Its progress could help these countries to diversify their economies, reduce unemployment and expand those resources which are necessary for their development. But, in spite of the natural advantages that certain Mediterranean countries have, for producing goods that require high energy and labour inputs, and for those requiring harbour facilities where costs are relatively low in this region of inlets, important difficulties still prevail. Inefficient administrative and technological framework and political instability reduce the worth of economic and climatic advantages.

Currently, in fact, save for the more industrialized countries of the region, one can claim that the more attainable economic chances for the less industrialized countries lie in those sectors for which obstacles of access to the market of the Community are known. This is the case of textile products, refined petroleum products and food products.

A further consideration, already mentioned, is the fact that the Community, because of its geographical proximity and market size constitutes the major economic factor for the region, in as much as, it strongly conditions its development. In short, if the Community

sneezes, the Mediterranean catches a cold...¹

The Mediterranean was by passed by the industrial revolution of the 19th century, based as it was on techniques for which these countries were not gifted (blast furnaces, steam powered machinery, railway). These countries have little coal, their metal deposits were known and exploited by the Romans, and were left practically without any of the classical ores. Geographical features did not help the installation of railways and navigation; the latter was practically confined to the oceans before the opening of the Suez Canal.

Conditions have now changed. Technological evolution has put an end to dependence on coal. The Mediterranean, on its Southern shores, possesses oil and natural gas resources or is the place of transit, eventually also of refining of petroleum products.

Throughout the world we witness a tendency to locate industries in harbour areas (which are plentiful in the Mediterranean). So far it has been mainly the European regions of the northwest of the Mediterranean that have, at least partially, benefitted from this process of Mediterranean 'Renaissance'. On the contrary, the countries of the South and East; although neither are entirely lacking resources, require foreign assistance in order to finance their industrialization, based on basic industries (based on natural gas, petroleum, iron and steel) or on transformation industries.

The conditions seem to be ripe for an economic evolution of the whole Mediterranean industry between its dual fronts, with a transfer of factors of production between a hyperconcentrated industrial Europe using 8 million Mediterranean migrant workers (Italians included) and the whole of the Mediterranean in search of an economic renaissance.

(c) Migrant Workers or the 10th Community Country

On the Mediterranean shores the employment problem is distressing. Subject to a demographic pressure bordering on a growth rate of 3% per annum the southern shores alone can reckon on 200 million inhabitants by the end of the century.

The cumulative effect of Mediterranean underdevelopment and

¹See the annexes concerning trade between the EEC and the Mediterranean.

the rapid economic expansion of Europe organized within the Common Market, has provoked particularly in the last ten years, one of the greatest migrations of modern times. During this period it has become ever more clear that immigration has lost its conjunctive feature to become a structural element in our present economic system. The traditional place of Italy as 'a reservoir of labour' has come to be shared by Spain, Turkey, Yugoslavia and the Maghreb.

It is true that the countries of origin benefit from the remittances of their migrant workers (a contribution that for certain Mediterranean countries could surpass the earnings from trade) and provides a certain relief on the employment market due to the reduction of unemployment. But it is also true that these regions are losing the youngest and most dynamic elements hence an aging population results with the consequent reduction of production capabilities. This massive drain on the lively forces of the population risks, in the end to accelerate, instead of undoing, the underdevelopment spiral. Moreover these immigrant workers, in most cases after having given to Europe the best years of their lives, do not succeed in integrating with a society that rejects them, and return home to constitute a heavy burden for social security and retirement funds.

Migrant workers and their families within the enlarged Community constitute, the 10th non-member 'state' of the latter, a 'state' the population of which in 1973 was about eight million inhabitants. This 'country' it goes without saying, has no domiciliary rights in the Common Market. It is a 'nation' of second class citizens forming a category of sub-proletarians often without any guarantee of employment and subject to fluctuations in economic conditions. It is a 'nation' with diminished or even inexistant rights which however constitute an ever more important part of the active population of Europe. Whole sectors of the economy are to-day dependent on immigrant labour. Sectors where the European no longer wants to be subjected to the slavery of the industrial civilization: building, production and working of metals, mechanical industry.

The Community is thus tied to and a beneficiary of, this flux of Mediterranean labour, the more so given that our demographic growth tends to stagnate. This human interdependence has developed along a 'South-North' axis in the prevailing interest of European opulence of the industrial triangle and has been integrated in the

growth formula of the Common Market as a necessary constant.

(d) From environment to Oil

The three aspects briefly analysed agriculture, industry and labour are at the same time common problems for the Mediterranean region and the Community, a fabric of interconnections, I dare say unique at world level, to which should be added that of defense and environment. The ecological interdependence in actual fact concerns all the countries on the shores of this enormous lake where life risks disappearing if the Northern countries export their polluting industries to the other side of the sea in the name of growth. An initial conclusion can thus be partially derived: if the hypothesis of a co-operation option between Europe and the Mediterranean is fully accepted, the solution to these problems cannot be found except in common.

Moreover one should not forget an important complementary element: the tourist phenomena through which the European dependence vis-a-vis the sun corresponds to the dependence of the Mediterranean countries on the revenue generated. These transfers have grown during the last ten years on the average at an annual rate greater than 15% for the whole of the 'sunny countries' and, exceeded the remittances of migrant workers, to become second in rank, after physical exports, in the total of foreign receipts of the region. To be sure, tourist activities can very easily do without intervention resulting from co-operation agreements but this would be an error of under-estimating the importance of this element not solely from the point of view of development but also as a means of bringing people together.

If we now take into consideration the energy problems solely for the countries of the Mediterranean shores, it would be inaccurate to speak of interdependence with Europe, with the only exception of Algeria and Libya. It is true however that the Mediterranean controls the access to Middle Eastern oil that comes through 'pipeline' in the eastern region or by 'tanker' through the straits of Gibraltar. And Europe depends almost entirely on external supplies, of which two thirds pass through the Mediterranean. Hence one can easily imagine the economic and strategic importance that this region represents: a serious and prolonged crisis could cause a pa-

ralysis of European industry.²

These few considerations are but a few examples, the more important, that show the returns that co-operation between Europe and the Mediterranean can offer. The Mediterranean countries have come to realise in isolation the importance which represents, for each of them, the big European partner and the problems that it poses for them. The Community, on its side, has only slowly discovered the extent of its ties. In elaborating the whole aggregate statistics, it has better evaluated the importance of its trade with a region which it has had the tendency, even in the recent past, to consider as having mainly importance from the point of view of security and of maintaining traditional relations.

III. THE CURRENT AGREEMENTS BETWEEN THE EEC AND THE COUNTRIES OF THE MEDITERRANEAN BASIN.

Mediterranean is a term which does not occur at all in the Rome Treaty, as an ordinary provision to define particular relations with the whole group of countries of this region. It is only in the declarations annexed to the Treaty that there is provision for the possible association of Tunisia, Morocco and Libya, countries that have had particular relations with European States; a relic of the colonial past of France and Italy. Algeria was not placed in an annexed protocol: at the time of the birth of the European Community it still formed part of the Metropolitan French territory...

The Treaty instituting the EEC however provides juridical means whereby it is possible to enter into agreements. This concerns mainly article 113 concerning a Common Commercial Policy³ and article 238 that authorizes the Community to conclude association agreements.

It is on this basis that the Community has taken its first steps towards a Mediterranean Policy with all the constraints deriving from a lack of a political concept and worse still lack of common strategy, not to speak of the failure of economic organization on

²This point has been proved by the crisis brought about by the Arab oil embargo after the October war in the Middle East: Translator's note.

³Commercial relations, prior to the end of the transitory stage were based on Article 111.

European territory. In this regard, it must be recalled that the agreements with Greece and Turkey were signed respectively in 1961 and 1963 when the organization of agricultural markets had hardly been started. Consequently a number of major difficulties had to be faced, when searching for a guiding line leading to the Mediterranean countries in absence of policies as important as energy, industrial, social and regional, not to mention agricultural policy that only now comes to be drawn for processed agricultural products.

These factors have made the Community act in a pragmatic way rather than follow a specific and global policy in respect of the various countries and products. In fact this latter approach would have divided the member states and would have impeded response to the pressing initiatives of certain Mediterranean countries that justifiably believed, that they were paying for an integration in which they did not participate. Moreover in view of the antagonism between the super powers, becoming ever more acute proportionally with the degree of penetration of the Soviets in the Mediterranean, it was not at all strange that they get closer to a partner whose essential virtues were a certain lack of political activity and an economic importance that made it the biggest commercial world power. The fact that Great Britain had decided to join the Common Market has meant for the Mediterranean partners a favourable complementary forecast of a process of integration and growth that will take place at the level of the Old Continent.

In such circumstances, the Community was seen as constrained to act in order to reduce the difficulties that it had itself created for its Mediterranean partners particularly in the agricultural sector. Economic necessities were to determine the choice which, ten years later, could be considered as the first outline of a foreign policy.

These relations between the Community and the Mediterranean region have developed in three distinct phases:

- That of *initiation*, characterized by the Association Agreements with Greece and Turkey, took place between 1961 and 1963, along with the beginnings of the EEC;
- that of *proliferation*, which covered the period between 1961 and 1972 characterized by the association of Tunisia, Morocco,

Malta and Cyprus; trade agreements with Spain, Israel, Lebanon, Egypt besides the non-preferential trade agreement with Yugoslavia; to these we can add the agreement negotiated with Portugal in the context of relations with the European Free Trade Association (EFTA);

– that of the *global approach*, the beginning of which came in July 1973 with the opening of negotiations with Israel, Spain, Algeria, Tunisia, and Morocco.

To facilitate reading we felt we shall not elaborate on the specific contents of each agreement even in their broad outline.⁴ On the contrary, we shall attempt to make a brief analysis of the reasons motivating the agreements and, where appropriate, of the underlying politics that probably led to certain choices. In fact one can easily agree on the economic motives already underlined, outcomes of factors or dictates of interdependence of which we have already spoken. On the contrary, if one wants to delve into the political motives, that are never defined openly by those responsible in the Mediterranean countries and in the member states of the Community, one must confine oneself to personal and hence subjective impressions. But perhaps this effort might on reflection be suggestive to those who try to understand that which could be hidden behind an image of pure technicality.

(a) Greece and Turkey, the initiation phase.

The first two agreements of the Community were those of Athens and Ankara, negotiated and signed in the early sixties, that is in an historical context of escalating cold war and soviet penetration that gave rise to serious fears on both sides of the Atlantic. On one hand, an association agreement would have 'stabilized' the economic and political structures of Greece which is a member of NATO just like the member states of the EEC. On the other, the conservative Government of Mr. Karamanlis sought a prestigious success to try and block the mounting liberal tendencies of Mr. Papandreou who was endangering his Government and over whom therefore he had to prevail. A success in the association negotiations with Europe in fact reassured the image of the conservative

⁴ c.f. in annex the schematic contents of the agreements signed between the EEC and the Mediterranean countries (position: 1st. July 1973.)

Government. Lastly, the failure of the first negotiations between the EEC and Great Britain, urged France to enlargement in the South, perhaps to prove to its partners a spirit of outward lookingness where 'Hellade' replaced 'Albion'.

Similar motives could be traced at the roots of the Association Agreement signed with Turkey in 1963. In fact, the Southern flank of the NATO security network does not stop at the cradle of the first democracy, but extends further beyond the Bosphorus, into the Asian continent. On its side, Turkey, faithful to the historical choice of Ataturk, wished to consolidate its political and economic ties with a Europe that desired a balanced approach towards two countries divided by a most ancient rivalry.

Treating of two countries with a vocation of integrating with the Community, the two association agreements were signed as an initial preparation for a consequent adhesion with the EEC. This explains the outcome, particularly in the case of the Greek agreement: a formidable legal construction tailored on the Treaty of Rome, extending over a quarter of century and which describes in advance the meticulous mechanisms that ought to lead progressively to a customs union. The text is thus littered with precise timetables and detailed schedules which, even if in theory they allow for all the technical aspects, ignore the political element and could not forecast what the outcome would be in reality. The proof of this came with the coup d'etat of the Greek colonels in 1967 after which this beautiful legal monument which was the Athens Agreement was frozen.

This lesson has borne its fruits. Consequently, the Community has signed association or preferential trade agreements on the basis of discreet stages, progressively determined, which are better equipped to deal with a world experiencing rapid changes.

(b) The proliferation phase: Ten agreements in four years

The Greek experience must have been kept in the minds of the negotiators who signed the agreement with *Spain* in 1970. The latter had requested an association to show its people that Europe had accepted its political system, but the result was a simple preferential agreement of limited duration. The Athens lesson had served its purpose and only the assurance of ability to decide

afresh and in function of the results of the previous stage of the agreement persuaded the more cautious of the member states to extend Community contractual relations to the Iberian peninsula.

As for *Malta* the problems were quite different, since the relevant motivations of sheer national politics, and the economic importance, were insignificant for the Community. On the side of the Maltese, the association agreement signed towards the end of 1970 was meant to consolidate the European vocation of the island and reassure the declining prestige of Mr. Borg Olivier, the conservative leader whose name will always be connected with the attainment of independence of the island. The success of the negotiations did not however hinder the electoral victory of Dom Mintoff a few months later. The six, on the other hand, sought a strategic interest in the association of this little Commonwealth country: a transfer of Malta to soviet flanks would have altered the Mediterranean equilibrium.

The case of *Cyprus*, that signed an association agreement in 1972 is not fundamentally different from the previous one. Apart strategic matters, it was important for these two countries not to keep away from a Community to which Great Britain was seeking to adhere.

The preferential trade agreement signed by the EEC and *Portugal* in 1972 could be compared, as to its political considerations, to that of Spain. However we note two details of different nature: this country is not strictly speaking Mediterranean but can be considered as belonging to this region because of similar environmental features; negotiations took place in the context of the agreements with EFTA as a consequence of Community enlargement.

Finally, to conclude with the 'European' countries, *Yugoslavia* signed a non-preferential trade agreement with the community in 1970, which was replaced in 1973 by a further agreement of a wider scope. This agreement reconciles a desire for economic 'approachment' with the need, due to the Yugoslav set-up to organize its trade relations within a non-preferential framework.

If we pass to the Southern shores of the Mediterranean, none of the agreements drawn lead, eventually, to adhesion with the Community. This is a limitation put by the Treaty of Rome which extends full participation in the Community only to European countr-

ies. The association agreements with *Tunisia* and *Morocco*, signed in 1969, are the result of commitments undertaken by the signatories of the Rome Treaty as a consequence of the existing special relations between these countries and France with whom they enjoyed a privileged treatment, particularly for their principal exports: agricultural products. Just like with the case of *Algeria* with whom no agreement has been signed by the Community so far, the interdependent relations were such that it was necessary to search for a new equilibrium with the Six. Moreover, the Maghreb countries have resented, in different periods, the precarious nature of their links with Paris. Europe could allow a redefinition of these links without directly destroying their bilateral nature. The Tunis and Rabat agreements have indirectly played an important role in the relations between the Community and Mediterranean countries: their example has probably urged other Arab States to establish contact with the EEC, the more so since the latter had signed an agreement with Israel already in 1963.

To be sure, *Israel* was the country most pressed to establish close links with the EEC in order to come out of its isolation. A request for association was submitted in 1959: a minor non-preferential trade agreement, was the outcome in 1963. This was followed by a preferential trade agreement, signed in 1970.

In answer to the Lebanese requests, but also in order to establish parallel and comparable relations with the various Middle Eastern countries, the Community in 1965 concluded, an agreement covering trade (similar to the one signed with Israel) and technical co-operation with *Lebanon*. A preferential trade agreement was signed by the latter and the EEC in 1972 concurrently with a preferential trade agreement signed with *Egypt*. Only the search of pragmatism has made it possible for the Community to allow the pursuit of a boycott (by the Arabs) and the safe-guarding of non-discrimination amongst constituted bodies and nationals of the Contracting parties. This has made it possible to follow a tight timetable in negotiations between the Community and Israel on one hand and with Egypt and Lebanon on the other.

(c) Agreements viewed 'horizontally': Similarities and differences

As we have pointed out earlier on, the Community, within the li-

mitted fields of action due to institutional, political and economic reasons has in defining the first outlines of a Mediterranean policy sought to find a pragmatic set of approaches and solutions more or less homogeneous. The objectives were a contribution to peace, security, economic equilibrium and political stability of the region – ambitious objectives if one were to realize that the means were limited to the progressive establishment of custom unions and free trade areas.

These agreements though limited, do cover an important part of trade, constituting an appreciable reduction in quotas and tariffs and a first important step towards the free exchange of goods. They are based on the notion of an equilibrium in the agricultural sector, (that is the stabilization of export receipts of the Mediterranean partners on the Community market which is very sensitive to competition in this sector) and of expansion in the industrial sector where the degree of European sensitivity is much less in view of the export potential of the region.

Besides, these preferential relations are based on the principle of reciprocity in the concessions given. This is the cause of violent criticism from across the Atlantic.

At the *legal level*, only the agreements with Greece⁵ and Turkey went beyond the purely commercial context and were extended to other areas and particularly to financial aid. Because of this, in so far as they are wide agreements and fall under the jurisdiction of both the Community (tariff provisions) and the member states as such (financial provisions) they had to be submitted for ratification to the national parliaments.

They are furthermore characterized by rather wide powers of decision taking of which the institutional organs responsible for supervising the application of the agreements (Association Council and Committee) dispose; powers which are not to be found in arrangements with other countries of the region.

⁵Since the coup d'état of 1967, the scope of the Athens Agreement is limited to the barest essentials. Hence all developments have been blocked both on financial and trade aspects.

Translator's note: after the Cyprus crisis (July 1974) and the eventual toppling of the Colonels' regime in Greece, normalization of relations with the EEC are possible.

The other agreements differ in their legal basis for political and historical reasons, but still they are pretty identical in their set-up and duration (limited duration of a first stage of about five years; basically identical framework and general and institutional provision; scope limited solely to trade matters; similar rules of origin.)

The first table of the annex gives an outline of the legal nature and the duration of the first stage of agreements between the Community and the Mediterranean. A more detailed synopsis of the contents of these agreements is given in other tables of the annex.

We ask the reader to notice the schematic presentation of agreements in what concerns expiry (the renegotiations in principle start 18 months before the existing arrangements come to an end). This treats of a temporary horizon which should signify the entry into the first phase of EEC-Mediterranean relations and the 'deepening' of these links, in order to go beyond the purely trade field to which the Community has limited itself due to a lack of legal instruments and of a political will of the member states. In fact, at a time when tariffs are becoming less and less protective and after the introduction in July 1971 of the Generalized Scheme of Preferences benefitting the developing countries one can hardly envisage how the Mediterranean approach can be simply based on tariff preferences. It is clear that not even a total liberalization of trade would suffice to resolve the grave economic development problems of the region. Time was ripe for a new phase in European - Mediterranean relations.

After a horizontal assessment of the agreements from the legal point of view, we shall try a short analysis from the commercial and tariff point of view.⁶

On this level there exist no important differences between the various agreements in so far as the amount of tariff concessions are concerned (to the sole exception already noted i.e. the case of the Athens Agreement.).

In the industrial sector, the concessions requested by the Community are purposely disproportionately in favour of the Mediterranean countries in order to account for the vulnerability of their economies and often one gets the impression that the EEC is not inte-

⁶ c.f. the annex on the contents of the agreement quoted above.

rested in the real economic significance of the counterpart to ask from its partners. On its side the Community has tended to undertake a substantial tariff reduction in respect of its imports coming from the Mediterranean, with limited exceptions for its sensible products.

In the agricultural sector, the objective was to preserve the trade flows, to respect Community interests and preference, giving specific concessions in principle based on the notion of a balance in the interests of the Mediterranean countries. The difference which one can claim in the number and kind of products being the object of the concessions given by the Community in the various agreements lies in the diverging interests of the partners defined as a function of their production and commercialization of output. It is thus due to such interests that concessions have been included in some agreements but not in others. Moreover, motivations due to divergent interests of member states, in certain cases, have resulted in disparities in the directives given by the Council of Ministers to the Commission, which plays the role of negotiator: these differences have been reflected by concessions of different content in the agreements signed.

A last word is due on the tariff content of these agreements and their conformity with *GATT provisions*, questions which are strongly debated by opponents of the Mediterranean links of the Community particularly the U.S. This dispute is based on the argument that the multiplication of preferential agreements and the growing volume of trade thus concerned brings in question the most favoured nation clause, the basic rule of international trade. The evolution thus undertaken would lead to a world division into large spheres of influence and risks harming political and economic interests of GATT Contracting Parties and most especially the less developed ones.

On top of this criticism of a more general nature, is placed a further criticism of the Mediterranean agreements for not respecting to the letter the spirit of article XXIV of GATT that provides for a derogation from the principle of the most favoured nation; the creation of customs unions or free trade areas. According to the promoters of this argument, these exceptions are not possible between countries enjoying different level of economic development and the

exceptions would not cater adequately to the development needs of these countries. Now, it is clearly seen that the Mediterranean agreements do fit in the context that conforms to Art. XXIV in so far as they envisage as the ultimate objective the creation of customs unions and free trade areas. If a plan and a precise programme to arrive there have not yet been minutely specified, this is due to the impossibility of defining here and now, in all detail, all the stages of co-operation with partners with an economic and industrial structure so different. My personal impression is that this treats of a fake problem, invoked at random for reasons which have nothing to do with international trade rules. Reciprocity might well not have been requested from less developed partners and it has not been proved that trade liberalization within a regional framework has any negative effects on international trade.

Rather than playing hide-and-seek behind the GATT article it seems to me that, it would be more in place, to adapt the Geneva institution to the new situation prevailing thirty years after its birth.

IV. COMMUNITY ENLARGEMENT – OPPORTUNITY AND REASON FOR A NEW APPROACH TOWARDS THE MEDITERRANEAN COUNTRIES

Although the outcome of the first stage of EEC-Mediterranean relations has not been negligible, this has been 'realized' by the partners of the region rather in the way of hope and a promise than by any effective and decisive action. And this has been particularly true in what concerns their principal exports which are agricultural and for which the concessions given in the agreements have been lowest due to their competition with similar production in the Community.

But, for certain Mediterranean countries, Great Britain figured as a safety valve in a large buyers' market, with very low tariffs, sometimes nil, for the various fruits and vegetables, as well as processed agricultural products.

(a) Enlargement of the Community

An effect of the enlargement of the Community was the obligation for the new members to accept the 'acquis communautaire' in the case of the existing agreements between the EEC and the Mediter-

anean.⁷ If the 'acquisition' of this dozen or so agreements did not present any economic difficulty for Denmark, Great Britain and Ireland the situation was all so different, and often very serious, for Mediterranean countries. It was particularly the case with Spain and Israel who saw their traditional trade flows, made up of fresh and preserved agricultural products, very soon confronted by the Common Agricultural Policy which so far had been averted by passing through the English Channel. Besides, the introduction of the Generalized Preference Scheme, the setting up of a free trade area with the EFTA non-member countries of the Community and the geographic extension of association to African countries, would undoubtedly disfavour the commercial position of Mediterranean countries vis-a-vis the enlarged EEC.

These were not unfounded fears in so far as the effect has been to cause a deterioration in the internal equilibrium due to enlargement. The most evident cases were those of Spain and Israel where the 'average' for the agricultural sector have changed respectively from 59% and 79% (Six) to 46% and 62% (Nine) due to enlargement, and often it treated of exports which had been developed in function of the requirements of the U.K. market.

During close contacts between the Community and its Mediterranean partners which had taken place during spring/summer 1971, the latter had shown a strong political interest in the enlargement of the EEC and had reaffirmed their desire for a close co-operation underlining though, sometimes very forcefully, the economic risks that the change would carry for them.

The community requests were thus bent to search for a solution, both in the agricultural as well as in the industrial sector, aimed at attaining a balance of agreements and avoiding serious consequences for the Mediterranean countries. To this affect, the Commission had proposed, end 1971, to give tariff concessions to these countries in order to compensate them for the effects of enlargement. This treated of corrective measures within the existing agreements; these would not be subject to change either in their essence or duration. The ensuing discussions led to a deadlock when the negative attitudes taken by the member states were heaped on

⁷ Article 108 of the Treaty of Adhesion.

the Commission proposals of a 'product by product' approach. Eight months thus passed by, with documents moving at the frustrating rhythm of the Community procedural 'shuttles', a 'come and go' between experts – ambassadors – ministers. At the door, knocking, were the Mediterranean countries, who knew the difficulties of the EEC member states, but who were disappointed of the generosity of the largest commercial group of the world.

This Gordian knot of sophism, conferences, tariffs and quotas provoked the reaction of the European Parliament which requested 'to lead to a common political initiative on the basis of a coherent overall attitude aimed particularly at promoting development policy and using means better adapted than simple trade measure'.⁸ This has been an option often desired by the Commission.

A magic word: 'global approach' pronounced by the French minister Maurice Schuman in the summer of 1972 was to set the Community on a new path. It was the end of the deadlock: the problems posed by enlargement were to be solved by an anticipated renegotiation of the various agreements according to a global and balanced approach in the Mediterranean. End September 1972, the Commission put forward its proposals accepted in principle by the Council: the progressive establishment of free trade between the Community and each of the Mediterranean countries that were willing to undertake it, the introduction of forms of economic and financial co-operation.

This attitude satisfied the Mediterranean partners who accepted the negotiations of additional protocols⁹ adapting the existing agreements to the enlarged Community in expectation of new agreement to be negotiated along new lines.

The idea of an overall policy, extending over the globality of problems, at least of the economic ones, existing between Europe and the Mediterranean countries is not new. This was in fact the subject of a memorandum presented by Italy to the Council of Ministers in 1964; it is to be found in several debates and resolutions of the European Parliament,¹⁰ in speeches of both European and

⁸ Rossi Report – Doc. 246 of the European Parliament (1971).

⁹ c.f. in annex the position on 1st July 1973.

¹⁰ Resolution following the Rossi Report (Dec. 302/72 of 28/2/72)

Mediterranean statesmen, as well as those of members of the European Commission.

It was in the order of things to translate these desires in terms of a political choice, but the Community seems to have been too involved with its own process of enlargement to bother with the Mediterranean as well. But the effects of this move towards integration in the Mediterranean region and the reaction of these countries have led to, after the limited efforts already described, taking a step towards what Maurice Schumann had defined: 'The global approach'. Also the Paris Summit of October 1972 was to confirm, in point 11 of the final communique, that it attaches 'an essential importance to the fulfilment of its commitments with the countries of the Mediterranean basin, with whom agreements have been signed or about to be signed, agreements which should be the subject of a global and balanced approach.'

Meanwhile the European Commission of Mr. Mansholt did not have to be coaxed to formulate into proposals this concept of global approach, which for some was rather nebulous. The 27 September 1972 was the occasion for clearly establishing, on the internal and external level of the Community, the Euro-Mediterranean relations taken from evidently dissimilar agreements that had posed growing problems to the member states, both in the relations with internal pressure groups, as well as with important third countries and at GATT without furthermore effectively contributing to the development of the region.

The *proposals of the Commission* seemed to start off by a preliminary examination of conscience: only a Community which would have realized a substantial progress in its own 'approfondissement', would be capable of defining a Mediterranean Policy to a degree of its responsibility. Now, the EEC in 1973, does not have at its disposal common policies in energy, industrial and social matters not to speak of an economic and financial policy. Basing proposals on inexistent policies or which are just about coming into existence is wishful thinking: the result of which would be a book of Mediterranean dreams.

The approach has thus been more modest, in bringing down a utopian globality to specific problems that is advisable to deal with in the near future. The first problem is to attain a realization

of free trade for the essential trade flow thus the first phase is included in the already existing agreements. This liberalization should function within the framework of customs unions for the European countries whose political and economic set-up would permit the possibility of a progressive integration with the Community, for the others, within the framework of a free trade area.

For *industrial products* from the side of the Community, the progressive elimination of obstacles to trade is envisaged in principle for the 1st July 1977. For the Mediterranean partners, their lag in removal of obstacles to trade will be more or less long depending on their level of development besides their ability to compete.

For *agricultural products*, the Commission proposes liberalization of trade for 80% of the agricultural exports of each of the Mediterranean partners with only partial reductions (from 40% to 60%) of Common Customs Tariff. This restrictive approach, which is added on to the establishment of calendars (timetables) for imports, is justified by the similarity of products which leads to very strong competition between Mediterranean and Community products. All supplementary concessions cannot become operative except after periodical 'meetings' between the contracting parties aimed at studying the evolution of trade in the area concerned.

But, free trade, comprising agricultural products, would not be sufficient on its own to ensure stability and economic development in this area. Commercial agreements no matter their nature cannot but be based on the status quo of production and do not therefore, in themselves contain any essential element favouring development. The Commission thus is of the opinion that the restructuring of its Mediterranean Policy should also contain contractual co-operation including coherent measures regarding capital movement, financial and technical aid, technology, employment and protection of the environment.

Bearing in mind the elements of interdependence which characterize oil, on one hand for security of supply of Community energy, and, on the other, for the economic and social development of the Mediterranean basin countries, a Community Policy in respect of this region should not be separate from co-operation in this sector according to the Commission.

The necessary hinge for the above proposals is considered by

the Commission to be putting in dock a co-operation policy in the financial, technical, employment and environment sectors. But the approach should be flexible and progressive. During the critical launching period Community aid would be given according to the usual schemes and measures by member states, aids by other countries or multilateral organizations given to Mediterranean basin countries are maintained; beyond search for possibilities that would permit attaining a progressive concentration for development action for the whole of the Mediterranean basin would take place. Without hesitation the Commission has proposed that the Community would immediately undertake common co-operation initiatives in the economic, industrial and financial sector to encourage regional groupings, facilitate sectoral development on the basis of devision of labour and scientific and technological co-operation.

Within the framework of this general co-operation, the following group of measures would be given priority:

- *technical co-operation* should complement economic co-operation in the various areas. The Community would contribute, as a first priority, to the training of men, besides to the study of problems and projects to be introduced. It is worth underlining at this stage the importance of the needs, already noted in this context regarding the study of markets and those directly linked to specific industrial projects.

- *financial co-operation* would be given. In certain cases it is indispensable in the form of normal loans, loans on special terms, or grants, with the objective, on the one hand, to support development effort of the least advanced countries having the least appropriate resources to finance their action in complementing their capital availability, and, on the other, to help to put in place the necessary investment to materialize efforts aimed at regional co-operation.

These two forms of co-operation would be offered only to the less developed countries of the Mediterranean basin countries starting with Algeria, Morocco, Tunisia and Malta.

- *co-operation in the employment sector* should also be included in the global approach. It would have as an objective the improvement of the conditions of reception, stay and employment of the workers employed in the Community. This would, in principle, be extended to all the interested countries.

It treats mainly, on one side, of the establishment of non-discrimination in matters concerned with conditions of work, wages, and social provisions, and, on the other, of contributing to the professional formation, prior to emigration, facilitating social mobility during the period of work in the Community afterwards, and permitting the stabilization of capacity for work in view of the worker's eventual return to his country of origin.

The ecological unity of the Mediterranean and the opportunity of avoiding the creation of obstacles to trade that could inhibit the development of economic co-operation that one envisages being established necessitates that co-operation in matters of *protection of the environment* would equally form part of the global approach. This would particularly permit to respond by an equitable sharing out of the expenses, aimed at eliminating pollution in the Mediterranean which is in the covering long term interest of all the bordering countries.

The propositions of the Commission concerned all the Mediterranean basin countries to the exception of Greece and Turkey, countries associated to the Community and destined, if political conditions and the evolution of economic structure would permit, to adhere one day to the EEC. Among the other countries, a priority has been given to Spain and Israel, the countries most hurt by the enlargement of the Community (see above), the Maghreb countries (the agreements with Tunisia and Morocco are about to come to an end) and Malta to which renegotiations have been promised as soon as possible.

These new agreements should come into effect on 1st July 1974, at the time when the new member states, would start aligning their external tariff to the Common External tariff.

(c) Council of Ministers decisions on the Global Approach

The Commission propositions have been discussed for nine months by the European Ministers, their experts and Commission teams. What is at stake is important because the global orientations of relations between Europe and the Mediterranean would meet the opposition, concealed or explicit, of the most of the large third countries and because the new member states are showing some hesitation in accepting the 'regionalistic' approach characterising the

legal commitments already undertaken by the original Community with the countries of this region. Furthermore, the introduction of forms of co-operation signifying in the very short term a financial participation of unknown proportions would come up in the same time period when an important effort is being envisaged for a renovation of the convention linking the EEC to the French speaking countries to which the countries of the 'black Commonwealth' will be added. Finally, the Commission proposals, envisaging free trade for industrial products and important concessions for agricultural goods would not fail from arousing fears and reactions from the less developed regions of Europe, which are afraid of having to pay the price for this operation.

But already in November 1972, the Council of Ministers accepted as a basis for further work the Commission proposals. End June 1973 the first directives for negotiations were given and thus permitted the opening of negotiations with Spain, Israel and the Maghreb countries. Thus the Commission proposals have been retained in principle: relations with the Mediterranean countries must be brought out of the 'trade ghetto' which had characterised the past experience. The Global Approach has thus been defined under three sub-headings: the commercial one which envisages the liberalization of the most important trade flow; that of economic, technical and financial co-operation which will be given depending on the level of development of each of the countries concerned; that of human co-operation concerning workers and in particular Mediterranean migrant workers.

The beneficiaries of this policy will be those Mediterranean countries that desire to participate. The agreements would in principle have an indeterminate duration, signed on the willingness to co-operate in the long run.

Yet, the proposals that the Community offered to the Mediterranean Countries at the end of June 1973 are not of the sort that satisfy its partners. Agricultural concessions are limited, and the outlines of co-operation are still undefined, nothing has as yet been said on the amount of financial aid. But the first step has now been taken, the foundations for formulating a policy based on the doctrine of a coherent whole aimed at promoting the development of this region in search of peace and stability exist. The first proof of sin-

cerity was undertaken in autumn of 1973 during the final phases of negotiations with the countries already noted. These had already stated that the proposals made included an obvious element of disequilibrium. This disequilibrium arises from the fact that the Community exports more than it imports from the Maghreb countries and even more so from Spain and Israel.

Particularly for the latter two, the disequilibrium of the envisaged concessions depend on the Community's choice which provides for establishing with them free trade for industrial products (covering the main export items) and limited concessions in the agricultural sector (where an important proportion of the Community partners' exports lies). In such circumstances, it is clear that industrial free trade is to the advantage of the EEC, the Mediterranean countries lose all the foreign exchange for the ultimate benefit of complementary concessions in the agricultural sector.

The negative reactions of the Mediterranean countries that had undertaken a new renegotiations with the Community in the framework of the 'global approach' and which everyone has been quoting, should not make one forget that the dialogue has just started. The complementary mandates will improve the Community offer and the final outcome will be that of all such negotiations: a certain disappointment with the results obtained mixed with a hope of an eventual development of the contents of the agreements.

In fact if, as we have said, the Council of Ministers has accepted the proposals of the Commission in principle, it could not follow them in their entirety, which would have demanded a 'wider' mandate and probably would have proved satisfactory for their partners in negotiation. Time will however allow for 'correcting the aim' and to put on a more appropriate stand the line taken by the Commission in matters concerning new relations with the Mediterranean.

V. CONCLUSIONS: LONG-TERM HOPES

We have tried to examine the first steps in a European economic policy for the countries of the Mediterranean basin, which had its inception at nearly the same time as the birth of the Community and which has been conditioned all through these years by the limits of the internal development of the latter.

If the member states have not yet undertaken commitments corresponding to the importance of the Mediterranean region for the future of Europe itself, this has not been the cause of a protectionism often determined by electoral frenzies or the fear of having to dish out an unknown sum of money. These are on the contrary the very problems of internal Community development which obstruct action in a coherent manner towards the rest of the world. The opulent north of the European Industrial triangle has hardly reduced the divergence which separates it from the less prosperous regions, or eliminated the structural disequilibria, or alleviated the income differentials and the contrasts in human conditions. It follows that the persistence of a certain under-development in Europe largely conditions any constructive efforts to participate in solving the development problems of others. And, with respect to this, the resources allocated to the restructuring of agriculture and industries in decline constitute a less visible but a more certain contribution in favour of third world countries besides the less developed countries of the Mediterranean region.

Although the Mediterranean policy (just like that towards the other less prosperous countries) is conditioned by the progress of European Integration, it is a big risk to wait, before making a choice, for the realization of objectives such as that of the economic and monetary union.

The Mediterranean Policy, just like development policy in general, should be one of permanent concern to the Community during the establishment of common policies, a constant and a component of European Policy itself.

In my opinion, the Mediterranean region constitutes probably the only field for the realization of a development effort having an original character, using means which surpass and up date traditional formulas. There exist, in fact, on the two sides of the Mediterranean, a series of favourable conditions economic, social and cultural, forces which link, for better or for worse, the partners of this region.

This Mediterranean, which had lost its sense of unity for two thousand years, reappears as a reality in its own right, a planet distinct but not isolated from the space of the third world. The interdependence with the old continent, the civilization of which it

has so profoundly influenced would strongly integrate the Mediterranean in the context of economic growth of an expanding Europe, where very largely hinges the lot and stability of the Mediterranean region and where will depend in their turn, very largely, the security and prosperity of Europe.

The risk is that the Community, due to its newly attained dimensions and its increased economic power, would forget its responsibility and become, for the rest of the world, the 'ugly Europe' of the eighties. This possible egoism could retard all serious efforts of development in the Mediterranean, efforts which are not only desirable or possible, but just plainly necessary. Necessary, not solely for our Southern neighbours, but for a grand Europe, a dominating economic power, the strength of its essential roots soaked in this living water. And we all know what happens to the biggest and most beautiful of trees if by any misfortune their roots come to die.

A commitment based on co-operation with the Mediterranean and aiming at a progressive reduction of tensions caused by skewed development would entail obvious costs. Maintaining the existent disequilibrium can entail even higher costs, of immediate nature for the less developed Mediterranean countries, and eventually to the Community. With regard to this point, I adopt here the conclusions of a Euro-Mediterranean debate organized by OCIFE¹¹ at Bruxelles in December 1972: 'A growth which only pursues itself leads to its own destruction and to harass those that slave for it as well as those that are excluded. To care to share with others who are less advantaged, is to contribute the means by which to provide for the good of man. It also means following the way of a true co-operation, respecting the interests and dignity of one's partner. These are no longer times when Europe could impose its hegemony in the Mediterranean. A better task is awaiting her: working to outline a link between North and South, in order to become again the

¹¹This debate with the theme 'The Community and the Mediterranean Basin: matters at stake and ways for co-operation and development', involved representatives of Mediterranean countries, EEC diplomats and administrators, industrialists, union representatives and migrant workers besides research workers.

place of exchange and mutual enrichment between peoples and cultures'.

So far it has been a question of responsibilities and choice put at Europe's door step. But all development efforts and all Community initiatives in the matter cannot succeed unless the Mediterranean countries desire this kind of dialogue, which must be based strictly on a parity basis and in respect of the sovereignty of partners. Within this context, the Mediterranean countries must move towards forms of co-operation which permit a more rational utilization of each one's resources. At the overall level of the region, this is not yet possible, and sub-regional co-operation will be an indispensable stage.

This requires the will power and courage to overcome national egoism and the ease to play the demagogue: The choice lies with each country in either harming itself in ignoring the effort or build up a solidarity in co-operation. The fields open for co-operation are not lacking: development, transportation, environment, energy, trade, and tourism. This concentration of effort will result, in the end, in bringing the centre of gravity of the Mediterranean to the Mediterranean. This would be moreover a way in which to identify a position in relation to Europe in trying to put forward a common front in order to thereby strengthen the region's negotiation position.

Efforts aimed at attaining organization at the level of the Mediterranean area already exist, the Maghreb experience is an example. These must be expanded upon and reinforced to define a solution, which if it does not amount to common stands, at least avoids contradiction in respect of the development problems of the region. It is an effort which would be worth realizing: perhaps it might signify a Mediterranean 'renaissance' and offer the basis for a twentieth century civilization.

ANNEXES

A. CURRENT AGREEMENTS BETWEEN THE EEC AND MEDITERRANEAN COUNTRIES AND THEIR CONTENTS:

- (a) Summary Table
- (b) Complementary protocols concluded as a result of enlargement of the Community
- (c) A systematic description of the contents of the Articles.

B. ECONOMIC AND STATISTICAL DATA:

- (a) A summary table of economic data
- (b) Import-Export 1972 between EEC and Mediterranean.

Plan of Agreements signed between
the Community and Mediterranean Countries
 (as in 1st September 1973)

COUNTRY	DURATION	DATE OF ENTRY INTO FORCE	DATE OF EXPIRY	LEGAL BASIS EEC TREATY
<u>PREFERENTIAL AGREEMENTS</u>				
GREECE	unlimited	1.11.1962		art. 238
TURKEY	unlimited	1.12.1964		art. 238
TUNISIA	5 years	1.09.1969	31.08.1974	art. 238
MOROCCO	5 years	1.09.1969	31.08.1974	art. 238
MALTA	5 years	1.04.1971	31.03.1976	art. 238
CYPRUS	4 years	1.06.1973	30.06.1977	art. 238
SPAIN	6 years (minimum)	1.10.1970	no fixed date	art. 113
ISRAEL	5 years	1.10.1970	30.09.1975	art. 113
EGYPT	5 years	signed on 18.12.1972		art. 113
LEBANON	5 years	signed on 18.12.1972		art. 113
PORTUGAL	unlimited	1.01.1973		art. 113
<u>NON-PREFERENTIAL AGREEMENTS</u>				
LEBANON (1)	3 years can be extended for 1 year	1.07.1968	30.06.1971 annual reviewing	art. 111
YUGOSLAVIA (2)	3 years	1.05.1970	1.05.1973	art. 113

- (1) Agreement on Trade and Technical Co-operation.
 (2) A new 5 year Agreement followed the expiry of the first agreement with Yugoslavia.

COMPLEMENTARY PROTOCOLS CONCLUDED AS A RESULT
OF COMMUNITY ENLARGEMENT
(as in September 1973)

COUNTRY	SIGNING	ENTRY INTO FORCE
Greece		
Turkey	30.06.1973	
Tunisia	28.02.1973	
Morocco	1.03.1973	
Malta	Not yet signed	
Cyprus	19.12.1972	1.06.1973
Spain	29.01.1973	30.03.1973
Israel	30.01.1973	29.03.1973
Egypt	19.12.1973	
Lebanon	Not yet signed	

MEDITERRANEAN BASIN AGREEMENTS

(scheme of contents)

COUNTRY	GREECE	
A	<i>Type of Agreement</i>	Association Agreement Art. 238
B	<i>Objective of Agreement</i>	A customs union with eventual adhesion as final objective
C	<i>Trade Concessions made:</i> – by the EEC	– free entry for industrial products – free entry for agricultural products included in a list covering practically all EEC imports from Greece
D	<i>Trade Concessions made:</i> – favouring the EEC	– establishing a customs union in 1984 – situation in 1973: reduction of 80% for the list of 12 years; reduction of 28% for the list of 22 years
E	<i>Other non-Commercial provisions</i>	– Progressive harmonization of agricultural policies – Establishment of free circulation of persons and services; date to be fixed by Association Council – Rapprochement of rules of competition – Community financial Assistance * These provisions have been suspended since the coup d'etat of April 1967.

TURKEY

TUNISIA

A	Association Agreement Art. 238	Association Agreement Art. 238
B	A customs union with eventual adhesion as final objective	Free Trade Area
C	<ul style="list-style-type: none"> - free entry for industrial products (except textiles and refined petroleum products) - a rate of reduction for a list of agricultural products (= 95% of imports coming from Turkey) 	<p><i>Total imports:</i> covering 81.5% (1970)</p> <p><i>Industrial Imports:</i> 100% except cork and refined petroleum products.</p> <p><i>Agricultural Imports:</i> 44.7% (1970)</p> <p><i>Rate of Reduction:</i> Industrial Sector: 100% Agricultural Sector: 50 to 100% (citrus 80%)</p>
D	- tariff reductions since 1971 will progressively lead to the formation of a customs union in 1986	- reduction from 20 to 30% of customs tariff for 44.8% of imports coming from the EEC (essentially industrial products)
E	<ul style="list-style-type: none"> - discretionary introduction of the common agricultural policy in 22 years - Harmonization of rights of establishment and free rendering of services - Rapprochement of rules of Competition - Labour: free circulation to be attained between 1974 and 1986 - Financial assistance (2nd protocol will come to an end in May 1975): loans of E.I.B. = 247 millions U.C. due to enlargement 	NIL

MOROCCO

MALTA

A	Association Agreement: Art. 238	Association Agreement: Art. 238
B	Free Trade Area	Customs Union
C	<p><i>Total Imports: covering 74.9% (1970)</i> <i>Other imports besides those with no tariff: 62.6%</i> <i>Industrial Imports: 100% (except for cork and refined petroleum products.)</i> <i>Agricultural Imports: 57.5%</i> <i>Rate of Agricultural Reduction: 50 to 100%</i> <i>Industrial Sector: 100%</i></p>	<p>– <i>Industrial Products (except ECSC products):</i> <i>tariff concession: 70%</i> <i>covering: 100%</i> – <i>Agricultural Products:</i> <i>no concessions</i></p>
D	No preferential tariffs opening up of quotas	<p>– <i>Industrial Products</i> <i>tariff concession 35%</i> <i>covering 81%</i> – <i>Agricultural Products</i> <i>no concessions</i></p>
E	NIL	<p>– Passage from one stage to another of a common agreement – No fiscal discrimination – No discrimination between memberstates, nationals and Community and Maltese companies – Dumping; sectoral, regional and financial safeguard clauses.</p>

CYPRUS

SPAIN

A	Association Agreement: Art. 238	Preferential Trade Agreement Art. 113
B	Customs Union	Free Trade Area
C	<ul style="list-style-type: none"> - <i>Industrial Products</i> (except ECSC products): tariff concession: 70% covering: 100% - <i>Agricultural Products</i>: various concessions covering 78% 	<ul style="list-style-type: none"> - <i>Industrial products</i> (except ECSC products) tariff concessions of 60 to 70% + on a limited number, 40% covering 95% - <i>Agricultural Products</i> various concessions covering 61%.
D	<ul style="list-style-type: none"> - <i>Industrial Products</i> tariff concession 35% covering 55% - <i>Agricultural Products</i> tariff concession 35% covering 35% 	<ul style="list-style-type: none"> - <i>Industrial products</i> Tariff concessions: 3 lists covering: 80% - <i>Agricultural Products</i> Tariff concessions or commitment to buy certain dairy products covering: 43%
E	Similar provisions as those made in the Malta Agreement	Similar provisions to those made in the Malta Agreement.

ISRAEL

EGYPT

A	Preferential Trade Agreement Art. 113	Preferential Trade Agreement Art. 113
B	Free Trade Area	Free Trade Area
C	<ul style="list-style-type: none"> - 50% reduction of the CET for 80% of imports of industrial products. - Reductions of 30 to 40% for a limited number of agricultural products covering approx 80% of imports of agricultural products. 	<ul style="list-style-type: none"> - 55% reduction of the CET for 45% of industrial products having a positive duty (except for cotton thread). - Reductions of 25% to 40% of CET for agricultural products + an economic advantage equal to 25% of the levy on rice equal to 50% of imports.
D	<ul style="list-style-type: none"> - Reductions of 10 to 30% according to 5 lists of industrial products. - Potential preference for a list of products at nil duty covering: 65% of imports. 	<ul style="list-style-type: none"> - Reduction of 30 to 50% for 3 lists of products representing about 30% of Community originating imports subject to positive duties.
E	Similar provisions to those made in the Malta Agreement	Similar provisions to those made in the Malta Agreement

PORTUGAL

YUGOSLAVIA

A	<p>Preferential Trade Agreement Art. 113</p>	<p>Non-Preferential Trade Agreement Art. 113 – extended until entry into force of the agreement signed: 26/6/1973.</p>
B	<p>Free Trade Area</p>	<p>Application of the most favoured nation clause.</p>
C	<p>– <i>Industrial Products</i> (ECSC products included). nil duty by 1.7.1977 except paper and cotton (1.1.1984).</p> <p>Control over certain textile products up to 1.1.1980.</p> <p>– <i>Agricultural Products</i> various concessions covering: 64%.</p>	<p>– Reduction of the levy on imports of baby-beef coming from Yugoslavia. N.B. Yugoslavia is one of the principal beneficiaries of the EEC Generalized Scheme of Preferences.</p>
D	<p>– <i>Industrial Products</i> tariff concessions: 3 lists: (7.1977) (1.1980) (1.1985).</p> <p>– <i>Agricultural Products</i> Commitment to maintain or increase the EEC ratio of Portuguese imports. (Concerning 25% of imports coming from the EEC).</p>	
E	<p>– Provisions allowing for the possibility of developing the relations established by the agreement to the degree and in the areas which the current agreement does not cover.</p>	<p>The new agreement provides for dialogue concerning migrant labour.</p>

LEBANON

A	<p>Preferential Trade Agreement Art. 113</p>
B	<p>Free Trade Area</p>
C	<ul style="list-style-type: none"> - 55% reduction of the CET for 58% of industrial products. - Reduction of 30 to 50% for certain agricultural products representing approx 40% of imports coming from Lebanon.
D	<ul style="list-style-type: none"> - Reduction of 6 to 70% for 3 lists of products covering about 20% of imports coming from the EEC.
E	<p>Similar provisions to those made in the Malta Agreement.</p>

	POPULATION		ACTIVE POPULATION 1970			GROSS NATIONAL PRODUCT		
		RATE OF GROWTH 1960-1970	TOTAL	AGRICULTURE	AGRICULTURAL POPULATION	1970	PER CAPITA	RATE OF GROWTH 1960-1970
	1,000	%	1,000	1,000	%	1,000	\$	%
Spain	33,645	1.1	12,160	4,099	34	34,360	1,020	6.1
Israel	2,910	3.2	1,047	110	10	5,690	1,960	4.7
Malta	330	0.0	99	8	8	270	810	5.8
Cyprus	625	1.1	265	92	35	590	950	5.3
Lebanon	2,726	2.5	726	344	47	1,610	590	0.5
Egypt	33,329	2.5	9,026	4,942	55	6,870	210	1.7
Libya	1,940	3.7	514	219	43	3,420	1,770	20.4
Syria	6,098	2.9	1,549	756	49	1,750	290	3.4
Jordan	2,317	3.5	543	210	39	570	250	2.9
Portugal	9,635	0.9	3,353	1,227	37	6,390	660	5.3
Morocco	15,495	2.9	4,108	2,489	61	3,600	230	1.0
Tunisia	5,075	3.0	1,323	614	46	1,270	250	0.5
Algeria	14,330	3.1	3,298	1,837	56	4,270	300	1.7
Yugoslavia	20,540	1.1	7,642	4,083	53	13,340	650	4.3
Albania	2,170	2.9	921	571	62	1,290	600	4.8
Greece	8,892	0.7	3,944	1,836	46	9,700	1,090	6.6
Turkey	35,230	2.5	15,841	10,940	69	10,860	310	3.9

SOURCE: WORLD BANK: FAO