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“MAJALAT” Research
Area of Focus: ECONOMIC DEVELOPMENT AND SOCIAL DIALOGUE

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Introduction

The following research paper seeks to answer the following main question:

How does the "Renewed Partnership with the Mediterranean," proposed by the European Union (EU) in February 2021 to the Southern Mediterranean countries (SMCs), diverge from the neoliberal model that has characterised Euro-Mediterranean relations since the launch of the Euro-Mediterranean Partnership (Euromed), also known as "The Barcelona Process," in 1995? Another underlying issue we ought to consider is the question of whether the "more for more" approach (more commercial integration, more cooperation) is still valid, considering the new requirements imposed on Southern Mediterranean countries (SMCs) following the Arab Spring and the health crisis caused by the COVID-19 pandemic. What relevant alternatives could we propose in the following areas: economic development, the multidimensional crisis linked to COVID-19 and Free Trade Agreements (FTA)/the Deep and Comprehensive Free Trade Areas (DCFTA)?

In order to address these questions, we conducted a literature and analytical review of EU documents as well as academic and scientific publications on Euro-Mediterranean relations. Arguments are evidenced by references relating to the situation in certain SMCs. Unfortunately, time constraints and circumstances related to COVID-19 have made it impossible to conduct Key Informant Interviews (KIIs) with subject-matter experts.

Following a brief historical review of the evolution of relations between SMCs and the EU, we will evaluate the EU's commercial and investment policies vis-à-vis SMCs in the second part of the paper, and, in the third part, we will focus on the New Agenda for the Mediterranean and its potential to contribute to economic development and the promotion of the economic, social and environmental rights of SMC populations. In the fourth part, we will examine the impact of the COVID-19 crisis on SMCs and the EU's role in mitigating its negative effects. In the fifth part, we will analyse the risks of the Deep and Comprehensive Free Trade Areas (DCFTA) project proposed by the EU to SMCs. Finally, we will offer a series of recommendations to build relations between the EU and SMCs based on solidarity and true partnership at the commercial and investment level.

1. Brief History of the Relations between the EU and SMCs

Following their independence, the founding States of the European Community (EC) sought to strengthen their relations with the former colonies of the Southern Mediterranean by integrating them via an approach designed to serve Europe's interests and "values" (particularly the "market economy," liberal democracy, and human rights). Starting from the seventies, three main initiatives were developed in this context, namely, the "Global Mediterranean Policy (GMP)" (1972-1992), the "Euro-Mediterranean Partnership (Euromed)" (1995-2003), and the "European Neighbourhood Policy (ENP)" (2004-2020).

1.1 The Global Mediterranean Policy (GMP)

The GMP is aimed at ensuring the overall consistency of the European Community's relations with the Southern and Eastern Mediterranean Countries (SEMC) in order to "Europeanise" the customs privileges provided by several member States within the colonial framework. The "Global Mediterranean Policy" eventually led to the signature of many cooperation agreements guaranteeing free access to the EU's common market for industrial products and a preferential, but limited, treatment for agricultural products, as well as financial protocols. It was succeeded by the "Renewed Mediterranean Policy," after the fall of the Berlin Wall, which promised to deepen these already established relations.

1.2 The Euro-Mediterranean Partnership (Euromed)

Following the strategic transformations in the beginning of the 1990s (fall of the Berlin Wall, expansion of the European Union, risks posed by immigration and the rise of religious fundamentalism, peace treaties in the Middle-East following the Madrid Conference in 1993, and the geo-economic competition among the three members of the Triad: The United States, the European Union and Japan), the EU proposed to what it considers as its southern "peripheries" a partnership to transform the Mediterranean into "a region of peace, stability and prosperity," by supporting economic transition, launching a political dialogue and social and cultural cooperation.[1] Despite being portrayed as an inter-regional process, The Barcelona Process is based, nonetheless, on association agreements negotiated bilaterally between the EU and the Mediterranean countries. Despite the fact that the Euromed has three facets (political, economic and cultural), it appears that the economic facet, aimed at creating a Euro-Mediterranean Free Trade Area by 2010, constitutes its backbone.

1.3 The European Neighbourhood Policy (ENP)

Originally, the Euro-Mediterranean Partnership sought to promote a "peaceful and stable space" founded on cooperative and inclusive security and the respect of human rights. The 9/11 attacks as well as the Partnership's modest outcomes for SMCs and their delayed implementation due to a fastidious and bureaucratic European administration, contributed to the refocusing of European interests on counter-terrorism and immigration. The ENP falls within the framework of the "European Security Strategy," adopted in 2003, as one of the EU's strategic priorities, as well as the 2009 Treaty of Lisbon, which stipulates in Article 8, paragraph 3, that "the Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation."

As such, all considerations relating to political reform and economic development were side-lined, particularly when taking into consideration the EU's reservations on using the levers of conditionality to topple the authoritarian regimes which are supposed to ensure the stability of Europe's southern peripheries.

Four actionable priorities were maintained:

- **Support for civil society** by establishing a civil society department;

- **Support for democratic reform:** election observation missions, European funds for democracy;

- **Economic integration:** negotiating Deep and Comprehensive Free Trade Areas (DCFTA) with countries engaged in the democratic reforms process;

- **The migration issue:** launching dialogues on migration, mobility, and security in order to develop partnerships.

The main implementation modality is based on **the principle of "give more to receive more,"** according to which the countries going the extra mile and expediting their reform efforts benefit from greater EU support. Such conditionality is intended to encourage SMCs to achieve progress at the level of democratic reforms.

1.4 The Renewed Partnership with the Southern Neighbourhood

Having the subtitle of "A New Agenda for the Mediterranean,"[2] this new initiative proposes the strengthening of the Euro-Mediterranean Partnership in order to address the new challenges facing SMCs, namely governance, climate, the environment, security, as well as socio-economic issues (particularly the reduced economic growth, which is not in keeping with the demographic growth). To that end, the EU proposes a "new Agenda that strives for green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement, and the European Green Deal."[3]

The proposed Agenda revolves around the following main components:

- An "Economic and Investment Plan for the Southern Neighbourhood" will help trigger socio-economic recovery in the region on the long term.

- The fight against climate change, greenhouse gas emissions reduction, the durable exploitation of resources, and the acceleration of energetic and ecological transition.

- A renewed commitment to the rule of Law, human rights and fundamental liberties, equality, democracy, and good governance.

- A united front against the challenges of forced displacement and illegal migration, and reaping the benefits of legal migration due to global partnerships.

As for the areas of action with concrete measures in the pipeline, they include:

- Human development, good governance and the rule of law;
- Reinforcing resilience and prosperity and benefiting from the digital transition;
- Peace and security;
- Migration and mobility;
- Ecologic transition: resilience in the face of climate change, energy and the environment.

We will have the opportunity to revisit the economic dimension of this "Renewed Partnership" in the third part. Still, it is worth noting that the High Representative of the EU, Josep Borrell, did not hesitate to admit defeat, if not the collapse, of the different initiatives taken by the EU vis-à-vis its Southern Mediterranean neighbourhood, declaring that the situation "could be worse today than it was in 1995 or 2011" (High Representative's blog, A New Start for the Mediterranean, 2/3/2021). The overall approach underpinning the "Renewed Partnership with the Southern Neighbourhood" falls within the same neoliberal paradigm, blended with a margin of considerations on "human development," which, in itself, has been reduced to the health and youth empowerment. However, considerable developments are dedicated to issues of conflict, youth, and migration.

Concluding this first part, it seems that the European Community approach, through the three aforementioned initiatives, has always sought to confirm its supremacy over its Southern Mediterranean "neighbourhood," without every really managing to restore peace, security, and the shared prosperity promised to SMCs.

As evidenced by the Arab Spring upheavals, the Southern Mediterranean region remains volatile. The forty years of European intervention seem to have been unable to turn it into "an area of stability and shared prosperity." As for the most recent initiative titled "A Renewed Partnership," we will have the opportunity to critique it in the remaining parts of this paper.

2. Critical Evaluation of Commercial and Investment Policies: The Unkept Promises of the Euromed and ENP

The economic logic intending for trade liberalisation to lead to economic growth and the dissemination of liberal values (notably democracy and the respect of human rights) was unable to keep its promises. In fact, we witnessed a broader "peripheralization" of SMCs associated with the exacerbation of "lumpen development."

2.1 Rationale

The logic behind free trade being a vehicle of economic development through private investment (notably foreign investment, i.e. European) was the foundation of the Euromed, before becoming ingrained within the ENP framework.

- Within the ENP framework, free trade is supposed to recreate the "successful" experiment of integrating certain countries such as Greece, Spain, and Portugal within the European Community. As confirmed by Vincent CAUPIN,[4] "the exposure of the local industrial scene to foreign competition (European, in this case) contributed to the reorganisation of the industrial scene and to substantial productivity gains in these countries." The same process is expected to boost the offering of productive sectors in SMC economies, by exposing them to the growing international competitiveness while establishing the Euro-Mediterranean Free Trade Zone by 2010. With time, this process should lead to the disappearance of non-competitive import substitution industries and the reallocation of resources towards export sectors where SMCs have a comparative advantage. As such, "structural and neoliberal economic reforms, including the improvement of the business climate, should foster foreign direct investments…" (ibid).

- Regarding the Neighbourhood European Policy, the responsibility of promoting better integration within the EU Single Market by means of regulatory convergence falls on institutional reforms rather than on trade (i.e., adopting Community acquis). For example, the EU's recognition of Morocco's advanced status aims, with time, to establish a shared economic space between the EU and Morocco, characterised by deeper integration of the Moroccan economy within the EU's, inspired by the standards regulating the European Economic Space. This objective can be achieved through the implementation of a joint-action process within four additional focus areas: (a) aligning Morocco's legislative framework to the Community acquis (for example, Morocco has adopted laws within the last decade inspired by European legislative texts such as the competition law and the law on industrial property), (b) the adoption of Deep and Comprehensive Free Trade Area agreement, c) economic and social cooperation, and (d) Morocco's adherence to Trans-European Networks and sectorial cooperation.

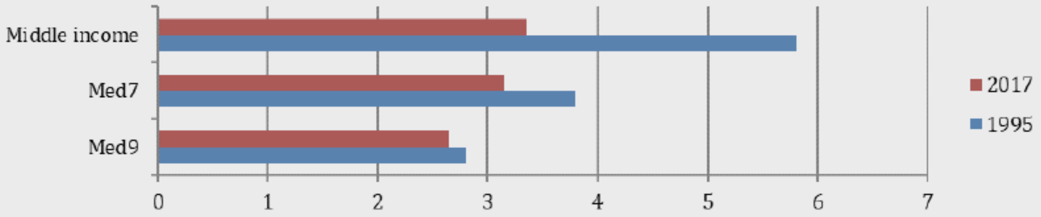
The prospective benefits of these reforms would include improving competition between companies, while guaranteeing product quality and security, leading to more protection for the Moroccan consumer who will then benefit directly from this alignment with European standards. Developing new regulations, laws and control bodies would also attract foreign investors. “Exportation to the European Union, a potential market of 500 million consumers, will be facilitated and integration within the internal European market will be boosted, because then, locally-manufactured products in Morocco will hold the EU quality and standards stamp when leaving Moroccan territories. The absence of this stamp has, to this day, prevented these products from being exported.”[5]

2.2 The Unkept Promises of the Partnership

2.2.1 Disparities in Living Standards and the Illusion of Gains

Contrary to the EU’s ambitions to promote “a shared prosperity” with SMCs by making their living standards more aligned with the EU’s, we witnessed a stagnation of the promised convergence process. Consequently, the EU Gross Domestic Product (GDP) per capita in terms of purchasing power parity in 1995 was 3.8 times higher than the GDP per capita of 7 Mediterranean partner countries (Algeria, Egypt, Jordan, Lebanon, Morocco, Tunisia, and Palestine), and it remains 3.1 higher in 2017 (cf. Figure 1).

Figure 1: Comparison of the Relative Disparity* in GDP per Capita in terms of Purchasing Power Parity between Emerging and Developing Countries and the EU in 1995 and in 2017



Source: Extracted from Augier P, Tsakas C, Moukaddem K, Mouley S, and Ventura J, The Private Sector in Mediterranean Countries: The Main Disfunctions and Opportunities of Social Entrepreneurship, FEMISE 2019 report.

Table 1: Average Annual Growth Rate of the GDP per Capita in terms of Purchasing Power Parity between 1995 and 2017

By Country		By Region	
Algeria	1,86	Med9	1,99
Egypt	2,41	Med7	1,83
Israel	1,63	East Asia & Pacific	6,78
Jordan	1,02	Europe & Central Asia	3,20
Lebanon	0,58	Latin America & Caribbean	1,33
Morocco	2,59	Sub-Saharan Africa	1,89
Tunisia	2,63	Upper middel income	4,42
Turkey	3,41	Lower middle income	3,75
Palestine	1,66	Middle income	4,04

Source: Eurostat, Statistics on European Neighbourhood Policy countries: South, 2020 edition.

Similarly, the disparities in the Compound Annual Growth Rate (CAGR) of the GDP per capita were high between Europe and Central Asia on the one hand (3.20%), and the 7 Mediterranean partner countries, on the other (1.83%), throughout the 1995-2017 period.

2.2.2 Peripheral Integration and Resulting Disconnection

Contrary to what was intended, Free Trade Agreements (FTA) did not promote wider commercial integration between the EU and SMCs. In fact, SMCs count less and less in extra-EU trade. For example, based on the data presented in Table 2, it seems that the share of markets related to extra-EU imports in 6 SMCs (Algeria, Egypt, Jordan, Lebanon, Morocco, Tunisia) has decreased from 3.36% in 2008 to 2.7% in 2018. If we exclude Algeria, whose external trade is highly dependent on petrol price fluctuations on the global market, this share of the market becomes marginal and stagnant (1.6% in 2008 and 1.7% in 2018). The same applies to the share of imports from the EU to the 6 SMCs, which has increased from 3.98% in 2008 to 3.91% in 2018 (and from 2.91% in 2008 to 3% in 2018, without counting Algeria).

2.2.3 An Exacerbated, Uneven Exchange and a Faintly Intensive Specialisation in Technology

Figure 2 shows a significant exacerbation of the balance of trade of the Mediterranean countries in favour of the EU since the launch of Euromed in 1995 and until 2017, particularly in the case of SMCs such as Lebanon, Egypt, Morocco, Jordan and Algeria (only Tunisia was able to achieve a trade surplus). This deterioration of the trade balance is due to different factors, most notably the weak international competitiveness of SMCs, who are at a disadvantage due to "the agricultural exception, as well as a specialisation in low-tech products. Regarding this last aspect, we notice that the share of high-tech exports is only 4%, while medium technology exports are at 18%, despite an improvement in the cases of Tunisia and Morocco (the share of high-tech exports rose from 3% and 0% in 1995 to 13% and 5% in 2017m respectively).[6]

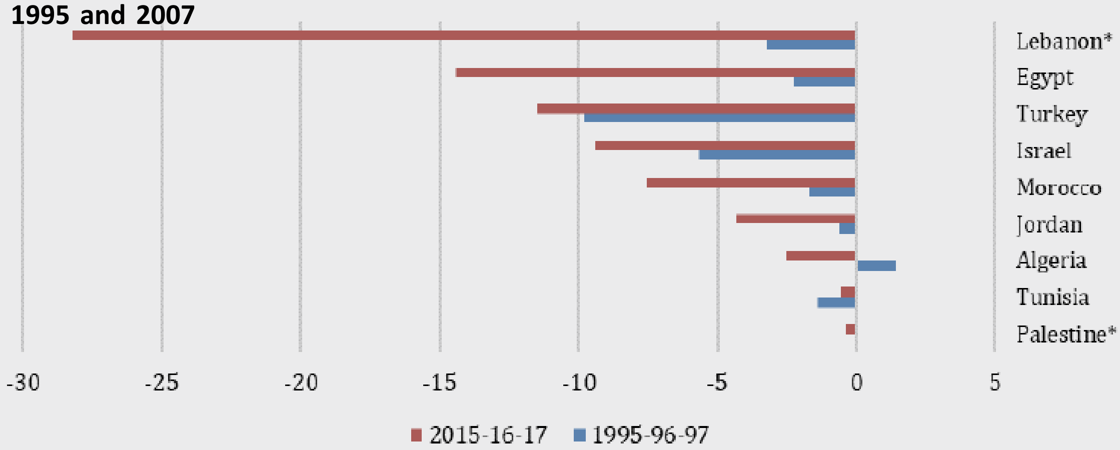
Finally, it is worth highlighting that the deterioration of the balance of trade reflects the unevenness characterising the commercial exchange between SMCs and the EU, which manifests itself through the transfer of financial surplus to the benefit of the latter.

TABLE 2: Value of international trade in goods with ENP-South countries, EU-27

	EU-27 imports from partner		EU-27 exports to partner		EU-27 trade balance with partner	
	2008	2018	2008	2018	2008	2018
Algeria	27202	18435	15074	18510	-12128	75
Egypt	7491	7640	11653	18000	4162	10360
Israel	10009	12406	12572	19413	2563	7007
Jordan	276	273	2698	3293	2423	3019
Lebanon	296	477	3615	6836	3319	6359
Libya	34197	16117	5511	4372	-28626	-11745
Morocco	7986	15366	13859	22476	5873	7110
Palestine	6	14	57	235	52	221
Tunisia	9036	9963	9651	11445	615	1482

Source: Eurostat, Statistics on European Neighbourhood Policy countries: South, 2020 edition.

Figure 2. Balance of Trade between Mediterranean Countries and the European Union in 1995 and 2007



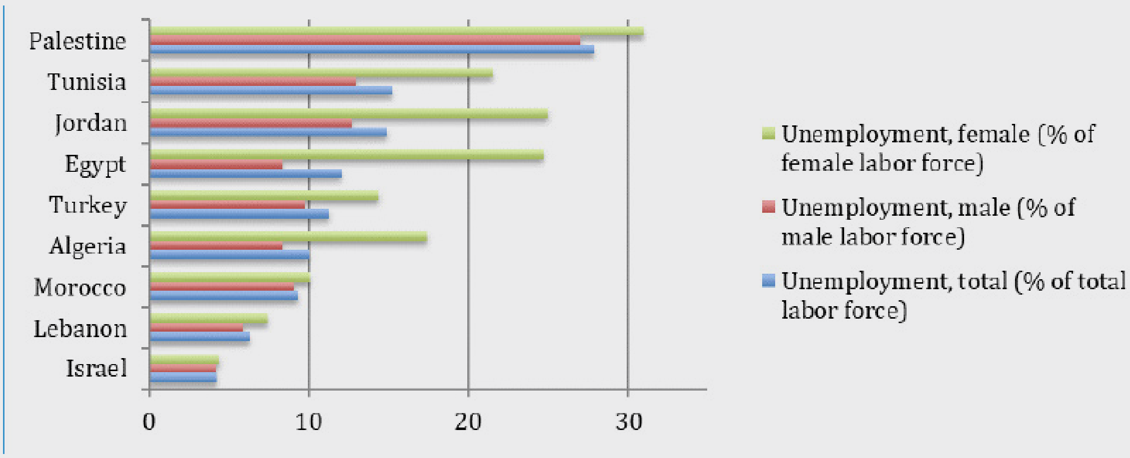
Source: Extracted from Augier P., Tsakas C, Moukaddem K, Mouley S and Ventura J, op. cit. 2019

2.2.4 Sacrificed Economic and Social Rights

-Persistent Unemployment

High unemployment rates within SMCs, and the Arab region in general, are still a cause of concern, especially for women, the youth and graduates. On average, the unemployment rate in this region is at 12.4%, exceeding by far other Southern regions (4.1% and 8.3% in East Asia and the Pacific, respectively).[7] This average unemployment rate hides considerable disparities based on gender, with the unemployment rate in women being higher than that of the entire active population (Figure 3).

Figure 3. Total Unemployment Rate, Disaggregated by Gender in Mediterranean Partner Countries in 2017 (GDP estimations)



Source: WDI 2018, World Bank

The average youth unemployment rate reached 27%, which is much higher than in other southern countries (11% in East Asia and the Pacific and 18.5% in Latin America and the Caribbean, Augier P. et alii). The average unemployment rate of graduates, which reached 29%, is particularly disconcerting (more than double the global unemployment rate) and constitutes a ticking time bomb in Mediterranean partner countries (idem).

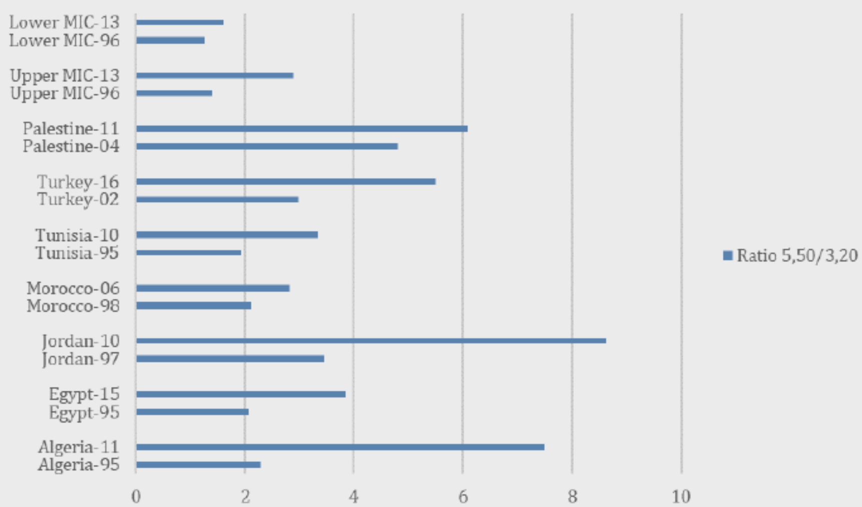
-Vulnerability and the Informalisation of the Economy

While extreme poverty is low in SMCs, the same cannot be said about vulnerability. The latter indicates the number of individuals living on the edge of the poverty line, who, at the slightest disturbance, could fall below it. It is measured by the ratio of the share of the population living on less than \$5.5 to the share of the population living on less than \$3.2. Consequently, the vulnerability indicator has increased in all SMCs (Figure 4). FEMISE researchers also note that, "compared to other emerging countries, Mediterranean countries are the most to witness an increase in vulnerability to poverty"[8] (Augier P. et alii, op. cit.).

The exacerbation of population vulnerability is part of a larger process of economy informalisation within SMCs. In that respect, the percentage of informal labour in SMCs continues to climb since the mid-seventies, increasing from 39.6% in 1975/1979 to 53% in 2005/2010. This percentage reached 78.5% in Morocco, 51.2% in Egypt in 2005-2010, and 51.8% in Lebanon (between 2000 and 2004).[9]

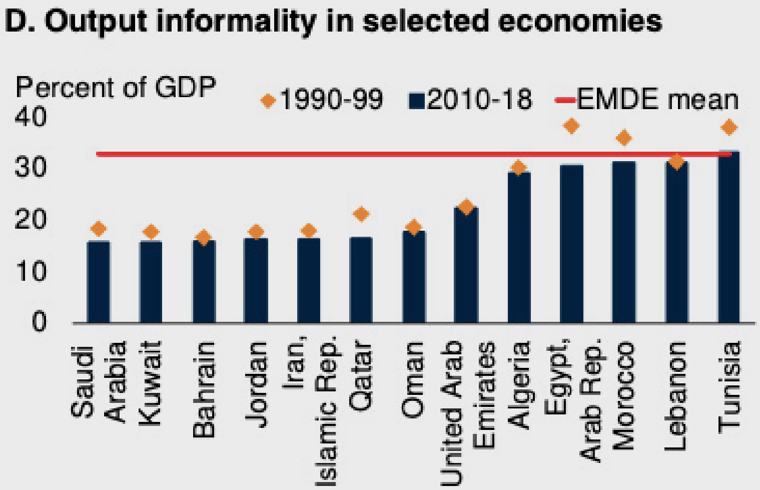
More recent data from the World Bank[10] shows that the weight of this informal economy, measured by production in this sector, has not changed much in SMCs between 1990-1999 and 2010-2018, except for Egypt, which saw a decrease in "informal production" (Histogram 1).

Figure 4. Vulnerability to Poverty Indicator for the First and Last Years Available



Source: Extracted from Augier P. et alii, FEMISE, 2019

Histogram 1: Informal Economy Production in Certain Countries



Source: Franziska Ohnsorge and Shu Yu (editors). The Long Shadow of Informality Edited by Challenges and Policies, World Bank, 2021.

*EMDE: Emerging Markets and Developing Economies

While the proliferation of the informal economy could be linked to several factors (particularly heavy and fastidious regulations, demographic growth, tax evasion, etc.), the implementation of neoliberal policies by SMCs starting from the eighties has been a major cause. In fact, the decrease in job offers within the public sector following structural adjustments and the private sector's inability to take over, the annihilation of import substitution industries, and the integration of economies within global value chains in search of a low-cost and precarious workforce have contributed just as much to developing "lumpen development" (conceived as achieving a humble economic growth associated with informalisation and destabilisation of large sectors of society) in SMCs (Saadi M.S., Neoliberal Reforms and Informal Labour in the Arab Region, ANND, Beirut, 2016).

2.3 The Limitations of Free Trade as a Vehicle for Development

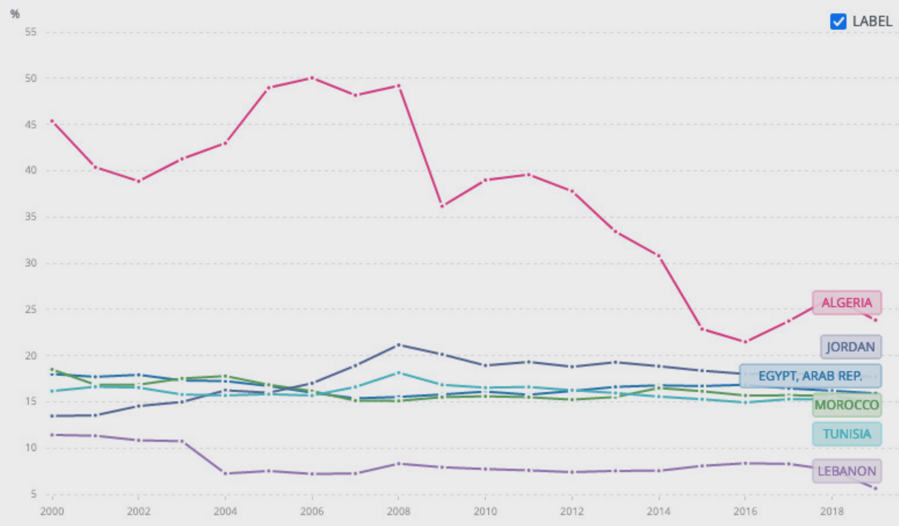
There are several reasons that explain how free trade does not promote development. The first derives from economic history, which shows that "this is a baseless myth, as free trade countries, starting with the United States and the United Kingdom, have built their might and power on protectionism, which they demonise in hindsight."[11] As a consequence, "free trade agreements including countries with very different productivity levels are bound to fail, with time, because poor countries will realise that they will not benefit from this development."[12] To this day, the EU continues to protect its agriculture through the famous "Common Agricultural Policy" (CAP), using the multifunctional character of this sector as an argument, namely the protection of the environment, the preservation of the natural landscape, rural employment, as well as food and fibre production. However, we find that "the production of primary goods under market conditions (or as closely as possible thereto) does not allow for other agricultural functions to be fulfilled in a satisfactory manner for citizens."[13]

The second reason relates to the failure of the "pledge to openness" upon which the Euro-Mediterranean partnership was established. Several factors contributed to this failure: first, the theory of reallocating resources towards more productive exportation activities could not be implemented due to the "agricultural exception" (i.e., excluding the agricultural sector from free trade). Worse still, an untimely de-industrialisation process was underway due to a "scissor effect," and finally, the local import substitution industries were deteriorating due to massive foreign competition, while export industries (particularly the textile and garment sector) were losing market shares in the European market because of Asian competitors (Figure 5). This led to the disengagement of several manufacturing industries in favour of tertiary activities considered "China-proof" (most notably real-estate, finance, tourism, mass distribution, etc. For more details on the Moroccan case, see[14]).

In addition, the long-promised direct foreign investments never saw the light because, beyond concluding a free trade agreement that is intended to bind SMCs to the EU, the fundamental conditions of this economic attractiveness were not met (economic dynamism, modern infrastructure, qualified "low-cost" workforce, effective local industries).[15]

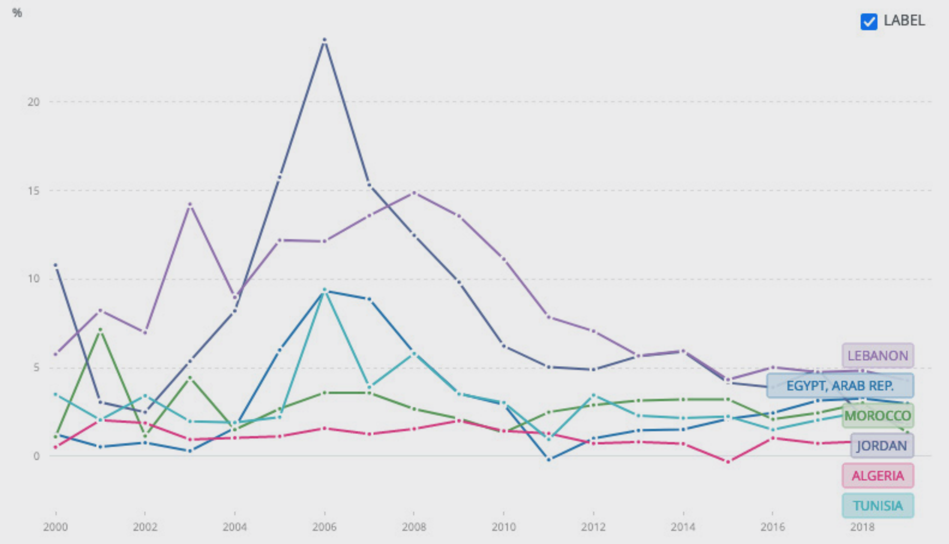
Finally, the financial aid granted by the EU under the MEDA programmes was not enough to compensate for the losses resulting from the transition into free trade. According to a study,[16] the financial aid within this framework did not exceed 3 euros per capita from 1995 until 2006.

Figure 5: Evolution of the Share of the Manufacturing Industry in the GDP (in %) of SMCs



Source: WDI, 2021

Figure 6, WDI, 2021



Source: WDI, 2021

3. The "Renewed" Partnership (or the New Agenda for the Mediterranean)

First and foremost, we will present the key provisions of the "Renewed" Partnership (or the New Agenda for the Mediterranean) at an economic level before delving into a critical review. Our main argument is that the RP does not diverge from the neoliberal model that has characterised the economic and financial relations between the EU and SMCs to this day.

3.1 The Key Provisions of the RP at an Economic Level

3.1.1 Economic Development Issues

Economic development issues were tackled in Action No. 2 of the key policy areas titled "Strengthen resilience, build prosperity and seize the digital transition." The objective of these actions is to bring "support to inclusive, resilient, sustainable and connected economies."

Economic resilience must remain a key priority "of the cooperation with SMCs." In a context marked by the COVID-19 pandemic, there is particular focus on the macroeconomic stability of SMCs, providing them with "economic buffers against future shocks and addressing balance of payment challenges, including unsustainable debt dynamics."[17] Improving the "business climate" will be essential in order to "build the trust of local and international private sector operators, attract investors and increase trade." The EU will provide support based on "partners' commitment to the coherent and effective implementation of economic and governance reforms in these areas."

In order to free the economic potential of SMCs from all constraints, the EU emphasises on trade and investment by "reducing non-tariff barriers and transaction costs." It also seeks to build on the existing network of Association Agreements and the Deep and Comprehensive Free Trade Area (DCFTA) negotiations underway with Morocco and Tunisia "encompassing 'areas of investment facilitation, sustainable development, services, and, where relevant, agriculture, to better adapt them to today's challenges'"[18] (European Commission, ibid).

In order to achieve these commitments, a series of action points were put in place, most notably: - "developing and supporting joint reform matrices focusing on the investment climate and the business environment"; - "supporting initiatives to assist partners in attracting and retaining value chain diversification opportunities in selected sectors"; - "supporting regulatory convergence in all transport areas… through Euro-Mediterranean transport projects."

The financing of this programme is detailed in "an Economic and Investment Plan for the Southern Neighbourhood," in which the EU proposes to mobilise "up to 7 billion euros under the Neighbourhood, Development and International Cooperation Instrument (NDICI)." This financial support will serve as a lever to help mobilise "private and public investments of up to 30 billion euros in the Southern Neighbourhood."

3.1.2 Certain Positive Aspects of the Provisions

Undoubtedly, the RP includes positive elements that any objective observer cannot deny. As such, we shall first highlight the overall vision of the socioeconomic, issue which must be addressed at both the ecological and digital transition levels, as well as the interest given to the development of small and medium-sized enterprises (SMEs) and social economy. The EU intends to work particularly with "International Financial Institutions (IFIs) to develop a comprehensive approach to financial inclusion, including micro-finance and social enterprise finance, and to the use of new financial instruments, including venture capital business angels and high-impact finance." Finally, we note the emphasis on research and innovation, particularly through participation in the Horizon Europe framework programme.

3.2 Critical Analysis of Economic Provisions

-Conceptually, the EU emphasises the necessity to reinforce "the resilience of States and societies in the Mediterranean Neighbourhood against shocks," as articulated by the High Representative Federica Mogherini in her intervention before the European Council in Brussels in June 2016, where she confirms that "it is in the best interest of our citizens to invest in the resilience of our oriental neighbourhood's States and societies, reaching as far as Central Asia, and our Mediterranean neighbourhood, all the way to Central Africa. Vulnerability beyond our borders threatens all our vital interests. Resilience, however, means that States and societies have the ability to implement reforms, to withstand the internal and external crises they face, and to recover from them. This is both beneficial to us and to the countries in our vicinity and builds solid foundations for sustainable development and dynamic societies. In addition, the EU, through partnerships, will promote resilience in its neighbourhood. A resilient State is a safe State. Security is indispensable for prosperity and democracy, and vice versa."[19] Two key observations can be made regarding such an approach: first, resilience is closely linked to the EU's security with respect to its "neighbourhood" (incidentally, the use of this term indicates how the EU views its neighbourhood!!), which must be "stabilised" in order to build a supposedly sustainable development. Second, this approach is not aligned with the plan to conceive and implement structural transformation policies, particularly those advocating for the transformation of social and international relations. "In fact, policies that are solely focused on resilience, namely preserving livelihoods and the operational integrity of systems, seem to limit concerned populations to actions of resistance and adaptation, without offering them the opportunity to reflect on, or even understand, global processes of economic and social transformation, and to improve access conditions to basic goods and services."[20]

Another fashionable concept marketed by the EU is "inclusive growth" or "inclusive development," meaning a development that benefits everyone, particularly the poorest. Maïka Sondarjée issued an accurate criticism of this concept, solidifying the shift from the Washington Consensus. While this notion of inclusive development had been confirmed in official discourses through the efforts of the UNDP in particular, the researcher notes that the actions within Bretton Woods institutions (the World Bank and the International Monetary Fund) did not in fact change: "the macroeconomic framework remains unchanged, it is similar to the economic framework defended by macroeconomic privatisation, liberalisation and stability. We simply proceeded with marginal adjustments to establish a link with poverty."[21]

Moreover, civil society's implication in establishing and evaluating policies is highlighted, as well its role as a beneficiary of capacity-building actions, without actually making it a key partner in the implementation process.[22]

In fact, the "civil society participation" notion was never clearly defined. It may well favour social change and the reconsideration of the existing power structures as well as become a means to gaining civil society's approval to legitimise previously established policies.[23] The practices of development aid donors, such as international financial institutions, show that the concept of "civil society participation is often reduced to a series of methods and techniques that do not incur a real transfer of power." While local communities and civil society organisations were called upon to implement socio-economic projects (for example, projects to combat poverty), the neoliberal macroeconomic framework does not have a participatory process in place and thus remains exclusive to central governments and funders.[24]

Essentially, we notice that the RP replicates the same neoliberal project it proposes to further develop through the negotiation of Deep and Comprehensive Free Trade Areas (DCFTA). As a result, considerations of liberalisation, privatisation and the priority of macroeconomic stability continue to prevail in the EU's "cooperation" policy with SMCs despite their failure, as evidenced by the Arab revolutions of 2011. We will have the opportunity to revisit the limitations of DCFTA in the last part of this study. For now, we will note that the RP's insistence on respecting macroeconomic equilibria is in contradiction with the practices that the EU imposes upon itself to combat the health, economic and social effects of the COVID-19 pandemic, by adopting the so-called "Brussels Consensus."[25] In terms of macroeconomic policy, it is based on adopting an accommodating monetary policy led by the European Central Bank (ECB), suspending budgetary rules, and easing the State assistance framework, allowing States to extend their maximum intervention capacity. It also consists of a massive recovery and investment plan built around the European "Green Deal." It is basically a fundamental rift, restoring the State's position at the helm of the economy, far from the obsolete precepts of the Washington Consensus.[26]

-Conditional Financing

The EU plans on closely engaging with international financial institutions to finance the Economic and Investment Plan for the Southern Neighbourhood. It goes without saying that implicating international institutions such as the International Monetary Fund and the World Bank will lead to new conditions, particularly in terms of macroeconomic stabilisation, privatisation and deregulation, being imposed on the beneficiary SMCs.

3.4 Ecological and Digital Transition Provisions

3.4.1 The Ecological Transition

Acknowledging the necessity to better prepare SMCs against future systematic shocks, the EU aims to support these countries in implementing the 2030 Sustainable Development Programme and the Paris Climate Agreement. To that end, four priorities were set: first, shifting towards green growth by focusing on climate and environmental governance, supporting carbon pricing initiatives, administrative capacity and targeted technical assistance to implement and enforce legislation, and education and raising awareness. Second, supporting the development of sustainable finance policies in partner countries. Third, focus will be placed on the energy transition and security through "a massive deployment of renewable energy," a stronger interconnection of electricity networks, and by supporting energy efficiency efforts; as well as the need to focus on the efficient use of resources, protecting biodiversity, and fighting pollution. Fourth, supporting sustainable food systems, with special focus on food security.

-Positive Aspects of Ecological Transition Provisions

It is important to note that the EU's support could contribute to the advancement of many ecological transition policies implemented by SMCs, most notably the efforts intended to develop the renewable energies sector in countries like Morocco and Jordan for example. Moreover, the cooperation in the field of biodiversity protection and the fight against pollution are worth highlighting, given the severity of the situation in SMCs (water stress, the depletion of fishing resources, the pollution of the Mediterranean, etc.).

-The Limitations of Ecological Transition Provisions

The EU's cooperation propositions to facilitate the ecological transition of SMCs suffer from many limitations that risk diminishing their effectiveness. First, the EU prioritises green growth to promote ecological growth in SMCs without questioning the relevance and significance of such a choice. However, the green growth concept does not call into question the economic growth maximisation objective resulting from the production and consumption model that is in place globally. The system is only based on using innovation ("green" energies such as wind or solar power will take over fossil energies and the combustion engine) to lift ecological constraints and continue economic growth ad infinitum! Nevertheless, it is exactly this model that caused the severe ecological crisis threatening our planet. It seems difficult to reconcile the sustainability of consumable goods in our societies with the demands of financial profitability which we know all too well, but also with the logic of competitiveness which is currently prevailing and is not being questioned by what is presented as "green capitalism."[27]

Second, the issue of integrating ecological transition in trade agreements needs to be clarified. In fact, the current practice is limited to adding a chapter on "sustainable development" whose actual extent is pretty limited. For example, the EU-Colombia/Peru or the EU-South Korea Free Trade Agreements (FTA) are neither subject to FTA conflict resolution mechanisms nor its related sanctions.[28] Furthermore, the mere mention of the Paris Agreement in cooperation propositions does not guarantee that its provisions will be respected. This sort of engagement could be limited to a simple signature by the EU partner country.

Third, there is no mention of the "gender" dimension and its importance in achieving the ecological transition. In fact, men and women play different roles in managing natural resources; for example, men focus mainly on transforming resources into riches, while women focus generally on managing and preserving resources. It is therefore essential to target women and provide them with the necessary competencies to ensure proper environmental management.[29]

Fourth, the focus of the renewable energy development strategy on large investment projects did not succeed in attracting sustainable investments. Consequently, emphasis must be placed on micro, small and medium-sized enterprises offering the best performance in creating employment and transferring technology, in addition to their capacity to reach remote and marginalised areas.[30]

3.4.2 The Digital Transition

1. ***Key Provisions,*** Under *connected economies*, the RP text only dedicates one paragraph to digital transition in SMCs. European cooperation, looking to support digital transformation in these countries, will structure its work around four pillars: "(i) governance, policy and regulatory frameworks; (ii) developing infrastructure and supporting universal access to enhanced, affordable and secure networks; (iii) digital literacy, skills, and entrepreneurship; and (iv) digital services."

2. ***Areas Requiring Additional Attention,*** Two important dimensions must be taken into consideration. First, the impact of COVID-19 has illustrated the urgent need for SMCs to proceed with digital transformation. From this point of view, it is crucial that European cooperation support SMCs in the design and implementation of a digital industrialisation strategy built around digital infrastructure and the appropriate public data that could guarantee a robust, competitive and inclusive digital economy, which would promote a variety of new digital commercial models.[31]

In addition, the appropriate EU financial assistance will contribute to alleviating the financial constraints facing SMCs in their endeavour to achieve digital transformation.

4. A Limited EU Contribution to the Fight against the COVID-19 Pandemic

4.1 The Needs of SMCs with Respect to the COVID-19 Pandemic: Political responses and initiatives within the Partnership framework

Just like other countries across the globe, SMCs were affected by the COVID-19 pandemic, which left hundreds of thousands of infection cases and thousands of deaths. Furthermore, the adoption of restrictive measures to fight the pandemic caused significant health, economic, and social costs, forcing SMCs to cater for massive needs. This situation revealed the modest extent of the EU's support.

4.1.1 The Costs of the Crisis

- The Significance of the Pandemic

Table 3 shows the significance of the COVID-19 health impact in SMCs. Infection cases were particularly high in Jordan, Lebanon, and Morocco. However, Egypt was relatively more affected with a mortality rate of 5.73%.

-Health Costs

The COVID-19 crisis exposed the vulnerability and unpreparedness of health systems in SMCs in case of a pandemic, as well as their limited human resources specialised in epidemiology and their inability to prepare for and respond to emergencies. According to Table 4, health-related expenditures of

Table 3: COVID Statistics (South Mediterranean) (Updated 6/1/21)

	Total Number of Deaths	%	Total Number of Cases	Total Number of Cured Cases
Egypt	15,268	5.73	266,350	195,072
Jordan	9,509	1.30	739,015	719,676
Lebanon	7,752	1.40	541,232	522,456
Morocco	9,159	1.80	520,769	508,570
Tunisia	12,902	3.70	352,303	309,126

Source: WHO, Eastern Mediterranean Regional Office the six Southern Mediterranean countries are below the global average (9.8%). Countries like Egypt and Morocco do not allocate more than 4.6% and 5.8% respectively of their GDP for health-related expenditures. In general, the region's countries are underperforming according to the Global Health Security Index[32] (The World Bank, 2020. Trading Together: Reviving Middle East and North Africa Regional Integration in the Post-COVID Era, 2020).

In addition, the majority of the region's countries are still deprived of a full-coverage public medical insurance. Even households benefitting from medical insurance in countries like Egypt and Morocco still have to pay high medical fees, which is a major concern during a pandemic[33] (The World Bank, ibid).

In order to halt the spread of the pandemic, SMCs were quick to take different restrictive measures, from announcing a state of health emergency and total or partial lockdowns, to closing air and land borders, with social distancing or mandatory masks measures in between.

-Economic Costs

The COVID-19 crisis had a massive negative impact on SMCs economies, which were already weakened by the austerity measures imposed upon them following the global financial crisis in 2008. These economies faced a double shock, at both the offer (goods and services production) and demand (consumption and investment) levels. On the one hand, offer was affected by the decrease in available workforce, particularly due to confinement measures that constricted mobility or infection with the virus. Global value chain disruptions made it difficult to receive supplies, capital, and the intermediate goods necessary for production. On the other hand, the demand on incoming products and services externally was negatively impacted due to economic issues all over the world and the disruption of global value chains. Internally, demand was disrupted due to confinement and restriction of movement, while uncertainty regarding the pandemic's evolution greatly reduced consumption and investment. As a result of this double shock, SMCs witnessed a significant economic recession, with the exception

Table 4: Health System (SMCs) 2010-2018

	Physicians	Nurses and Midwives (per 10,000)	Hospital Beds	Health-related Expenditures (% of GDP 2016)
Algeria	18.3	22	19	6.6
Tunisia	12.7	26	23	7
Lebanon	22.7	26	29	8
Jordan	23.4	34	14	5.5
Egypt	7.9	14	16	4.6
Morocco	7.3	11	11	5.8
The World	14.9	34	28	9.8

Source: WHO, Eastern Mediterranean Regional Office of Egypt. The sectors that suffered the most from the reduced GDP are petroleum, tourism, financial transactions by foreign workers, and export industries (specifically the textile, automobile and services industries (commerce, transport, etc.).[34]

This economic recession took the form of higher fiscal deficits due to declining revenues following the decrease of domestic demand and the drop in petroleum prices, as well as governmental support measures put in place to mitigate the effects of the health crisis.[35] The most significant fiscal deficits were registered in Algeria (-15.8%), Lebanon (-14.5%), Egypt and Jordan (-8.2%). The current account balance also deteriorated following the decrease in revenues from petroleum exports, tourism, and export industries (mainly the textile and automobile industries). The countries impacted the according to World Bank estimates are Algeria (-13.4%), Morocco (-9.9%), and Jordan (7.5%).[36]

In order to mitigate the economic cost of the crisis, SMCs implemented different monetary and fiscal measures, most notably:

- A fiscal policy: - non-payment or deferred payment of rent or property taxes (Egypt and Lebanon); - postponement or waiver of reporting obligations and payment of certain taxes (Afghanistan, Algeria, Egypt, Lebanon); - Suspension or reduction of different duties and penalties due to the State (Algeria, Lebanon, Tunisia); - revalorisation and/or increasing unemployment benefits (Algeria, Jordan, Morocco); - increasing monetary transactions for low-income households (all SMCs); - providing subsidised loans for SMEs, enterprises in severely affected sectors, and low-income households (Egypt, Tunisia);
- Monetary Policy: - reducing interest rates (Algeria, Egypt, Jordan, Morocco, Tunisia); - injecting liquidity into the banking system (Jordan, Morocco, Tunisia); - diversifying loan instruments, particularly by reducing reserve requirements and extending deadlines (Algeria, Jordan, Lebanon, Morocco).[37]

-Social Costs

- Employment: due to confinement and reduced economic activity, we witnessed a decrease in working hours and an increase in unemployment rates, particularly amongst the youth in Morocco (almost 32%), Tunisia (36.5%), and Jordan (55%) during the last quarter of 2020.[38] Job loss is higher in “at-risk” sectors such as hotels and restaurants, manufacturing industries, retail businesses, and administrative activities.[39] These losses are even worse in the informal sector. It is estimated that 89% of workers in the Arab world have suffered from confinement measures.[40] Women seemed to have been more exposed to layoffs due to the increased work in home-based care resulting from the pandemic.[41] A more significant drop in revenues was registered due to the weakness and inefficiency of financial safety nets.[42]

The situation seems to have slightly improved in Tunisia and Morocco recently, particularly for men, following the relative resumption of economic activity in these two countries.[43]

Exacerbation of Poverty

Poverty could become worse due to the spread of the pandemic for at least two reasons. First, the poor are more likely to be infected with the virus due to pre-existent health issues, crowded living environments, and a more difficult access to water and soap. Second, many poor people work in formal sector jobs which were heavily impacted by the pandemic, thus worsening their living conditions that were already unstable. For example, 44% of poor households in Morocco declared that they no longer have an income due to the imposed confinement measures, while this percentage does not exceed 12.3% for "managers."[44]

Women are more affected by the deterioration of living conditions, considering that they represent 62% of informal sector workers in the Arab World and that they are in charge of non-remunerated care within the household.[45]

Due to the deterioration of social conditions, authorities in SMCs took measures to mitigate the impact of COVID-19 on disadvantaged population groups. In that respect, the Tunisian government provided monetary transfers for the poorest categories and allocated financial aid for employees and workers suffering from technical unemployment. Similarly, bank loans due dates were postponed for low-income employees, and decisions to cut-off utilities such as electricity, gas, and telephone in case of unpaid bills were suspended.[46]

It goes without saying that such emergency measures would not be enough in case the spread of the pandemic does not slow down significantly and in the absence of the appropriate conditions for true economic and social recovery.

4.1.2 The Needs of SMCs with Respect to the Health Pandemic

The aim is to stop the spread of the pandemic as soon as possible, by prioritising the vaccination of at-risk populations and providing the adequate medical treatment to everyone without exception. This could improve the prospects of resuming economic activity, with growth projections for 2021 for early vaccinating countries on the rise again compared to those of October.[47]

In parallel, the crisis showed the crucial need for robust and resilient public health systems, away from the austerity and privatisation policies imposed by international financial institutions and regional "development" banks in the past decades. Emphasis must be put on investment in infrastructure, utilities, human resources, and prevention. It is the only way to ensure the right to health for everyone and to guarantee that SMCs will be able to forestall and address pandemics in the future.

-Economic Needs

Beyond the aforementioned emergency measures, SMCs need to address the medium-to-long-term effects on the economic and social fabric. In order to do this, they will need more flexibility in their budgets (budgetary space) to finance an economic and social recovery plan. This can be done through an assessment of the financial needs that must be met for a successful economic and social recovery, but also to make a paradigm shift away from neoliberal policies implemented by these countries.

The financial efforts of the Arab world to mitigate the impact of the pandemic remain modest to this day. Consequently, the recovery plan conceived by Arab countries only cost 102 billion US dollars, barely 1% of the global amount pledged by governments across the world. The recovery plan for the Arab region amounts to about 4% of the region's overall GDP, less than half of the average cost of the global recovery plan (11% of the GDP).[48]

With regard to SMCs, countries like Morocco, Tunisia and Egypt allocated 3%, 2.2% and 1.2% of their GDP for their respective recovery plans.[49]

Under these conditions, loosening the financial grip becomes an urgent necessity. It is in the best interest of the EU to contribute to this plan. An estimation was made of the minimum financial efforts the three countries in the Maghreb[50] need to make. This study puts forward modest hypotheses regarding economic and social recovery (financing an additional recovery plan capable of replacing part of the losses in revenues and investment), while focusing on absorbing the surplus of current and public deficits incurred during the crisis in 2020/2021. The estimations show financing needs amounting to 13.2% to 22.3% of Tunisia's GDP (the difference in percentages is due to the scenarios adopted with regard to the increase of deficits, the scale of the investment plan, as well as the estimated cost for the fight against poverty), compared to 5.8% to 10% of Morocco's GDP. This exercise is solely designed to provide an idea of the extent of the financial needs resulting from the pandemic in SMCs. It goes without saying that these needs will be much greater if we assume that there will be a shift away from the existing neoliberal growth model.

-Social Needs

On the short term, it is crucial to maintain emergency aid provided for social groups with limited resources as well as refugees. On a more systematic level, economic and social recovery plans must address disparities in terms of income and wealth, health, education, and decent housing within the wider implementation framework of the 2030 Sustainable Development Goals. Special attention must be given to gender equality and to combatting discrimination against women.

-Needs in terms of Democratic Governance and Defending Human Rights

The COVID-19 pandemic cannot be successfully overcome without eradicating despotic and undemocratic practices (corruption, bureaucracy, nepotism, lack of transparency and accountability, etc.), which have free reign in SMCs. Furthermore, mistrust in the political class and institutions of these countries greatly reduced their capacities to take on the challenges posed by the SDGs, which are in the best interest of their populations. In that respect, it is important to seize the opportunities emerging in the post-COVID-19 period to reinforce social cohesion by respecting human rights, the rule of law, and participative, citizen-based democracy.

4.1.3 The EU's Modest Support to SMCs

In an effort to support SMCs and alleviate the impact of COVID-19, the EU merely reallocated existent financial resources destined for financing cooperation with these countries. The aid provided to SMCs in 2020 reached a total of 2.3 billion euros, of which a large sum was in the form of grants. The remaining amount was provided in the form of loans with interest concessions.

These funds cover immediate needs (96.6 million euros), support for the health sector (966.6 million euros), and short- and medium-term support for socioeconomic recovery (1.3 billion euros).[51]

The response to health needs is implemented on a regional and local level. On a regional level, it includes providing technical support to the Southern Neighbourhood countries and EU membership applicant countries from the European Centre for Disease Prevention and Control (ECDC) to improve their preparedness and capacities in response to crises. On a national level, resources dedicated to cooperation related to national healthcare systems (particularly in Lebanon, Jordan, Morocco, Tunisia and Egypt) were reallocated to provide emergency care and medical equipment, as well as training and technical assistance in hospitals. Refugees and IDPs also benefitted from European funds.

In terms of socioeconomic support, it mainly consists of providing financial support to SMEs as well as direct assistance to the budgets of partner countries.

4.1.4 Partnership Limitations Regarding the Fight against the Pandemic

EU-SMCs cooperation in the fight against COVID-19 elicits several remarks. First, it reflects a lack of engagement on the EU's part, which merely reallocated pre-existing financial resources that are quite modest compared to the needs of SMCs in the face of the pandemic and its social and economic repercussions. In addition, the EU showed a lack of solidarity by limiting the beneficiaries of the European recovery plan funds (750 billion euros) to member States, disregarding the massive needs of the "Mediterranean Neighbourhood" countries, with their limited budgetary space (or flexibility). By contrast, a more effective engagement vis-à-vis SMCs, in these difficult times, would in fact represent a safety guarantee for the EU against illegal immigration, terrorist-related risks, and socio-political upheavals.

Finally, like other wealthy countries, the EU demonstrated a certain level of vaccine nationalism, monopolising stocks of COVID-19 vaccines which are not destined for at-risk groups and refusing to waiver property rights and patents necessary to produce the vaccine (the European Commission is in favour of a multilateral agreement calling for the removal of restrictions on the exportation of the vaccine and its components).[52] However, this form of nationalism will have little to no impact, because "if there are not enough vaccines, infections will rise, and every new case will enable the virus to continue its mutation. In other words, new variants of the virus could emerge, different enough from the initial virus to make the vaccine ineffective. If these new variants were to spread on a larger scale, vaccinated people could be infected again, fall severely ill, or die."[53]

5. Lessons Learned from Free Trade Agreements (FTA) and Deep and Comprehensive Free Trade Areas (DCFTA) Negotiations:

5.1 The Deep and Comprehensive Free Trade Areas (DCFTA) proposed by the EU would not be accepted in their current form by Morocco and Tunisia due to their biased negotiation process and their risks on the economy and society of these countries

5.1.1 Main Provisions of the DCFTA

The DCFTA is part of the so-called "New Generation" Free Trade Agreements intended to go beyond reducing/eliminating customs tariffs to address the rules and regulations relevant to production organisation, trade, location of foreign enterprises and their activities in the concerned country. More accurately, the liberalisation process must revolve around the "Singapore Issues," in terms of facilitating trade, competition rules, public markets, intellectual property and protection of foreign investors. At the judicial level, the DCFTA is a bilateral treaty between the EU and the long-standing State trading partner. Its purpose is to progressively integrate the latter within the European internal market thanks to the convergence of these regulations and legislations with those of the EU.[54]

5.1.2 A Rationale Serving European Private Interests above All

The economic rationale is clearly mentioned in the document titled "*Global Europe – Competing in the World.*"[55] By concluding a new generation of trade agreements, "Global Europe" seeks to provide access opportunities to external markets for its enterprises by:

- Reducing non-tariff barriers ("behind the border") hindering access to foreign markets. In this regard, the EU aims to include "priority consultation rights for European enterprises on new regulations that could be introduced by "target" countries;[56]
- Unimpeded access to natural resources, particularly energy resources, and lifting restrictions in a way that guarantees the access of European enterprises to resources;
- New growth sectors: the EU considers intellectual property rights (IPRs), services, investment, internal markets and competition as sectors requiring more aggressive action in the future.

Clearly stating its pro-business tendencies, the *Global Europe* communication emphasises that "the more our practices and regulations are aligned with our key partners, the more they benefit European private interests."[57]

Through this deep integration, the EU seems to be placing its bet on the large European capital seizing the opportunity to circulate its products unimpeded between SMCs and Europe, just like the NAFTA (North American Free Trade Agreement) allowed multinational American companies to organise their productivity across the continent to their benefit. As a consequence, the EU will be able to expand the scope of its "structural grip" on Southern Mediterranean economies.

5.2 A Dysfunctional Process

-Blocked Negotiations

In Tunisia, DCFTA negotiations ended in a stalemate following four rounds of unfruitful negotiations. The Objective Management Unit (UGPO) steering the institutional process has reached the end of its five-year mandate. A stern resistance to the European offer was noticeable, particularly from civil society, the Tunisian General Labour Union (UGTT), associations of the self-employed (mainly attorneys), farmers and SME representatives. The lack of transparency and citizen participation further reinforces distrust and scepticism with respect to the benefits that the DCFTA could provide to the Tunisian economy and society.

In Morocco, EU ambassador Clara Wiedey recently acknowledged the stalling of DCFTA negotiations, declaring that "the DCFTA negotiations, launched in March 2015, have been in stalemate since 2015. A political agreement was concluded in 2019 to relaunch the negotiations in order to expand the free trade zone to include new sectors such as service sectors and investment, and to pursue regulatory approximation for priority sectors chosen in agreement by both parties… I believe an analysis must be conducted in order to identify and understand the reasons behind the current deadlock."[58]

In fact, the Moroccan government has put the negotiations on standby, as it was not convinced by the impact study conducted by the London-based research company Ecorys, projecting that Morocco will be the "big winner" of the DCFTA implementation; and after the agriculture section of the Association Agreement was called into question by the Court of Justice of the European Union, also benefitting the Saharan provinces of Morocco. As a result, Morocco suspended political dialogue with the EU between 2015 and 2019. Finally, it should be noted that, unlike in Tunisia where the DCFTA scope and impact triggered a public debate, the Moroccan authorities and the EU imposed a total blackout on the negotiations, to which only the private sector seemed to be associated.

-A Biased and Undemocratic Process

First, the EU is looking to exert influence on the course of the negotiations by financing and organising the training of the DCFTA Tunisian negotiation team members (according to writer and researcher Haythem Guesmi, "the EU is financing and organising the training of the DCFTA Tunisian negotiation team members").[59] Tunisian negotiators are taken on a "trip" to understand "European regulations, laws and practices."[60] This constitutes a stark inequality or complete contradiction with negotiations between sovereign and independent parties.

Furthermore, the negotiation process is supposed to include representative institutions rather than providing only one alternative (either accepting or refusing the DCFTA project as a whole), especially when it subjects the future of the economy and society in SMCs to real risks, as we shall see.

5.3 DCFTA Acceptance Risks on SMCs

With different impact studies struggling to uncover the advantages for Morocco and Tunisia,[61] we also wish to highlight certain strategic issues that could further jeopardise the future of SMCs and exacerbate their dependence on the EU.[62]

**Exacerbation of the Neighbourhood's Integration and Lumpen development

According to DCFTA advocates, it is intended to boost economic growth and job creation through wider integration within value chains. This would be achieved particularly through trade facilitation measures and the protection of foreign investors. On that subject, it is worth noting that global value chains are dominated by highly concentrated multinational companies (mostly oligopolists), often controlling upstream (access to technology and innovation) and downstream (access to markets and consumers in the Triad countries) operations. In other words, there is an imbalance of power between these multinational companies and their Southern Mediterranean providers. This leads to the monopolisation of the largest share of value-added created by large corporations at the expense of workers mainly in these countries. An ideal example of these dysfunctions are the global value chains of the agri-food industry controlled by a dozen of large corporations in Europe, imposing their conditions of thousands of providers in SMCs, thus monopolising the largest share of value-added created at the expense of small and medium-sized farmers and thousands of precarious workers (for more examples, see OXFAM's studies on the subject). There are certainly a few examples of integration within these chains that benefitted the workers, which mainly resulted from unions' efforts to secure these benefits, efforts weakened by labour flexibilization.[63]

Similarly, it is highly unlikely for a country that merely responds to the attacks of globalised large corporations dominating the global value chains to succeed in building local production capacities capable of ensuring quality economic growth and development that benefit the majority of its population.

-Annihilating any Prospect of Food Sovereignty

The liberalisation of agricultural trade between SMCs and the EU will be in the best interests of agribusiness. For example, the EU is looking to dispose of its excess agricultural production (dairy products, meats, cereals) particularly in the Tunisian market, further expanding its market, in return for Tunisian oil, a flagship product generating the largest revenues in the agricultural sector. Accepting the European offer within the DCFTA framework will result in two major consequences. First, it will reinforce Tunisia's specialisation in faintly lucrative, bulk, olive oil exportation (barely 3 to 4 euros per litre, while packaged olive oil yields around 30 euros per litre). Meagre profits and job creation prospects thus risk becoming higher.[64]

With time, a similar choice would lead Tunisia to forsake the production of cereals and other field crops, farming cattle and other dairy products, for the sake of export-oriented agriculture (fruits and vegetables, as well as olive oil) and relevant agri-food industries, thus threatening the food sovereignty and socio-political equilibrium of rural communities. Additionally, "the Tunisian Union of Agriculture and Fisheries (UTAP) confirms that 250,000 Tunisian farmers could go bankrupt if the DCFTA were to ever be implemented."[65]

-Constriction of the Policy Space Necessary for True Development

The notion of policy space refers to the simple yet fundamental idea of every country having "the freedom and flexibility to choose the policies which it believes will enable it to grow, reduce poverty rates, and raise the living standards of its people."[66] In that sense, the diversity of development strategies and policies is of utmost importance and goes against the "one size fits all" formula pursued by international financial institutions, multilateral "development" banks (EIB and EBRD in particular), and the EU. It would appear that the content and the rationale of the DCFTA, which the EU is trying to "sell" to

SMCs, threatens to significantly reduce any chance of independent and sovereign determination with respect to development strategies intended to fulfil the basic needs of their populations. This is evident on at least three levels:

First, the fact that SMCs should align their competition legislation (the famed anti-trust laws) with European practices could harm industrial development imperatives, which could either encourage or constrain competition with respect to the industry and its development. We notice for example that "the development of Eastern Asian countries relies fundamentally on the State's intervention, which regulates competition, defines outcome requirements, and adopts several other industrial policy measures."[67]

Second, the objective of the EU is to acquire the same right to access public markets in SMCs as local enterprises. Opening public markets to European companies is fraught with consequences for SMCs, which will not be allowed to use this public policy instrument as a lever to encourage the development of internal production capacities by implementing national privileges or reserving quotas for local SMEs. Similarly, confrontation with more competitive European enterprises could annihilate an entire aspect of the national economic fabric (including public enterprises), which would have a negative impact on employment. Moreover, the EU is trying to benefit from the same advantages of intellectual property protection as those awarded by certain SMCs (Morocco and Jordan) to the United States under the guise of "TRIPS-plus rules" (extending patent protection from 20 to 25 years as per the WTO TRIPS). These advantages are to mainly benefit European pharmaceutical companies (data exclusivity, reinforcement of intellectual property protection measures, extension of the term of patent). These measures will also reinforce the market power of European companies, making access to medicine more expensive, and generic medicine production more difficult, similar to the situation in Jordan after the US-Jordan FTA entered into force.[68]

Finally, the EU is trying to reinforce the position of European companies by negotiating the inclusion of a dispute resolution mechanism in the DCFTA between investors and SMCs. Through this mechanism, a foreign investor could challenge these States in a court of exceptional jurisdiction (arbitration tribunal) in case clauses such as "fair and equitable treatment" or "indirect expropriation" are not respected. In addition to restricting the capacity of States to regulate investments according to national interest, this mechanism could cost SMCs greatly in case of compensation that unfairly favours the investors.

6. Conclusion and Recommendations

6.1 Conclusion

The analysis conducted in this paper indicates that the EU trade and investment policies within the framework of its relations with SMCs did not keep the promises made with respect to turning the Mediterranean into a shared area of peace and prosperity. In fact, what we have witnessed is a "development of lumpen development" in the guise of a modest economic growth coupled with the digitisation of large segments of society, far from the promises of converging living standards between the EU and SMCs.

As such, the Renewed Partnership proposed by the EU to SMCs does not seem to be an exception to the rule. In fact, this Mediterranean Agenda is simply rehashing the same neoliberal choices (DCFTA, prioritising the private sector and macroeconomic stabilisation). The use new concepts such as the resilience of Southern Mediterranean States and societies masks the unwillingness of the Brussels technocracy to consider the international and internal power issues and dynamics hindering the true development of SMCs. In that regard, the "new trade policy" promised by the "Renewed Partnership" serves, above all, the economic and financial interests of European oligopolists aiming to reinforce their "structural grip" on Southern Mediterranean economies.

However, the COVID-19 pandemic and its impact on both the EU and SMCs offer an opportunity to adopt a new approach regarding cooperation between these two entities. That is why this paper highlights the massive needs of SMCs and the EU's interest in contributing to their fulfilment.

6.2 Recommendations

-General Principles

- Reshaping the EU-SMCs relations and founding them on the values of democracy, social and environmental justice, and solidarity instead of free trade, the unrestrained pursuit of profit, and competition. As such, the Partnership must be based on the promotion and defence of human, political, economic, social, and cultural rights.
- Ending the "Resilience of States and societies" approach because it destroys all hope to design and implement economic and social transformation policies, particularly those advocating for the transformation of social and international relations.

-The Trade Policy

- General principle: turning organised trade into a tool instead of an objective in and of itself.
- Prioritising local production capacity-building instead of trade, whereby only one efficient productive fabric would allow for better integration into the global economy.
- Trade agreements:

  1. Ceasing all DCFTA negotiations between SMCs (Morocco and Tunisia) due to the lack of citizen and democratic monitoring, as well as public debate, regarding the ongoing negotiations.

  2. (Ex post) Participative and

transparent evaluation of the Euromed and ENP impact on SMCs, particularly in terms of economic and social rights and gender equality.

3. Conducting an impact study ex ante of the DCFTA on human rights, while integrating the outcomes of constricting the policy space available for SMCs.

4. Removing all restrictions on unorthodox development policies that have proven their capacity to promote dynamic economic and social development. In this context, the EU must provide SMCs with the necessary policy space and flexibility to implement effective industrial, trade and commercial investment policies to ensure the development of local production capacities aimed primarily at the fulfilment of basic needs, food sovereignty, and ecological and digital transition.

5. Excluding agriculture from DCFTA negotiations.

6. Reviewing bilateral investment treaties as they reach their expiration date in order to remove the Investor-State arbitration clause and the unfair privileges awarded to investors.

- Opting for macroeconomic choices that favour development (Brussels Consensus).

-Ecological and Digital Transition

- Separating the ecological transition from economic growth maximisation while privileging quality growth (i.e., revolving around basic needs instead of the consumerist production model that is based on wasting natural resources and undermining biodiversity).

- Providing significant support to SMCs in their aim to ensure consistency between the different public policies and their adequate implementation.

- Shifting focus from large renewable energy projects to decentralisation and decentralised production of clean energy, and to high-performing SMEs in terms of job creation and technology transfer, as well as their capacity to reach remote and marginalised areas. This support would have to consist of incentives, expertise, and appropriate financing mechanisms.

- Integrating a cross-sectional "gender" approach in all policies and programmes aimed at achieving ecological transition.

- Digital transition:

1. Providing adequate financing on par with digital challenges.

2. Providing specific support to the digital industrialisation of SMCs.

- COVID-19

- Ensuring that SMCs benefit from the European recovery plan.
- Prioritising the establishment of effective public healthcare systems (hospital infrastructure, detection and storage capacities, medical equipment, increasing and motivating medical staff, training, etc.)
- Suspending patent protection for COVID-19 vaccines and sharing excess stock with SMCs.
- Ensuring that cooperation with SMCs prioritises the generalisation of social security. The EU must ensure that a portion of the aid provided goes to NGOs that advocate for **gender equality and women's rights.**

- Civil Society

- Supporting the emergence of an independent civil society that promotes economic and social rights and gender equality in SMCs.
- Closely involving civil society organisations in SMCs in every EU initiative related to trade and investment cooperation, particularly in terms of bilateral trade agreements.

Endnotes

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