

North-South Regionalism: A Challenge for Europe in a Changing World

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Abstract: The objective of this paper based on the results of the ESPON Project 3.4.1. "Europe in the World" is to explain what the dominant representations of the situation of Europe in the world are actually, and what the consequences of these visions of the world are for European spatial planning. We assume that many political decisions which are apparently related to purely "internal affairs" of European Union, are in fact based on a wider conception of the situation of the world. In other words, our conceptions of European spatial planning are strongly grounded in our mental representations of the world; the fact that we are not clearly conscious of this scalar relation is a real barrier for further progress in political as in scientific fields.

After a brief introduction (**part. 1**) we will therefore present firstly a brief overview of the three dominant views of the world that are used in Europe ("continent", "centre-periphery", "archipelago"), and their implications for European policies and territory – including shortcomings for spatial planning (**part 2**). Then we give a vision ("North South Regionalism") that would not imply such shortcomings (**part 3**). We conclude with some political recommendations for EU internal and external strategies (**part 4.**)

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1. Introduction. The world and the European territory

1.1. How the vision of the world influences the future of the European Territory

A system of description of the world is what Beaverstock, Smith and Taylor propose to call a "metageography". For P.J. Taylor (2001), "globalization represents a metageographical moment, a time when the taken-for-granted way in which, collectively, we organise our knowledge of the world as spatial structures is being eroded. Globalization challenges the mosaic metageography of states with a new putative network metageography of connections". But as noticed by Grasland (2007) a vision of the world – or metageography - is not a purely scientific production. It is also an ideological production or, in other words, a political geography.

The objective of this paper is to explain what the dominant representations of the situation of Europe in the world are actually, and what the consequences of these visions of the world are for European spatial planning. We assume that many political decisions which are apparently related to purely "internal affairs" of European Union, are in fact based on a wider conception of the situation of the world. As stated by Faludi (2005) about the concept of territorial cohesion, we are not facing a simple opposition between liberal and social-democrat point of view. The European model of society is much more complex and takes its root in wider spatial and historical scales.

In other words, our conceptions of European spatial planning are strongly grounded in our mental representations of the world; the fact that we are not clearly conscious of this scalar relation is a real barrier for further progress in political as in scientific fields. We will therefore present firstly a brief overview of the three dominant views of the world that are used in Europe, and their implications for European policies and territory – including shortcomings for spatial planning (part 2). Then we give a vision that would not imply such shortcomings (part 3).

1.2. How the European concepts of territorial planning help to understand the actual situation of Europe in the world

We propose also to explore how concepts elaborated specifically by European experts and decision makers for internal policies can be valuable inputs for a better evaluation of the contemporary organisation of the world. Polycentrism, territorial cohesion, accessibility to public services, cross-border integration ... are typical concepts of European spatial planning which can be easily transposed at world scale for an evaluation of the present situation or for the elaboration of new policy options. As a very simple example, the reader himself can draw the parallel between spatial polycentrism in Europe and geopolitical multipolarity at world scale ...

Not only concepts but also tools and methods are likely to be transposed from one scale to another. For example, the spatial analysis tools that have been used for the measure of regional disparities between European regions (map of discontinuities, evaluation of barriers, comparison of deviations at local, national and European scales) has been proven to be very useful when transposed to the analysis of the relation between European Union and neighbouring countries in project Espon 3.4.1. Qualitative tools like territorial impact assessment (discussed by Böhme and Eser elsewhere in this set of papers) or decentralised cooperation are also typical tools of European regional policy that could be applied for a renewal of the external relations of the EU and namely its European Neighbourhood Policy (ENP).

1.3. Modernity and accuracy of an old notion: the region

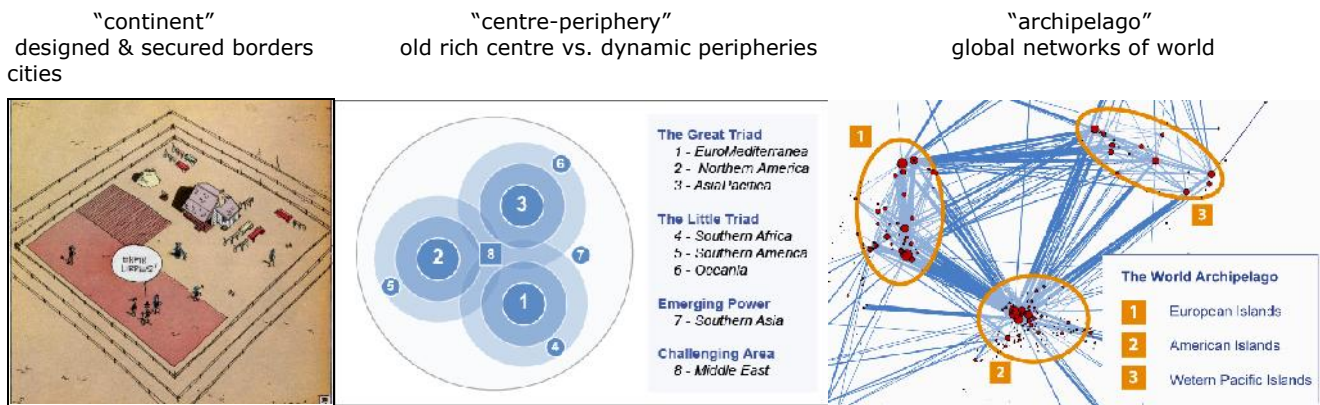
The most interesting case of scale transposition appears to be related to a very old geographical notion, which has also become a basis for European policies: the region. The region has two main characteristics that can be of great help for the renewal of the vision of Europe in the world: it is a relevant scale for coordination of sector policies (environment, transport, innovation, essential services and social protection etc); its growing role in the contemporary spatial organisation and territorial policies facilitates locally based bottom-up approaches. Besides, the region happens to be the stake of the renewed representation of the World, due to the necessary new design of the globalised World's subdivisions (regions). In particular, we assume that the North-South regionalism (association of closed and complementary industrialised countries and developing countries) is a major set of the emerging global spatial organisation. The fourth part of this text shows how relevant it could be for the European Union to enlarge the concepts and methods of its

regional policy, at the scale of the North-South Region in which Europe is nowadays embedded: the Euromediterranean Region.

2. The three prominent views of the place of Europe in the world and their impact on European planning

Various dominant representation of the world are currently available: the "continents" view, which describes territories in the traditional – but still active – shape of continents or, more recently, in civilisation areas (Huntington 1996); the "centre-periphery" view, which stresses the dissymmetry of the North-South relations and the real but quickly decreasing northern domination; the "archipelago" view, based on the networking organisation of space, which highlights the remote connections of territories¹.

Figure XX. The three dominant views of Europe in the world



Each of these views provides partial evidence of the reality of the contemporary world. They are not really contradictory: continental territories may have strong frontiers *and* asymmetrical relations with the developing countries located in their periphery, *and* intense exchanges with global nodes of other parts of the world. But these three patterns have to be analytically distinguished because (i) they imply different representations of the place of Europe in the world, (ii) because their territorial impacts are quite different, and (iii) because they give rise to different European planning policies.

2.1. The "continent" view

The main political features

In this scheme, the priority is given to the EU's internal integration, that is to the convergence between the new member states and the rest of the Union. Regarding the rest of the world, the stress is put on security. The geographical idea here is that Europe is one of the civilisations of the world, is strictly circumscribed and defined, should be internally as homogeneous as possible and highly protected against external threats (illegal migrations, environmental menace, human trafficking...). Borders are of high significance; planning policy is devoted to cohesion (see Espon 3.2 cohesion scenario and baseline scenario).

¹ See Grataloup (2006).

This could be one interpretation of the ENP launched in 2004². Beyond the EU 27, a “ring of friends” (Prodi 2002), from Morocco to Russia, is essential to European stability and development, and, with it, “everything but institutions should be shared”³. The goal is to bring there “the four freedoms”: free flows of goods, services and people, together with free capital movements. But as a matter of fact, since this policy has come into force, agreements have been enhanced for capital and investments (through Action Plans that make the neighbours adopt liberalised policy reform in order to create transparent markets of capital and receive and protect foreign investments), goods and services (a free trade zone including agricultural trade is scheduled for 2010 with the Mediterranean neighbours) – but not for people. Restriction to entries in the EU’s territory remains high, asylum has become more difficult than it used to be. Lastly, many see this ENP as a way to avoid the entrance of Turkey in the European Union, since this policy would – in theory - give to Turkey almost all the advantages of a member state.

Eastward, this continent view is consistent with a strong European integration as an ongoing process. Eastern new member states already are, and would be, favoured in the industrial relocation of western firms. Since the beginning of the 1990s, many EU Foreign Direct Investments have targeted Central and Eastern European Countries. The fact that their entry in the EU was certain has given them credibility for investors. And the move continues: between 2002 and 2006, 80% of the FDI by Western European investors have reached other Western European countries (innovative industries, banks and services) or eastern new member states (automobile industry and other manufacturing sectors). The continent is actually becoming *one* integrated productive system (Hatem 2007). Table 1 shows that during the recent years, the continent has hosted more than 40% of the world FDI inward flows, mostly in Western Europe, and more than 30% of the related created jobs, mostly in Eastern Europe; Western European firms have in both case been the major investors. According to this continent view, this evolution of the European economic geography would be intensified, towards new members and, maybe further on, towards Ukraine, Georgia and other countries of the Caucasus.

Table 1. The place of Western and Eastern Europe in Foreign Direct Investment (billion dollars)
a. Inward Foreign Direct Investment (annual average 2002-2006)

| | b\$ | % |
|-----------------------------|-----|-------|
| EU-15 | 361 | 37,9 |
| 10 new member states | 34 | 3,5 |
| South-East Europe & NIS | 47 | 4,9 |
| Africa | 29 | 3,0 |
| Western Asia | 32 | 3,4 |
| Japan | 1 | 0,1 |
| China (incl. Hong Kong) | 105 | 11,0 |
| other East & SE Asia | 59 | 6,1 |
| United States | 133 | 14,0 |
| Latin America | 101 | 10,6 |
| World | 953 | 100,0 |

Source: UNCTAD

b. Jobs created by Foreign Direct Investment (annual average 2003-2006)

| | % |
|--|------|
| Western Europe | 11,9 |
| Central & eastern Europe | 19,4 |
| Africa | 2,5 |
| Middle East | 1,0 |
| East Asia and Pacific (industrialized countries) | 2,3 |
| East Asia and Pacific (developing countries) | 42,6 |

² the European Neighbourhood Policy unifies various previous policies and budgets dedicated to the surrounding countries: MEDA for Mediterranean countries (“Barcelona process”), Phare for Eastern countries, Tacis for ex-USSR etc. The new European and Neighbourhood Partnership Instrument concerns: (i) nine Mediterranean countries, those of the former Barcelona process, minus Turkey (that benefits from a specific budget), Cyprus and Malta, plus Libya; (ii) the three Caucasian countries; (iii) the three eastern countries that are located between the EU and Russia (Moldova, Ukraine, Belarus - though the latter is still not included for well known political reasons). The Balkan countries are not included because they have been given an entry perspective. Nor is Russia, because it has a specific strategic agreement with the EU - the general goals of which are nevertheless quite similar to the ENP’s: create a common space for trade, finance, migrations, training, culture and security.

³ “European Neighbourhood Policy”, European commission, May 12th 2004.

| | |
|---------------|-------|
| North America | 12,0 |
| Latin America | 8,5 |
| World | 100,0 |

Source: OCO consulting, IBM/PLI, 2006, in Hatem (2007)

When it comes to agriculture and subsidies, the bulk of the European subsidies would be devoted to the adjustment of the new eastern member states' agriculture, in order to rapidly reach an homogenous agricultural European market. When it comes to regional policy, these states would also benefit from the main expenditures. Trans-European Networks policy would be mostly implemented in Eastern Europe, too, for transport, telecommunication and energy facilities (DG Transport 2005). In one word, this view is simply the continuation of what has been occurring since the beginning of the 1990s. Since then, the Central and Eastern European Countries have become by far the greatest beneficiaries of the EU's subsidies, in order to prepare their entry in the EU.

The European (Commission + member states) share in terms of total assistance given to the CEEC has been booming. It is less so in the Balkans (where reconstruction is largely supported by the EU) and in the Maghreb countries; and significantly lower in the Near and Middle East, where the USA's share is impressive. Since the 1990s, the EU's share has *declined* in North Africa, in the Near and Middle East. The fact that CEE countries received such important amounts of European subsidies has contributed to their credibility for private investors; the fact that these subsidies have been devoted to the adjustment of their fiscal, administrative and economic systems has convinced these investors that their territories would be very well connected to the western markets. Indeed, this "continental" view is strongly supported by recent and actual facts.

Concerning regulation, for instance regulation of the telecom, or of the energy market, the stress would be put on the European market's integration: prices, technical coordination, commercial exchanges would be managed at this pan-European scale, instead of the purely bi-national agreements system that organises the markets today for telecom and for energy.

Territorial impact

The territorial impact entails several assets:

- Trans European Networks would be implemented at a large European scale, which would be favourable to all the European territory;
- The German territory would become the genuine centre of Europe;
- Central and Eastern European member states would benefit from subsidies and to western private foreign direct investments; they would quite rapidly catch up with the EU GDP's average;
- The regional policy focused on these countries and namely their less developed areas would foster these territories.

On the other hand, this view would have territorial shortcomings:

- Focusing on the EU borders' security, and the "Nimby" interpretation of the European Neighbourhood Policy, would have negative impacts on the peripheral parts of the EU's space. The Mediterranean areas of the EU would be misused, especially cities like Sevilla, Barcelona, Marseille, Napoli, Athens, Valetta...
- The outcome is still worse on the eastern frontier. The worsening relationship between the Baltic States and Russia is the reason why the borders there have almost become barriers; the European Union has financed high tech devices for electronic surveillance on the border, Russians have chosen to avoid the Baltic States as logistic interfaces with the West (they have rather been developing new port facilities near Saint Petersburg and they have implemented a direct sub-marine route for the new pipeline to Germany and other countries of Northwest Europe). Such a path could well be extended to the whole eastern side of the European Union, which would diminish the dynamism of peripheral territories that would become some sort of dead ends or experiencing "tunnel effects". This scheme would not be a winning option for Poland for example (despite the fact that this state

favours the entry of Ukraine in the EU). Nor would it be for Romania. This latter country, as the other former members of the soviet world, has experienced a surprisingly rapid shift from a Comecon integrated trade system to a highly westernised trade. Flows toward the East have declined to almost nothing, whereas flows towards the West have boomed. But such a geography is hardly sustainable, unless the EU's regional policy funding could multiply in the long run to foster dead ends in the east. Last but not least, the option of an anti-ballistic (i.e. anti-Russian) defence system that would be stretched along the eastern European border with US support, would strengthen this "dead end" eastern vision. And, then, how about the actual flows and historical linkage between countries like Romania/Moldavia, Poland/Belarus, Slovakia/Ukraine?

- Another shortcoming would certainly hamper the eastern territories. Due to the rise of salaries, the relocation of the western industries could chose other competitive labour markets, most certainly in Asia - whereto European FDI go more and more.
- Would the size of these eastern markets be a sufficient asset *per se* for Western investors? The answer is no. The absolute size of these markets is quite small (100 million people), and the population is rapidly decreasing (table 2). Briefly speaking, it can be forecast that the economic rise of the new member states, fostered by public and private Western European funding, would slow down quite quickly, in particular in their eastern peripheral areas.

Table 2. Evolution of the share of old and new member states in EU (1995-2003)

| | Population (Millions) | | | GDP (Billions of Euros) | | |
|-------|-----------------------|------|-----------|-------------------------|------|-----------|
| | 1995 | 2003 | rate/year | 1995 | 2003 | rate/year |
| NMS12 | 115 | 113 | -0.2% | 230 | 390 | 6.8% |
| OMS15 | 364 | 375 | 0.4% | 4141 | 5764 | 4.2% |
| Total | 479 | 488 | 0.2% | 4371 | 6154 | 4.4% |

| | Population (%) | | | GDP (%) | | |
|-------|----------------|------|-----------|---------|------|-----------|
| | 1995 | 2003 | rate/year | 1995 | 2003 | rate/year |
| NMS12 | 24% | 23% | -0.4% | 5% | 6% | 2.3% |
| OMS15 | 76% | 77% | 0.1% | 95% | 94% | -0.1% |
| Total | 100% | 100% | 0.0% | 100% | 100% | 0.0% |

Source : Eurostat

- A general social, economic and territorial shortcoming has to be added. It deals with the necessity for the EU to gain new labour supply (due to the overall demographic decline of the Union discussed by de Abreu elsewhere in this set of papers), and especially the supply of skilled labour (for the Lisbon Strategy cannot be fulfilled if the EU only bases its strategy of attracting skilled workers invoking far and uncertain links with Asia or Latin America). A continental European scheme obstructing population exchanges with the neighbourhood, would hamper the European economy and territory as a whole, and increase its ageing (see ESPON Project 1.1.4 Demography).
- Considering this concern about aging, it has to be assumed that, contrary to what is often said, today's population that comes from the Mediterranean neighbouring countries and lives in Europe is not numerous – be they documented or undocumented. Generally speaking, North America hosts many more Latin Americans than Europe hosts migrants coming from its neighbourhoods. 15% of the US population are foreigners (of which 4% are undocumented); the share of Mexicans alone is almost 10%. By comparison, at most 7% of the EU15's population are foreigners (of which less than 1% are undocumented), the share from the South Mediterranean is less than 4%. The European aging population is to have a major impact on territories, because of shortages of labour and also because of local strategies based more on tranquillity than on risks and activity. In one word, this "continent" closed view, which Samuel Huntington would certainly acclaim, could be that of a giant "Swiss Europe".

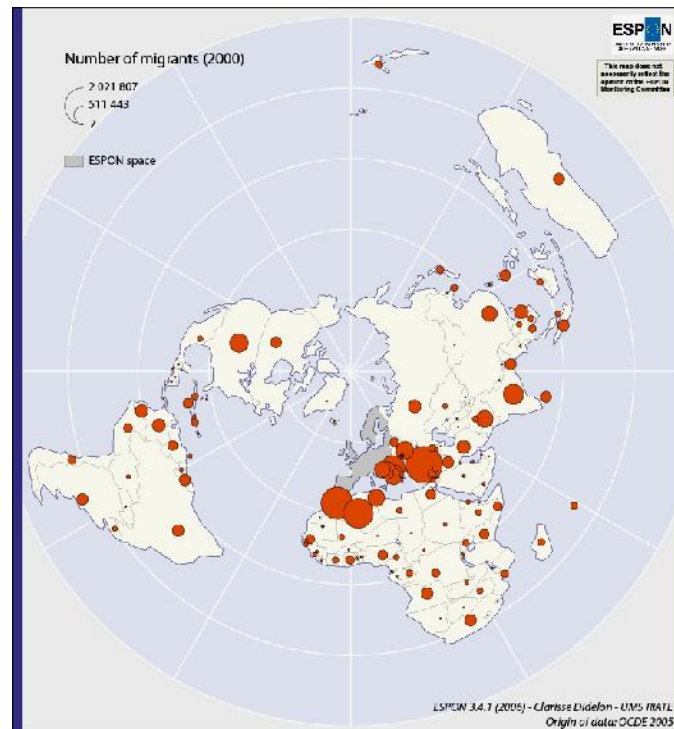
2.2. The "centre-periphery" view

This view could well be regarded as a sub-category of the previous one. The difference is that here the Neighbourhood Policy would be more dynamic – not as regards people but as regards economic exchanges. Such a view is based on the complementarities between low-cost peripheries and high-tech centres, based on the assumption that Europe has a valuable area of influence that it should take advantage of, and not leave to US or Asian competitors (as Chinese happen to do in Africa, including North Africa).

The main political features

Several figures from our ESPON 3.4.1. work document this notion of a European area of influence. When it comes to labour supply, map 1 shows that, in spite of the globalisation of migration routes, the Mediterranean neighbouring countries remain a major source of European labour supply for the next 20 years and Subsaharian Africa for the next 50 years.

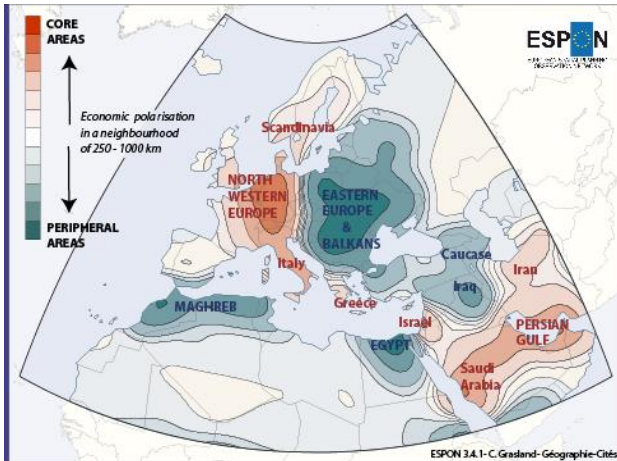
Map 1: Origin of migrants in ESPON according to their country of birth



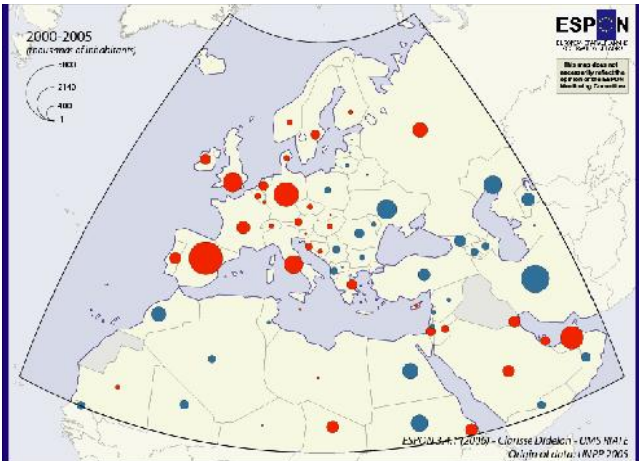
According to traditional push-pull theories, disparities between countries that are economically rich but demographically declining, such as Europe and countries that show a reverse profile, should, in a purely free market, give rise to high migration from low wealth/high population growth countries to high wealth/low population growth ones. Conversely, the mobility of capital could be a driving force of flows directed from the North to the South.

In the Euro-Mediterranean area, the two main (potentially attractive) poles for migrants and (emissive) poles for capital and investments are Northwest Europe and the Persian Gulf. The net migration (map 2) confirms that they indeed are the main destinations of net immigration observed in the region. The high number of net migrants in Southern European countries (Spain and Portugal) is all the more striking, since in the 1950's they were net-exporters to the rest of Europe. Southern Mediterranean countries (Morocco, Algeria, Tunisia and Egypt) and the Eastern European ones shown as potential senders are effectively net emigration countries and will be more and more the final destination for migrants from Sub-Saharan Africa because of the achievement of their demographic transition. In 2006, the fertility rates are only 1.74 for Tunisia and 1.89 for Algeria which is comparable to Finland (1.73) or France (1.84).

Map 2: Push-Pull Factors in Euromed Area, 1999



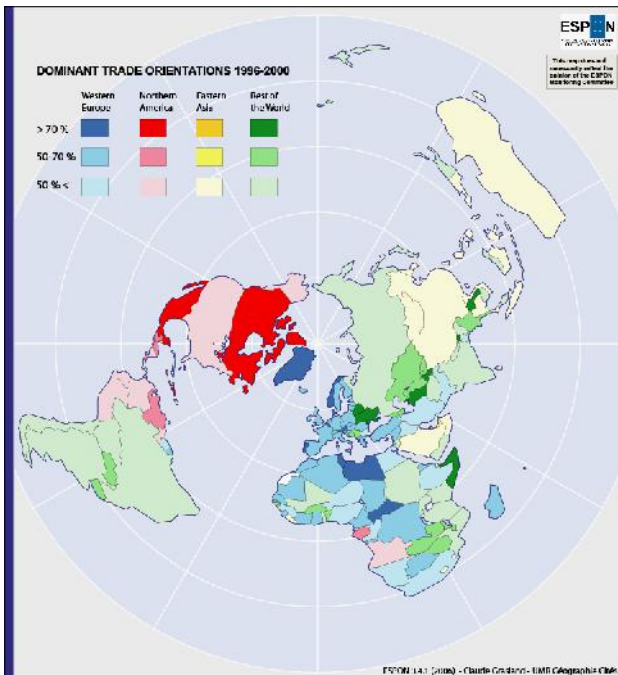
Map 3: Net number of migrants in Euromed, 2000-05



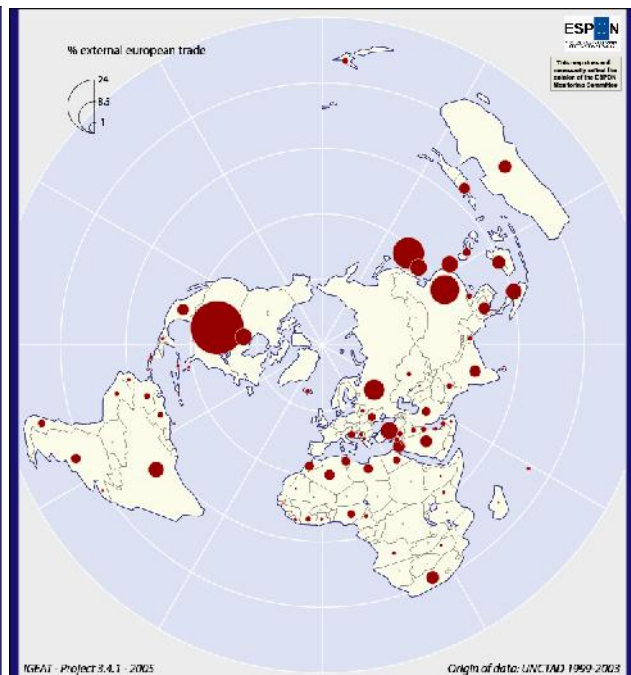
The model of potential demographic and economic complementarities proposed by Grasland (2001) is based on the research on local equilibrium between allocations of GDP and Population at various scales of spatial interaction. For a given scale, we define areas with relative accumulations of wealth as compared to their neighbours which are represented in red, and regions with relative accumulations of population which are in blue. The main assumption of the model is that the contact between these two types of region can induce either flows of migration (from "blue" to "red") or flows of investments and activity relocations (from "red" to "blue").

Beyond the Mediterranean, map 4 shows the European's commercial area of influence, that is to say the countries which count for Europe, while map 5 shows the areas with which Europe trades. The asymmetry is obvious. The most striking example is Sub-Saharan Africa: while it is of negligible importance for European trade, Europe is vital for the existence of this part of the world. The "centre-periphery scheme" is the continuation of these structural features.

Map 4 Dominant trade orientations 1996-2000



Map 5: % of each country in the External trade of Europe



Such a North-South combination could allow Europe to compete with East-Asia and North America. Those two areas have achieved a huge relocation of firms and stretched a transnational productive system based on North-South complementarities. In the American and East-Asian cases, there is either little (East Asia) or much (Mexicans to United States) migration, but in both case there have been significant Foreign Direct Investments from industrial countries to developing countries. Out of 100 dollars invested out of the United States, 18 go to Latin America; out of 100 dollars invested out of Japan, 18 are invested in its developing or emergent East Asian peripheries. But out of 100 invested out of Western Europe, only 10 are invested in its peripheries – all, almost, in the Central and Eastern European countries and less than 2 in the Mediterranean developing countries!

What if a North-South strategy were to be adopted by Europe following the centre-periphery pattern? These would be the results:

- the competitive delocalisation would increase toward eastern but above all southern neighbours located between the Mediterranean and the Sahara;
- in particular, the undesirable European activities would be released to these “friendly” partners. An example of the “three D” activities (dirty, difficult, dangerous) is the construction of power plants and refinery facilities: for environmental reasons, they become difficult to build in Europe, whereas they could be more easily built on the southern shore of the Mediterranean, which urgently need industrial investments, and would “benefit” from less attention to environmental issues;
- Europe would benefit from secured procurement of oil, gas and electricity (thanks to the ongoing connection of the electricity grid in the Euromediterranean space). Further than North Africa and Middle East, Europe would benefit from secured procurement of African raw materials;
- this North-South partnership does not mean more than the optimisation by Europe of a low-cost input strategy for raw materials, energy, manufacturing, as well as the services sectors. The friendly partners could accommodate the growing European demand for cheap call centres, of course, but also: safe tourism, sanitary tourism (a growing number of Europeans go to Tunisia or Morocco to get surgery service in first rank hospital which only rich residents of Europe can afford), handsome cheap areas for retirement, and so forth.

In this context, the European Neighbourhood Policy would be used as a tool for compensation, for making these peripheral areas secure and bringing them into line with European standards. Countries located in North Africa would play the role of “gatekeepers” against Sub-Saharan countries with financial counterparts. As a matter of fact, this is roughly the kind of relationship that has until today prevailed in the Euromediterranean partnership. This is the reason why the recent Barcelona Summit (in November 2005 for the tenth anniversary of the Barcelona Euromed Agreements), which was supposed to enhance the Mediterranean partnership through the new ambitious ENP, was a failure. Whilst all EU states were represented by the Heads of government, only two Mediterranean partners sent theirs. The explanation of this failure relates to the inherent limits of the Barcelona process: asymmetry⁴, paternalism, overall weak attention paid by European leaders towards the developing peripheries. This is reflected in the statistics for the past decade when EU subsidies reached 300€ per inhabitant in Greece, 27€ in the CEE countries, but less than 2€ in the MEDA countries.

Territorial impact

Such a pattern would enhance the European economy, and would quite deeply change the regional geography due to a greater Euro-Mediterranean economic integration, despite being asymmetrical. The 2010 Euro-Mediterranean free trade zone would accelerate the new geography of the value chains in all sectors, with strong impacts in the Mediterranean cities of the European Union. More than the eastern peripheral parts of the Union, its southern ones would benefit from this change, although in some sectors such as fruits and vegetables, European Mediterranean rural areas would be harmed by the relocation of production to the southern shore. In the short run, the European economy would partly catch up with its Asian and American counterparts, although not on the high-tech basis of the Lisbon Strategy.

Nevertheless,

⁴ Politically, the initiative and the money come from Europe. Economically, the MEDA countries are highly dependent upon western European markets and investors, though they are not significant partners for European exports nor investments.

- the relocation of the environmental burden to the southern shore can only be a short-term solution. The ongoing telluric pollution of rivers for instance would increase the pollution of the Mediterranean. This would help the EU to fulfil its objective of CO2 reduction according to the Kyoto protocol, but it would in fact be a statistical illusion as it would simply mean transferring the burden to the other side of the Mediterranean without any progress on world scale (Grasland, 2001).
- The prominent policy of migration control will diminish the rise of the European Mediterranean rim. No change would occur in the European migration mix: the lowest levels of education are observed for migration towards Southwestern Europe, that is to say France, Italy, Spain and Portugal and the highest towards Northern Europe (Sweden, Norway, the UK, Ireland) and to a lesser degree towards Germany and Switzerland. In other words, the Mediterranean territories of Europe would not experience any in-depth advantage from this centre-periphery deal. The most probable evolution would be the increase of the departure of highly skilled people' from Africa, North Africa and the Middle East to North America, as it has been the case more and more during the last two decades (Fargues 2006). Aside from this highly skilled migration to America, the southern neighbouring countries (North Africa and Turkey) of Europe would still be "specialised" in low-skilled migration to Southern Europe.
- For the Mediterranean neighbouring countries, the brain drain would not be stopped, because the centre-periphery only offers medium-skilled new jobs to the developing peripheries. The elites would continue to leave for Northern Europe and North America. In the long run this would hamper the trans-Mediterranean networks. Moreover, the social problems of integration of southern immigrants in EU metropolitan areas would become worse. No doubt that in such a scenario xenophobia and racism would develop.
- The worst consequences could be obtained if EU were to try to use North African countries as gatekeepers against poor migrants from Sub-Saharan countries, in a context of increasing pressure induced by poverty, climate change and the reduction of water resources. The thousands of people who die trying to enter the Schengen Area would be nothing compared to the horror of what could happen in this scenario at the gates of the fortress Europe.

2.3. The "archipelago" view

The main political features

The essence of this view is the openness to global networks, free trade and deregulation, low European protection and decreasing subsidies. In this view, globalisation has overcome regionalisation, DG Trade has overcome DG Regio. European policies are dedicated to R&D rather than to regional policy or the Common Agricultural Policy. The only territorial policy promoted by the EU Commission would then be the TEN policy, but only for major spokes.

Here, the Lisbon Strategy is at the top of the agenda, the commercial leading goals are the rapidly growing markets of East Asia and in particular China. The main European partnership remains with North America, far from any Euromediterranean partnership. The European Neighbourhood Policy is strictly limited to the implementation of liberal reforms in the partner countries; the Euromediterranean free trade zone becomes a purely free-trade area, implying direct competition with North African economies (including agriculture) as well as with any other part of the world.

The geographical pattern is dominated by the networks. This is Manuel Castells' "space of flows" rather than "space of places"⁵, and the liberal (free-trade) scenario of Espon 3.2. Due to the foremost importance of capital flows, the prominent territory is the Global City (see Sassen 1991, 2002, GaWC Taylor (2005)'s works, Brunet & Dollfus (1990)'s metropolitan archipelago). Of course authors like Cattán (2004) or Veltz (1996) argue that the network is more important than the nodes themselves: what does really matter is not to measure the power of world cities, but rather the degree of inter-connectivity that they provide between different parts of the world and at different scales. Still, the multidirectional connection to world territories is the main feature of this archipelago view.

⁵ Several major works in economic history have stressed the importance of how contemporary territories interact through trade, migration and capital flows (Dillard 1967, Kenwood & Loughheed 1989, Pollard 1991, Castells 1996).

When it comes to migration, the picture is this: whereas the migrations of low-skilled workers follow the centre-periphery pattern, those of high-skilled workers are rather more closely aligned to the archipelago. Migration policy focuses on attracting international, highly skilled people, including those from the neighbouring countries - which means that the brain drain would increase dramatically. On the European side the strategy is contrariwise to reduce the emigration of researchers and young entrepreneurs, persuading them not to leave for North America.

The archipelago view has many territorial advantages:

- most of the major European cities become highly internationalized metropolitan areas. The top of the league is dominated by London and Paris, but many others become major gateway cities, connecting their country to the rest of the world (development of air flows, transnational corporation networks, financial services, international events such as fairs and congresses);
- western countries which benefit from such international metropolises (UK, France, northern Spain, northern Italy, Netherlands and Belgium, western and southern Germany), experience fast economic growth;
- the western large metropolises are more and more integrated in a top urban network, which increases their comparative advantage and nourishes growing profitable transport links between them.

It entails specific shortcomings though:

- the main one is the increase of territorial disparities in Europe: within Western Europe, in favor of the large metropolitan regions of the "pentagon"; in the eastern member states too, because the emphasis is on the capital cities. As a whole, and according to the *European Cities Monitor*, a survey realised each year on a sample of 500 managers of multinational firms (Cushman & Wakefield 2006), the ranking of European cities in terms of attractivity for international firms will not be strongly modified by EU enlargement, even if Budapest, Warsaw, Moscow and Prague can expect some relocations related to their comparative advantage in (i) cost of staff, (ii) value for money of office space and (iii) financial incentives. But when it comes to accessibility and infrastructure, most managers still prefer to locate in western cities or new emerging poles of the southern periphery like Barcelona.
- Quite rapidly, the eastern member states loose their competitive advantage due to the rise of salaries and costs in their capital cities. For example, the European Cities Monitor indicated in 2005 that 52% of the European firms were interested in a relocation into cities of the new member states of Eastern Europe, but they were only 43% in 2006. During the same time the project of relocation increased from 22% to 36 % for China, 22% to 30% for India and 21% to 28% for Eastern Europe countries outside the EU.
- But the degradation of the social, economic and environmental situation is especially damaging in the neighbouring countries. Eastern neighbours might benefit from the rising costs in the CEEC, but the bulk of European business abroad would rather target the remote large (America) and/or rapidly growing (East Asia) markets.
- The destabilisation would be dramatic in the Mediterranean neighbouring countries. The tough 2010 liberalisation of trade would have a terrible impact on their trade. The situation in agriculture would be particularly worrisome: highly protected products such as cereals would disappear in less than a decade, leaving millions of farmers without revenues (three quarters of Moroccan farmers grow cereals, with incredibly low productivity). The pressure for rural emigration - probably reinforced by climate change - would get to a critical level and raise the illegal dwellings in the large cities' suburbs, increasing unemployment and despair. The "push" factor for migration to Europe would be enhanced, but with little possibility for Europe to receive all those unskilled workers. To some extent, this rural-urban scenario could also apply in the Caucasus countries or Moldavia, where the necessary agricultural adjustment is huge. No regional policy would ever compensate for such a destabilisation.
- Many other sectors would be destabilised. In the logistics sector for example, European firms would gain major positions on the southern shore. Until now, there has been a striking contrast between the two shores: a modern and highly integrated system (North) contrasts with a scattered and highly corrupted one (South) which provides many revenues to many actors, but hampers the transport integration of the Euromed region and explain why it does not take advantage of its proximity to major markets. (Some ship coming from Asia deliver goods in Europe almost as rapidly as ship from South Mediterranean ports!) In a highly liberalised framework, this logistical integration would happen, but exclusively in favour of the large northern companies, provoking large job losses on the southern shore.

The actual crisis of textile in the northern and central regions of Tunisia is a good example of what could happen in the future in many sectors.

- The overall result would be the deepening of the divide between Europe and its neighbourhoods. The territorial consequences for the European peripheral territories would thus be negative in the long term: the growing destabilisation of the neighbours would harden the border, and get the future closer to the first, or "continent" scenario.
- The only neighbouring winner could well be Russia, since the oil and gas procurement would obey a purely commercial line. Europe would fail at breaking up the Russia-Algeria cartel in gas, because Europe would offer no valuable alternative strategy to Algeria.

3. A strategic vision of Europe in a world region

As we have said, each of the three views of Europe in the world covers a part of reality. This section tries to arrive at a positive synthesis and proposes a desirable and feasible vision of Europe that would imply the territorial assets of the three former views without their main shortcomings. This optimistic vision – one should rather say "volontaristic" vision which implies determined policies, in particular in the territorial fields – is based on the idea that Europe and its neighbours represent *one* major world region. This means that it considers the Neighbourhood Policy as the key policy to complement the Lisbon Strategy and to enhance all European territorial policies.

Such a vision is, indeed, embedded in the three dominant views of Europe in the world, but in some sort of a politically upgrading position:

- from the centre-periphery view, it rejects paternalism and asymmetry as a strategy; but it focuses on the reconnection between North and South, with an in-depth regulated relationship;
- From the archipelago view, it rejects the purely liberal aspect and the credo that territorial zones would no longer matter; but it accepts the openness of borders that would rather be hinges than barriers, since nodes are crucial for the connexion of territories, but not only at the global scale; and it stresses mobility of people – and not only capital, goods and services;
- from the continent view, it rejects the purely protective aspect, the geographical approach of "natural facts" or "for ever existing civilisation areas"; but it accepts the necessity of cohesion – this time enlarged to a new, wide definition of the region, and it takes the need for secured Russian and Arab-islamic territories – which implies a strong win-win connection between the core and its immediate neighbours (Mediterranean countries, Ukraine, Caucasus countries) and more distant ones (Sub-Saharan Countries, Central Asia).

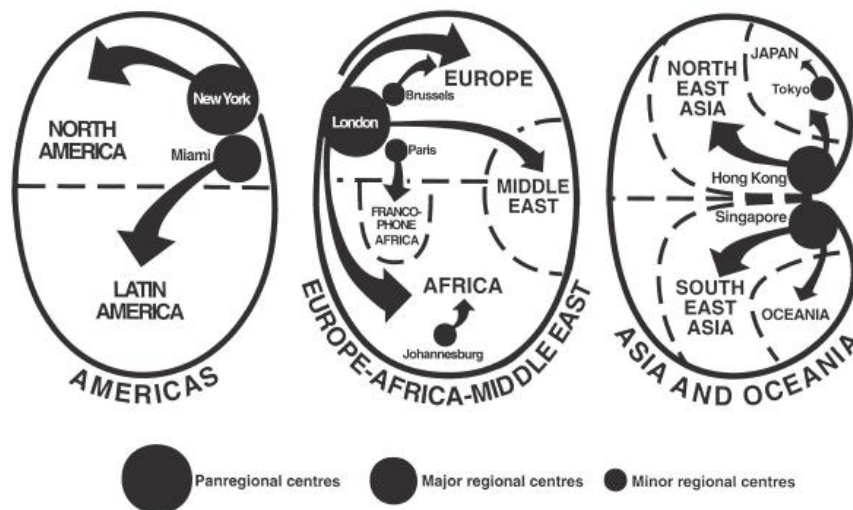
3.1. The need for new geographical categories

It becomes more and more obvious that we need a new definition of the world sub-regions. We had continents – but it is illusory to pretend that they would be natural facts even if they were representations of common sense shared by a majority of experts and policy makers in Europe (Espo 3.4.1.). In reality they are projections on the world map of the European vision of the world inherited from the medieval age (a unified world surrounded by an ocean and divided in three parts, Europe, Asia and Africa, a view itself inherited from the myth of the sons of Noah). The vocabulary is becoming more and more dubious; what, then, does the term "Asia" mean? Increasingly, in both statistical tables or in the newspapers, the "Middle East" (from a European point of view) is not in Asia, though, on occasion, Australia, which formally belongs to the Oceania continent, is (not absurd when considering economic regionalisation and Triad zones, but puzzling in a cultural approach). What is at stake here is the need to see the world in a more complex way than in terms of "continents". The model of global urban networks and the classic North-South world are insufficient to provide us with convincing geographical concepts that would help understand the place of Europe in the world and its territorial stakes.

Concerning the archipelago view for instance, our ESPON report has established that the European territory is certainly well connected to the rest of the world by six major gateway cities (London, Paris, Amsterdam, Frankfurt, Zurich and Madrid) but that it can also rely on external gateways which enable more specific connections with the neighbouring countries, in particular Istanbul, Tel Aviv, Dubai or Moscow. This means that between the global level and the national level, it is

possible and necessary to identify an intermediate situation of *regional* networks which are specifically able to organise subparts of the world and contribute to the development of the neighbourhoods. Miami plays this role of North-South connector in America. The situation might be less clear in Europe, since Madrid enables preferential connections with Latin America, Paris with North and West Africa, London with the Persian Gulf, Frankfurt with Central Asia, and Ljubljana with the former Yugoslavia, etc.; but this precisely proves that there is absolutely no contradiction between a network view and a regional view.

Figure 1: Regional world cities and their spheres of influence



Source: Taylor (2000)

A major outcome of our report for the practice of European policy-makers has been the introduction of a supplementary level in the form of a "3-level approach" which has been elaborated by ESPON: Europe, whatever its delimitation, is indeed not an isolated system; the global level should always be taken into account in order to obtain a complete view of the territorial stakes; last but not least, the region that encompasses Europe has to be taken into account if one wants to give to the "neighbourhood" its geographically accurate meaning. It is important to stress the growing importance of this *regional level* at both the world and the European scales.

But when it comes to the geographic definition of regions, the problem is that many divisions of the world in "regions" (clusters of states) are actually used by international organisations, be they private (transnational firms) or public (UN agencies etc). This makes it impossible to use any of them as a reference point. We have therefore produced a tool that is an elaboration of a harmonised hierarchical system of the world called WUTS, for World Unified Territorial System. Our division of the world into regions is based on four groups of criteria: mental representation (how firms, associations, governments usually divide the world); accessibility (morphologic distribution of land, population and wealth); homogeneity (structural division of the world according to levels of economic and social development); and interactions (functional organisation of trade and air transport flows). This proposal is organised into five hierarchical levels, from the state level (WUTS 5) to the world level (WUTS 0).

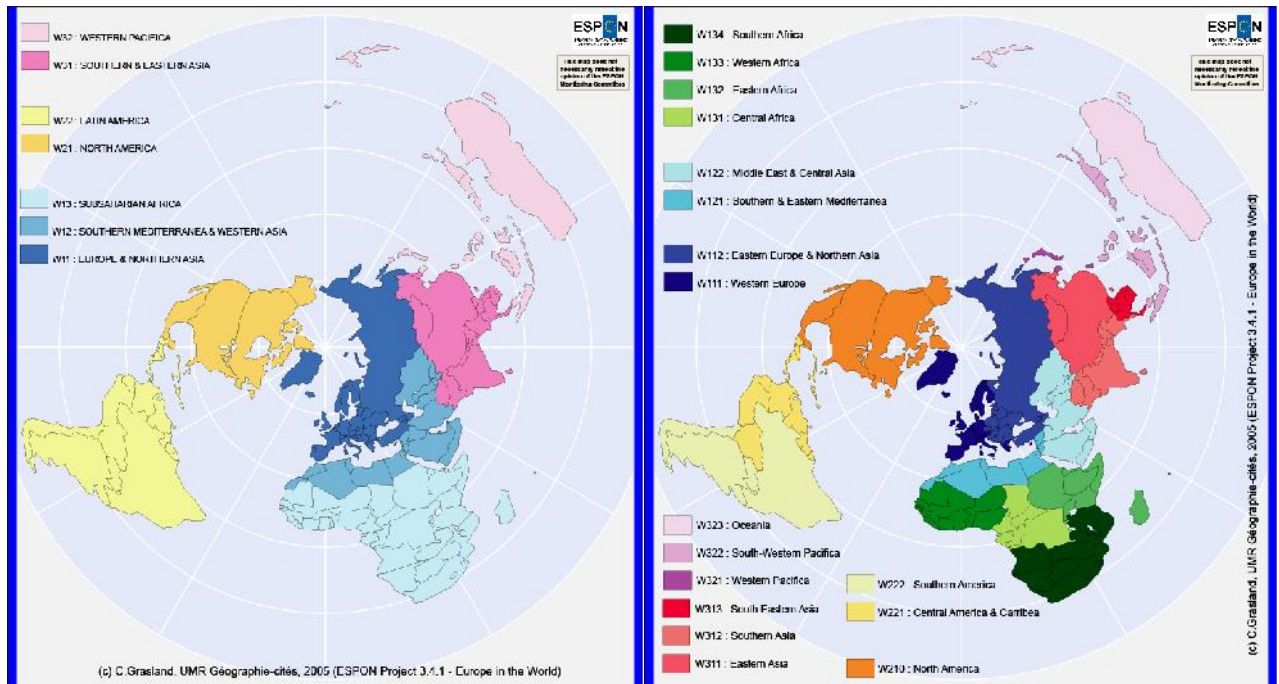
As a result, at the first comprehensive level (WUTS 0) Europe, the Russian world, the eastern and southern neighbours of Europe as well as Africa constitute one region; the two others are America, and South & East Asia. More detailed levels (WUTS 2 and 3, map 6) highlight the specificity of the neighbours with regard to Europe (see also Europe's area of influence on map 8). Clearly, a large European region, *encompassing industrialised countries and developing countries*, appears, just like other "North-South Regions" in East Asia and North America (*including Mexico*, which fits in with current analyses of the country by international investors who nowadays regard it as a "northern" country since FDIs are guaranteed and access to US markets is easy⁶).

The new design of the European region (neighbourhood included) conformed to the analysis of spatial discontinuities. In terms of GDP per capita, literacy and life expectancy, spatial transitions

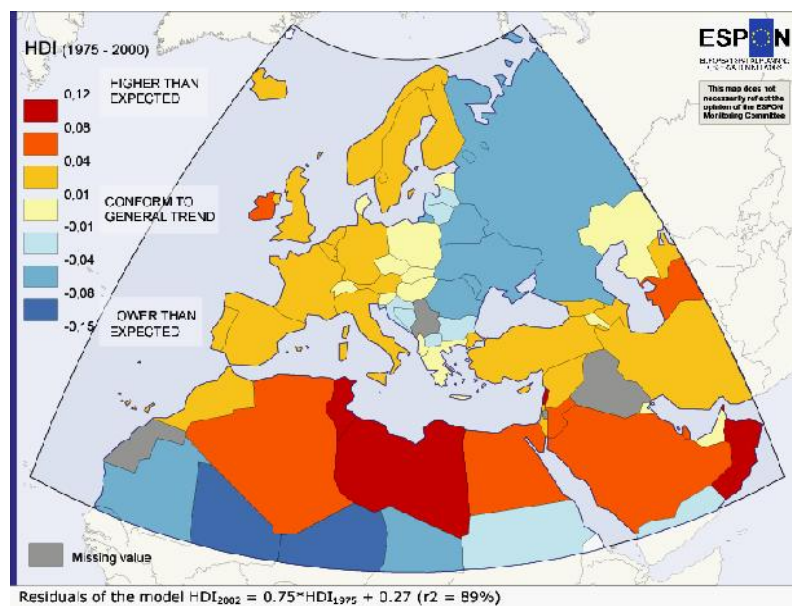
⁶ since the beginning of the NAFTA agreement, Mexico has significantly increased its exports to the USA (and even to Canada), and has now a positive trade balance.

between Western Europe and its peripheries show a regular gradient in the easterly direction. Southward, there is a double line of discontinuity, one on the Mediterranean Sea and the other on the Sahara; but clearly, the main and growing discontinuity is nowadays between North Africa and Sub-Saharan Africa, which defines the Maghreb as a "buffer area" with regard to Europe (map 7). It is important to specify that the WUTS system is a technical tool elaborated by members of the EU for members of the EU, and not a universal proposal like could a division elaborated by the UN. Having this in mind, we can compare the WUTS system to the Civilisations of Huntington or the "Greater Middle East", which are equivalent tools elaborated by USA for the production of their own vision of the world.

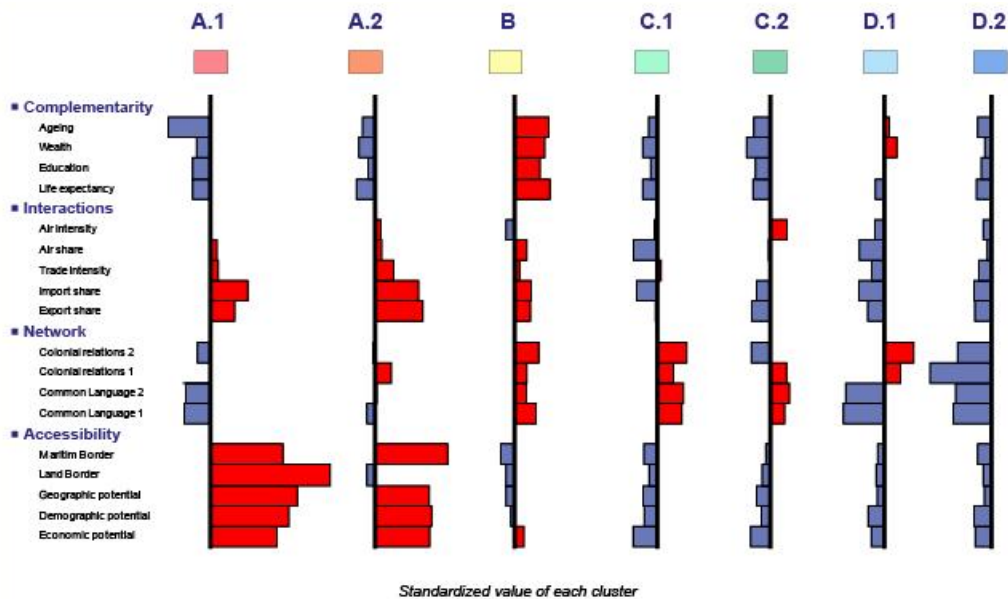
Map 6: The World in 7 macro regions (WUTS2) and 17 meso regions (WUTS3)



Map 7: Diffusion of human development in the Euro-Mediterranean countries between 1975 and 2000



Map 8 : Typology of Europe's influence in the world
Europe's Area of influence in the Espon 3.4.1. report



A cluster analysis was applied to the 18 variables in order to define synthetic types of relation between Europe and the rest of the World. This analysis reveals four main types of European external relations.

Type B: Responsibility: gathers together the states for which Europe has significant responsibility for their future development, primarily because of Europe's historical responsibility for colonisation and the exploitation of African countries.

Type C: Opportunity: gathers together large emerging countries (namely India and Brazil) located far from Europe but sharing a common language or history. They could potentially be very close allies.

Type D: Challenge: highlights those countries which Europe is less able to influence or to easily develop cooperative relations because of differences in language, geographical distance, or the weakness of historical relations (South East and East Asia).

Type A: Functional Integration (North-South regions): concerns the states localised in the immediate neighbourhood of Europe whose trade and air relations are strongly polarised by Europe.

Source: Grasland, C., in Espon (2006)

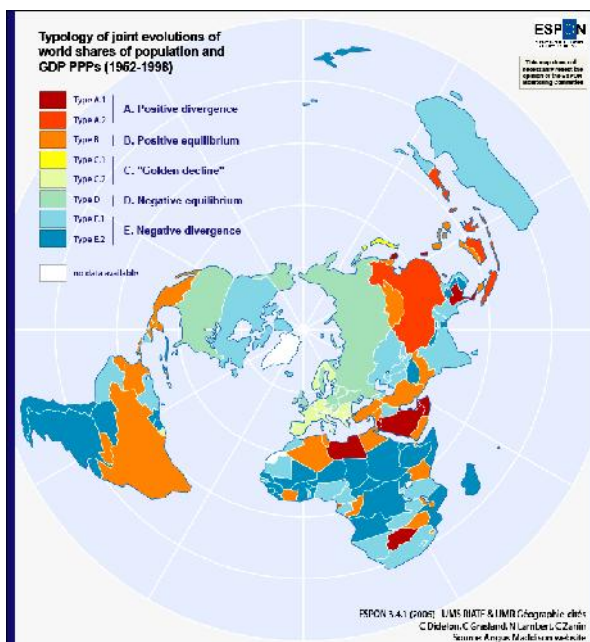
3.2. The rise of "North-South Regions"

Firms find many interests in locating in remote but dynamic areas. But they also find it very convenient to "near-shore". In this respect, the process of building European is one of the numerous regional processes that are being energised by globalisation. The strategic advantages of proximity are all the more increasing, and so do oil price rises and transportation costs. As a result, regional trade agreements have multiplied during the last decade. One of their major characteristics of these processes is that they encompass both North and South. Deblock & Regnault say (2006) that they reconnect North and South, after the large disconnection due to the end of colonialism and the Cold War in the second half of the 20th century. Such a reconnection, by the way, is the reason why UNCTAD now pleads for regionalism (Mashayekhi 2005⁷), seen as a positive interface vis-à-vis globalisation.

In our ESPON report, the use of Maddison's data base has allowed us to give a comprehensive view of this new North-South geographical set. As the scale of exchanges increases, it is very useful to enlarge the time scope of analysis in order to understand the basic trends of the North-South issue. The 1950-2000 analysis of GDP and population cartography shows the decreasing share of rich countries. But the developing states located in their immediate periphery have generally experienced the reverse evolution, with a parallel increase of their share of population and GDP in the world. Even if their GDP per capita did not necessarily increase more quickly than the rest of the world, their economic and demographic size has clearly grown. The states in this situation form a Golden Ring of growth from Mexico to Brazil, North Africa, the Middle East and Southeast Asia. It is generally only in the deep peripheries, located at longer distance away from the Triad, that the worse situation of an increase in the share of population and a decrease of the share of GDP has become manifest.

The southern Mediterranean countries happen to be actually in the most favourable demographic situation for economic development, with a good proportion of young adults with relatively high life expectancies and a stable fertility rate, which means not too many children nor too many old persons to look after. This moment in history where a country has its maximum proportion of active population provides a unique opportunity, both for these countries and for the EU.

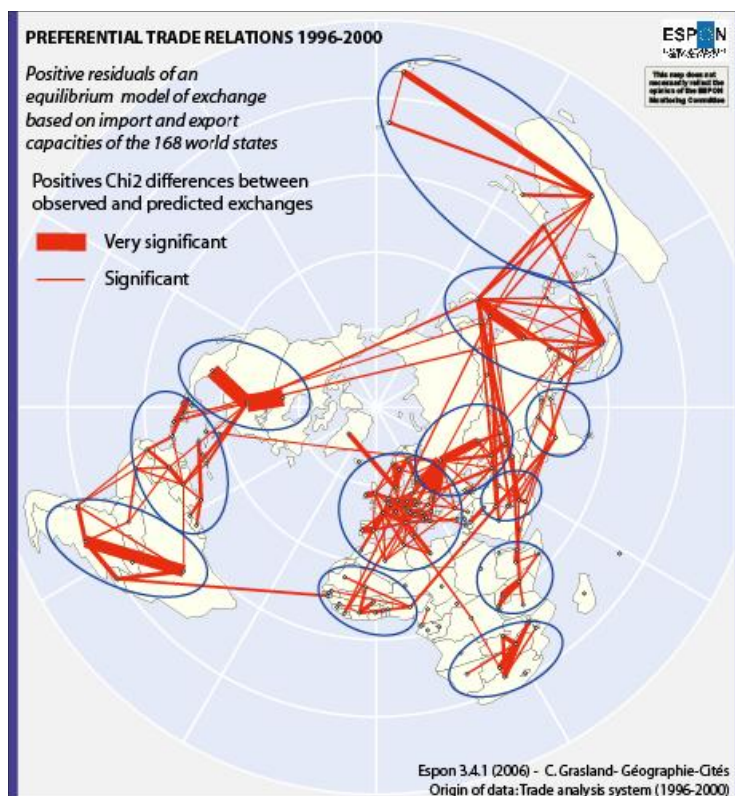
Map 9: Joint evolution of the share of the world population and GDP (PPS) from 1950-54 to 1996-2000



⁷ There have been ancient and controversial debates among economists about globalisation and regionalisation. From now on, Unctad is in favour of the latter because the insertion of developing countries and the reconnection between North and South, are more easily made through regions than through a unique global regulation, or through simple bilateral agreements in which the balance of power mostly favours the North. Regions are not fortresses that divert or hamper free trade (open regionalism thesis). As GATT and then WTO's rule allows it, regions are often the necessary step for developing countries to enter the international trade.

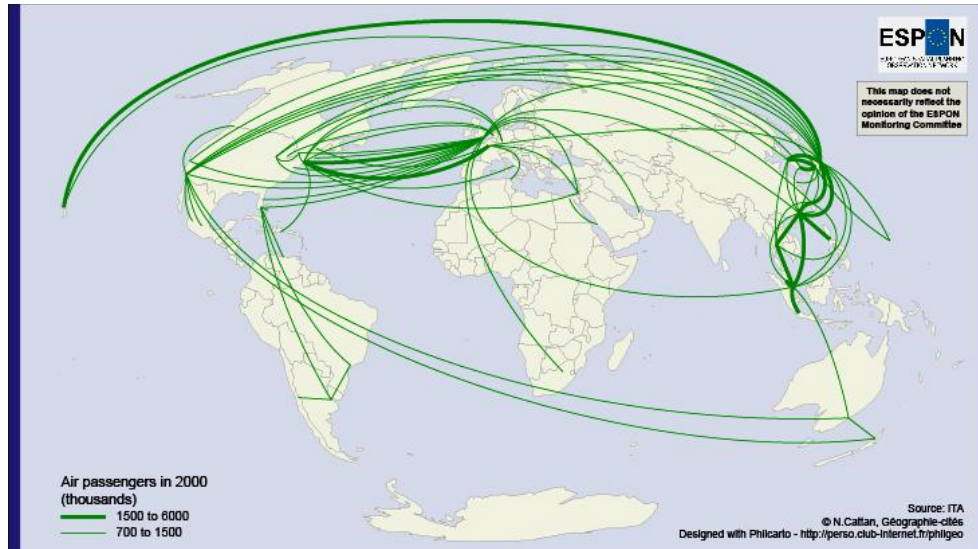
North-South Regions have four assets. The first one is economic. Firms, whether they are small or transnational, need a regional stable location based on partnership, because they have to deal with the uncertainty and the challenges of globalisation. International trade (map 10) increases faster within the regions than with the rest of the world; growing populations live on both sides of the borders between two countries. In East Asia, Chinese traders' networks have been reinforced since the 1990s. In the Mediterranean Area, migrant workers send more than 8 billion euros every year from Europe to the Maghreb country where they come from. Every day, two million Mexicans legally cross the border between Mexico and the United States. The North-South regions are the winning territories of globalisation (Michalet 2004). This is mainly because they benefit from the complementarities between capital and technology on the one hand and a large labour force and booming markets on the other. Martine Azuelos (2004) has showed it for America, Christian Taillard (2004) for East Asia.

Map 10 : Regionalisation of the World based on trade flows 1996-2000



All things being equal in terms of economic size, some states develop clear regional preferences which are revealed by the map of positive residuals. Omitting distance in this interaction model helps to reveal how the cost of transportation and other types of historical and cultural proximities influence trade relations between states. At least 12 integrated trade regions can be derived from this analysis, some with clear limits (e.g. southern Africa) but the majority with overlaps, as in the case of the Euro-Mediterranean area, which in 1996-2000, clearly crosses the area of preferential relations with Russia in eastern Europe. From these regional preferences, the map also reveals a few long distance preferential trade relations, especially in the case of relations between the USA and eastern Asia. But above all it shows that the main economic regions in the world encompass industrialised and developing countries (Canada / USA / Mexico; Japan / China / Tigers / Asean; Europe / Mediterranean countries).

Map 11: Major International air flows (intra-EU flows excluded)



Focusing on the connections between Europe and the rest of the world, and considering the EU as one entity (i.e. excluding intra-EU traffic), one can point out that several regional connections emerge, as for example between Buenos Aires and Santiago and Sao Paulo on the one hand and between Mexican cities and Los Angeles on the other. This means that several integration processes at the regional level are actively engaged in these territorial integration processes at the global level. Source: Cattán in ESPON 3.4.1 (2006)

The second asset is political: the regional scale has certainly become the best chance for a North-South international regulations. The need to re-regulate the world economy is an important driving force in response to the excesses of the era of borderless footloose capitalism. Of course some rules have been implemented at the global scale such as those on trade (WTO). However, the failure of the WTO's Cancun meeting concerning the Doha round (making development and free trade compatible) and the Millennium Goals, the failure of the Kyoto Agenda and the lack of common global legislation on labour or public health show how difficult it is to regulate the wide world. For example, Grasland (2001) argues that the reduction of CO² is impossible with an international approach (where each state defends its own interest) and suggests the organisation of three regional agencies mixing developed and developing countries according to the WUTS1 division of the world. The regional scale can be seen as more relevant for the introduction of new public policies, due to the complementarities between the national economies concerned, common environmental stakes (pollution of rivers, seas and air), shared cultural values – or at least an understanding of each other's cultural values, historical links, migratory flows, and any other assets important in creating win-win co-development.

This is why regional trade agreements have multiplied worldwide in the last fifteen years, and why existing agreements have been re-invigorated with new environmental or social concerns. As demonstrated by the French economist J.M. Siroën (2000), the debate over the economic benefits of multilateralism and regionalisation at world scale is a false one because both forms of global integration are in fact complementary. What is really important is not the liberalisation of trade (which is not an objective in itself) but rather *"the question of defining the scale where public goods and services can be produced the most efficiently according to the cost and the preferences of societies for certain specific characteristics which are often associated with geographical territories."* The European reader will easily recognize the principle of *subsidiarity* here which is the basis for the political organisation of the European Union.

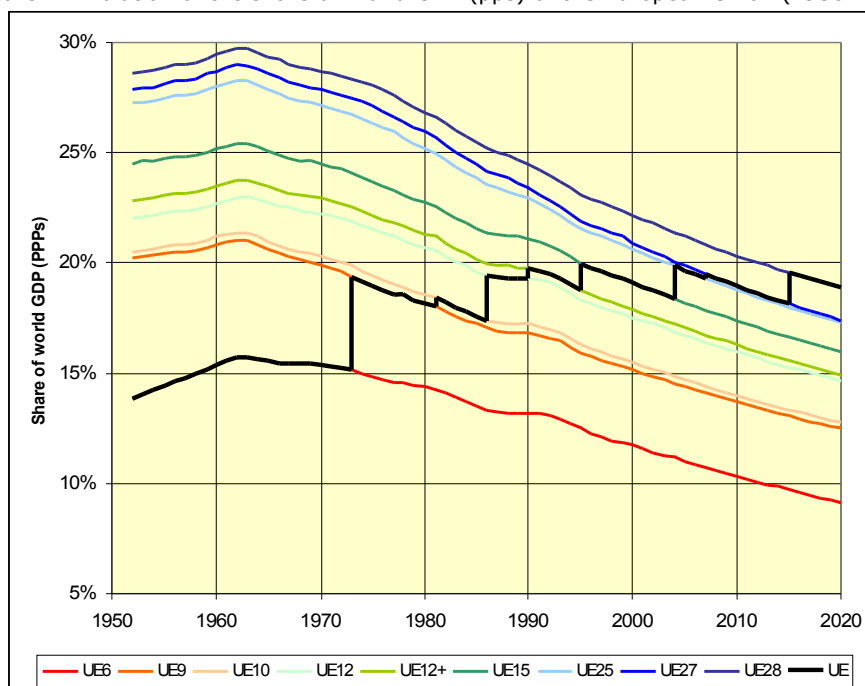
The third asset is cultural: it is more relevant to define collective preferences on this regional scale than on a global one. The fourth asset is geopolitical: regionalisation is the best and maybe the only way to impose multilateralism on the United States, because they would have to deal with strong European and Asian regions, and because these regions promote a more regulated liberalism than the one found in NAFTA – even if this North American liberalism is not as "pure" as Europeans may think...

3.3. North-South regionalism and European economic stakes

This notion of "region" is thus a key territorial, economical and analytical issue. It is of utmost importance to distinguish between the two geographical notions of "Europe". (i) The first notion is the institutional one. "Europe" means the EU. Its borders are established, not necessarily forever (the Western Balkans will enter one day and perhaps Turkey), but at any time they are precisely defined. (ii) The second one is what we may call the functional "Europe." This means the Euro-Mediterranean (Euro-Africa in a wider sense) which is the socio-economic region in which Europe is embedded. Its geography is unclear; its borders vary according to the index one uses (very large when it comes to commercial trade, less so when it comes to pollution of the sea). But in any case its dimension is broader than the institutional definition of the EU. The geographical difference between the two definitions is the "neighbourhood".

Compared to that of eastern neighbours, the potential demographic and economic dynamism of the North African and Middle Eastern countries is a major opportunity for Europe, the harvesting of which probably provides the only possible way of maintaining its position as a global actor. The share of population and GDP of Europe at world scale decreased between 1950 and 2004. During this period however, although this structural decline continued, it was always counterbalanced by the dynamics of EU enlargement. The question is: what will happen once enlargement is over?

Figure 1. Evolution of the share of World GDP (pps) of the European Union (1950-2020)



Source: Grasland (2006)

The response is: European Neighbourhood Policy. But, if this policy were to be the continuation of the asymmetric Barcelona process, if the major part of the European Neighbourhood financial instrument were to go to the eastern neighbours, if European firms keep on targeting Eastern Europe and remote developing countries rather than this enormous potential of the Mediterranean markets, and if the Arab countries refrain to speed up their very necessary reforms, the two shores of the Mediterranean will have missed the opportunity of a North-South reconnection that should be further completed by an equivalent connection between the northern and southern shores of Sahara.

If Europe and its neighbours were as economically integrated as Japan and the other Asian countries around it, the growth of EU's GDP would be 0.5 points higher, and that of France's GDP 0.75 points. The studies of the Cercle des Economistes (Chevalier 2003) and IFRI (Colombani 2002) have shown that, up to 2050, there is only one scenario in which Europe catches up with North America and East Asia: the scenario of south- and eastward regional integration. Moreover, this is the only scenario in which Europe's neighbours develop significantly. Almost all of the

Mediterranean neighbours face high rates of structural unemployment, due to their economic structures, their lack of economic reform, the need to modernise their agricultural systems which will have severe effects on employment, and the persistence of numerous internal and external conflicts. In addition, they also face growing competition from other developing countries (e.g. the entrance of China into the WTO, and the dismantling of import quotas in the textile industry). They dearly need a strong partnership with Europe.

The EU has a vital role to play here. Firstly, the EU must help its neighbours to create a reliable legal background for investments in order to help with the creation of the urgently needed thousands of jobs. Otherwise, a continuing flow of undocumented immigrants will turn Europe's borders into ramparts. Secondly, the EU will increasingly need labour force recruits in order to compensate for its demographic decline and shortage of labour documented by de Abreu elsewhere in this set of papers. This labour force could in large part be taken from the neighbouring countries. The lack of a common policy framework, particularly in respect of teacher training, prevents the southern neighbours from tackling the huge increase in new students that it is confronted with.

This takes us to a political issue: that of the philosophy of regional integration. The European states have a crucial choice to make between (i) remaining a continental integrated area based on homogeneity: gathering together comparable countries, with cohesion as the main goal, through a process promoted mainly by states through public policies - what could be called "convergence regionalism". And (ii) building a more ambitious entity with the southern and eastern Mediterranean countries: a "North-South regionalism" gathering together uneven countries, with economic growth as the main goal, through a process promoted by firms, e.g. NAFTE or "ASEAN Plus Three" (Japan, South Korea, China)⁸. Needless to say that this second pattern of regionalisation presents much better economic results than the first one.

3.4. Political stakes

Security issues and the fear of terrorism have come to preoccupy the Barcelona process which was initially based on a much wider vision of joint economic, social, ecological and cultural development on both sides of the Mediterranean. In the short term, and out of any moral consideration, any "bunker-continent" or "center-periphery" strategy could appear realistic for an economically declining and demographically ageing Europe. In reality, this construction of an island of prosperity surrounded by oceans of poverty would have tragic consequences:

- migrations have never been stopped by borders when wealth differentials are greater than 1 to 5. In such a scenario, the European Union would be obliged to invest more and more in the military control of its southern border. In a context of limited economic growth, this policy option will necessarily imply limiting EU budget allocations to other objectives like social cohesion, sustainable development or R&D;
- the developing states of the southern shore of the Mediterranean will never agree to the proposal of being simple gatekeepers for the European Union against the poorest societies of Sub-Saharan Africa. They could therefore develop partnerships with other parts of the world like the United States (its Great Middle East project) or China, instead of being allied to Europe and would become competitors in Europe's immediate neighbourhood;
- the integration of immigrants from the southern shore of the Mediterranean would be profoundly affected by the limitation on travel and family reunification, multiplying the problems in Europe's inner cities and suburban 'ghettos'. Conversely, tourism flows and the retirement of European people to southern countries would be dramatically affected by the degradation of political relations, producing increasing economic and ecological pressure on the coastal areas of the northern shore of the Mediterranean;
- the psychological climate of the European Union would be affected by the climate of fear and guilt produced by Europe's isolation from the poorest people of Africa. The universal dimension of the European project would be seen as hypocritical. Moreover, this global degradation of the international image of Europe could have significant negative political consequences.

3.5. Territorial stakes

⁸ The December 2005 Kuala Lumpur Summit enhanced the notion of an "East Asian Region" or "ASEAN Plus Five" since Australia and New Zealand attended the Summit and discussed their participation.

This regulated regional vision has an important territorial side (see Beckouche & Richard 2005):

- the European region (that is Europe + neighbours, we say "European" region because Europe represents 50 to 80% of any economic and social exchanges for the non European countries of the region) should become a reference in the regulation of agricultural or energy (gas and electricity) markets. For the latter this means that the – slow and difficult – regulation of the European market should right away *encompass* the southern neighbours, the facilities of which are very compatible with those of Western Europe (contrarily to eastern new member states), and some of which have strategic energy resources. For the former (agriculture) this means that Europe and its neighbours should negotiate a regional set of regulations with the WTO, for example through a regional label for Mediterranean products, maybe even through a regional tariff in order to protect and promote the modernisation of agriculture on the southern shore during the period of transition.

Regional regulation. The case of Mediterranean agriculture

One of the most relevant examples of the need for a win-win regional production and regulation process is agriculture and the food industry. The current situation is suboptimal. Some typically southern products such as citrus fruits or olive trees are also produced along the northern shore, whilst some typically northern products such as wheat are produced on the southern shore. In Morocco, 1.3 out of the 1.4 million agricultural farms produce wheat, most with incredibly low productivity and small profit margins. The inescapable downsizing of agricultural subsidies, on both shores of the Mediterranean, will see this situation progressively worsen. The winner however will be neither the northern nor the southern shore, but rather Chile, Australia or California, all of which are industrializing their food production industries. What has to be done then is a rational re-location of production within the Euro-Mediterranean area, the development of the food industry related to these products on the southern shore, and the common promotion of regional Mediterranean products.

Actual trends as well as possible common responses to the challenging nature of international competition will have an increasing impact on the rural areas of both shores of the Mediterranean. Highlighting the necessity of an overall regional view would help in the modernization of the Common Agricultural Policy, especially its second pillar (rural development) in the framework of the ENP.

- The ENP should manage this transition time in order to prepare the liberalisation of the 2010 (in fact probably rather 2013 because the agreements between EU and the neighbours entail transitional periods) free trade zone. In 2013 either the southern Mediterranean countries will have given up free trade agreements with Europe, so that the Mediterranean will become an actual barrier for a long time to come – and the "continent" view will have won. Or they will have accepted the rough free trade that the ongoing negotiations are promoting, and the "archipelago" will have won. In both case, this kind of partnership will be unlikely to avoid the destabilisation of the South and therefore of the whole region. Alternatively, a genuine regional regulation will have been implemented in order both to allow an effective transition period for the southern shore and to deepen the partnerships between North and South.
- A policy of networking the common regional Euro-Mediterranean territory would be implemented: gas and electricity, but also transports and logistics, telecom, an Euromed postal network, an Euromed financial space (under way thanks to the European Investment Bank), a common structure of diplomas in order to promote the mobility of the skilled people.
- Common policies would regulate regional public goods. In particular, several environmental issues have a regional dimension. These include the pollution of common seas (Black and Mediterranean Sea, the pollution of which was one of the main issues of the November 2005 Barcelona Summit); air pollution, nuclear risks relating to the maintenance of the antiquated power-plants in the East, the expectation of new ones (Russia on the Black Sea's coast) and the potential building of new plants in the Mediterranean (potentially in Turkey, Egypt and Algeria after 2010).
- Balanced relocation of the value chain between North and South would enhance the competitive advantage of the complementary and neighbouring territories, especially if the

price of oil remains high and limits the comparative advantage of long-distance trade (Cf. the different scenarios of an oil crisis presented in the ESPON project 3.2).

- Mobility of the elites, of other workers and students would be promoted, so that the fourth freedoms of the ENP, that of the circulation of people⁹, could ultimately be met, instead of a brain drain. For what the people in the southern shore want is *not* to emigrate to Europe, what they want is to have easy opportunities to go there and come back as often as necessary.

3.5. Territorial impacts

This wide regional vision would undoubtedly have very positive impacts on demography and the economy overall, as well as specific territorial impacts:

- The main one would of course be the rise of the peripheral parts of the EU's territory, eastward (and not only in capital cities) and mostly southward.
- The networking of the Euromed space would give a gateway function to many ports and cities on both shores of the Mediterranean rim. Many partnerships, such as decentralised cooperation, between actors of North and South would be facilitated, enhancing mobility, the way of life and of work astride the two shores.
- The regional integration of the Western Balkans and Turkey would be facilitated.
- The role of North Africa as an interface between Europe and Sub-Saharan Africa would be fostered. Maghreb would no longer be a buffer state, but a true interface.

4. Conclusion about policies: the role of territories in the Euromediterranean economic development implies coordination between DG Relex and DG Regio

4.1. Four principles of common action

Throughout its Action Plans with each of the Mediterranean partners, the ENP promotes the four freedoms. As we explained, they are necessary but not sufficient: four principles of common action have to be added to this motto:

- the *solidarity* with the southern shore of the Mediterranean (and over a longer time span with Sub-Saharan Africa) in order to prevent any outburst of social unrest: aid for the building of dwellings and for setting up basic services where they are lacking; aid to manage a transition for the rural space in order to avoid the dramatic consequences that a crude liberalisation of agricultural trade could have on migrations. Several European policies should be expanded to the Mediterranean Partner Countries: the EU's Rural Development policy should be extended to the southern rural space providing essential services, improving competitiveness, protecting the environment and introducing locally based bottom-up approaches (a "Leader Med" has already been prepared by EU and Arab countries). By the way, combining the CAP and the ENP would certainly be the best way to avoid a rapid decline of the CAP, the legitimacy of which is at stake; Europeans as well as the WTO would certainly not like to extend this policy after 2013 – but they could accept it, if it were associated to a North-South integration policy. In urban and regional areas, the tools of the European regional policy could be profitably used. The example of Turkey shows that the neighbouring countries can very actively adopt the philosophy and methods of European territorial policies when there is a strong European commitment. This commitment consists in money of course, but essentially in methods and political involvement. Indeed, there is a lot of money in these countries; every year, billions of Euros cross the Mediterranean to be invested in Europe since there are no local reliable opportunities. The ongoing project of a Euro-Mediterranean financial space could very well create the conditions for secured and reliable investment on the southern shore. The Persian Gulf could appear in this scheme as a complementary partner rather than a competitor of the European Union for investments. The idea is to make such investments in local development projects.

⁹ Some analysts already figure out how to set the Shengen line... on the Sahara.

- The creation of *meshing networks* over the greater regional territory: the development of banking services connecting the two shores, integrated transport and electricity networks, a well-connected transmediterranean urban system, and compatible patterns of higher education's degrees in order to promote mobility. The related European policies here are the TENs which have begun to be studied at an Euro-Mediterranean scale (see for instance the EIB working group on Euromed transport and logistics). The Bologna process is at stake too, as the recent Tarragona Declaration by the Universities willing to actually create the Euromed higher education & research space shows. Other common policies should take a Euromed path, namely the regulation of gas and electricity markets - discussions on those topics have begun in 2003 between the EU and the MPC.
- The North-South economic *complementary*: a better sharing of the value chain in agriculture and manufacturing or services, after a pattern developing in East Asia and North America; cross investment between firms of the North and the South in order to restore enduring mutual confidence. No European policy is involved here, since this concerns firms. But the EU has a main role to play in enhancing this industrial cooperation as a key component of the Lisbon Strategy. The EU should say clearly that, if Europe wants to cope with the USA and Japan, it has to embrace the North-South regionalism that allows them to surpass us.
- The *common interest in regional public goods*: promotion of democracy, common agreement to promote regional regulation and tariffs vis-à-vis the WTO and the World Bank, and the fight against air and sea pollution. In the framework of the European Sustainable Strategy launched in 2004, the EU has initiated common actions in the field of the environment (for instance the "2020 Horizon" for the de-pollution of the Mediterranean coordinates the various plans developed by bordering countries, UNEP and the Global Environment Fund). The overall stake here concern the negotiations with WTO and the way the EU would consider Euromed as its reference regional area.

The Euromed free trade zone between the EU and the Mediterranean Partners Countries will come into force in 2010 - more probably in fact by 2012 or 2013. Then, either the southern Mediterranean countries will have given up free trade agreements with Europe, and the Mediterranean will thus become the true frontier that fits in with Samuel Huntington's bunker-continental view concerning the relationship between Europe and the Arab-Muslim world. Or they will have adopted the unmitigated free trade that the ongoing negotiations are promoting, but then this kind of partnership will be unlikely to avoid the destabilisation of the South and therefore of the whole region. Alternatively, public policies and a real regional regulation will have been implemented in order both to allow a transition period for the southern shore and to deepen the partnerships between North and South.

4.2. The need for crossing DG Relex and DG Regio

These European policies expanded southwards deal very much with territories, for many reasons:

- efficient local territories are nowadays a genuine factor of production. Therefore territorial action is necessary to enhance the economic development of the Euromed countries. By enhancing the local dimension of ENP projects with a strong commitment from local public and private actors, the EU could more easily monitor the implementation of projects and make regular evaluations, using a similar system to that used in the context of European regional policy.
- Many social issues in the South cannot be met without taking the local territories into account, were it in rural areas or in informal urban suburbs;
- The promotion of local actors is a key means for democratising the South. The promotion of local projects is one way in which to encourage decentralisation in neighbouring countries, which happens to be poorly developed. Although expectations of immediate changes to the political organisation of these countries' local structures are unrealistic, the initiation of such a process could, ultimately, improve their development and the efficiency of cross-border cooperation programmes. Decentralised cooperation and cooperation between NGOs of the two shores of the Mediterranean are today's best ways to build an in-depth North-South regionalism.

- Last but not least there is a need for coordination of these various territorial actions, be it at the local or at the regional level.

That is why DG Regio should have a prominent role here: its methods for local development have proved efficient; its connexion to local actors and especially to European regional councils would facilitate their involvement in the Euromed region; its know-how of drawing overall regional strategies is very useful because the region needs a comprehensive vision of the Euro-Mediterranean territory – which certainly neither the bilateral Action Plans nor the ENP's four freedoms meet. The EU's Territorial Agenda should point the way to an "Euro-Mediterranean or Euro-African Spatial Development Perspective".

Our geographical analysis shows: how important the ENP is to fulfil the goals of the Lisbon strategy (we do not believe that the "continent" view of Europe could be a relevant vision for Europe); how necessary it is to enhance territorial projects within the ENP if one wants to avoid a rough confrontation between the two shores of the Mediterranean (the "centre-periphery" view); how obvious it is that regional territories matter, that a purely hub-and-spokes pattern cannot meet the needs of sustainable development (the "archipelago" view), that globalisation does not mean the abolition of borders but rather the reallocation of national borders to an upper scale which is that of the world region¹⁰. Therefore it also shows how relevant it is to have strong coordination of Euro-Mediterranean territorial policies. Indeed, from the very beginning cross-cutting actions and budgets of DG Relex, which is actually in charge of the ENP, and DG Regio should be boosted, in the interest of a European *region's* policy.

4.3. Fifty years ago ...

On the 4th of July 2005, the president of the European Commission was invited to the opening session of the African Union Assembly. In a declaration entitled "From Schuman to Sirte: a tale of two unions" (Barosso 2005), he drew a parallel between the story of European and African Union,

Let me start with an affirmation about the organisation of a continent.

The contribution which an organized and living Africa can bring to civilization is indispensable to the maintenance of peaceful relations...Africa will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity.

If this sounds vaguely familiar to you, you shouldn't be surprised. Replace 'Africa' with 'Europe', and you have the famous Schuman Declaration of 9 May 1950. This set in motion an unprecedented period of integration and co-operation which has delivered 50 years of peace and prosperity on my continent.

At first glance, the discourse was full of ambition, as the President of the Commission continues the speech with a generous proposal of partnership or a pact between both sides of the Mediterranean ...

Regional integration has transformed - is transforming - the face of both Africa and Europe. But it has also altered our relationship. Today, we can, we must, do more to put in place a new and solid political partnership between an enlarged Europe and a re-emerging Africa. Today, in this city which has come to symbolize the ideal of African unity, I call on you to elaborate with your European partners on the other side of the Mediterranean an ambitious Euro-Africa Pact.

A Pact that should reassess the principles and values that govern our relationship. Equality, true ownership and dialogue should replace guilt or charity as the determining features of our partnership.

But the devil is in the details ... Looking more closely at the speech of Mr Barosso shows clearly that the real message was the net affirmation of a continental vision which separates definitively the destiny of both shore of the Mediterranean. Let Africans follow their own path of development means in this case that they should cease all hope for more than a friendly partnership with Europe based on a clear division in continents, which is not so far from Huntington's point of view on

¹⁰ See Krugman (2004): "Distance matters a lot, though possibly less than it did before modern telecommunications. Borders also matter a lot, though possibly less than they did before free trade agreements. The spaceless, borderless world is still a Platonic ideal, a long way from coming into existence".

civilisations. A few weeks after the speech of Mr Barroso, the European Union had the opportunity to prove the reality of its "Pact" to Sub-Saharan immigrants waiting outside the gates of Europe around the Spanish enclave of Melilla on African soil. As explained by Faludi (2006):

In late-September 2005, an estimated one thousand of them scaled the three-meter wall surrounding it, with three hundred making it to Spanish – and thus European – territory where they enjoy a degree of protection under international law. In subsequent nights, the police was on the alert, and there were ugly scenes and even uglier ones when Moroccan authorities called upon to co-operate relocated would-be refugees to the Sahara Desert. Another surreal answer was to increase the height of the walls surrounding Melilla to six meters...

If the President of the European Commission had better read the famous declaration of Robert Schuman, he could have noticed this small but very crucial sentence where he explains what could be a better use of European prosperity:

With increased resources Europe will be able to pursue the achievement of one of its essential tasks, namely, the development of the African continent.

Of course, it is true that R. Schuman was also speaking about a "continent", like J.M. Barosso. And, of course, we cannot ignore the context of the colonial crisis that existed at this moment of history which makes different and contradictory interpretations of Schuman's sentence possible. But we strongly support the assumption that the man who declared that "World peace cannot be safeguarded without the making of creative efforts proportionate to the dangers which threaten it" would certainly not have supported the morbid vision of civilisations held by Huntington, neither the soft variant of "continent" which is actually dominating European debate.

The long-term impetus that Schuman's Plan gave to Europe relies precisely on the fact that it appeared extremely ambitious and – according to many observer at the time – unrealistic. As quoted by Mark Twain : *they did not know it was impossible so they managed to do it.*

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APPENDIX: NORTH SOUTH PARTNERSHIP & THE EU COMMISSION.

SPEECH/02/619 - Romano Prodi- President of the European Commission A Wider Europe - A Proximity Policy as the key to stability - "Peace, Security And Stability – International Dialogue and the Role of the EU"- Sixth ECSA-World Conference. Jean Monnet Project. - Brussels, 5-6 December 2002

Ladies and gentlemen,

Changing times impose greater responsibilities, and the responsibilities of the European Union at this time could not be weightier. We are striving to keep pace with a world in flux that is opening up new opportunities but also throwing up new challenges.

The political map of the European continent will be redrawn in less than two years. Next week, at Copenhagen, we shall take a historic step and invite up to ten new members to join our Union. This decision will give Europe a new dimension and impose on us new responsibilities.

This sixth World Conference of the European Community Studies Association has given us an opportunity to discuss in depth peace, security and stability-related issues. All the participants here are aware of the great responsibility represented by the half a billion people who will be living in the EU after 2007.

These 500 million people will not settle for less security than the citizens of the present Union of Fifteen. They want the same protection against organised crime and international terrorism as present members. And they want the benefits that led them to choose the EU as their political haven: stability, prosperity, solidarity, democracy and freedom.

If we are to keep pace with this changing world and shoulder our growing global responsibilities, we, as the Union, have to take the necessary measures. If we want to satisfy the rising expectations and hopes of countries abroad and the peoples of Europe, we have to become a real **global player**. We are only beginning to act as one.

The Balkans, Afghanistan and the Middle East are only three examples of the challenges facing the world community. The EU has to play its part in dealing with them.

The EU's foreign policy must be brought up to speed. It must be expressed with one voice and vested with the necessary instruments. There is no other way to guarantee our security in the long term.

The Commission has just presented its second communication to the Convention. We made detailed proposals for reform of EU structures to make sure that they continue to work properly. And we also pleaded for a strong Commission, which, as guardian of the community interest, will strengthen the Union.

The Community method will be valuable in the field of foreign relations too.

The EU has much to do yet if it wants to make an effective contribution to international **security**.

Let me now deal in more detail with the central item on this conference's agenda: **stability**. Lasting and sustainable stability in the European region, has been the crowning achievement of the European Union. This is what we do best, if I may say so.

We are projecting stability beyond the borders of the current candidate countries, which are already sharing in our prosperity. We should recognise that this success creates legitimate expectations in the EU's future neighbours which, in turn, wish to reap benefits from the current enlargement.

Is our present neighbourhood policy well-defined enough to meet the challenges thrown up by enlargement? I want to focus on this issue because I think we have not yet got to grips with the underlying problem. Today I am going to talk about the need for a new political perspective on relations with our southern and eastern neighbours. My aim is giving them incentives, injecting a new dynamic in existing processes and developing an open and evolving partnership. This is what we call our proximity policy, a policy based on mutual benefits and obligations, which is a substantial contribution by the EU to global governance.

Let me reiterate. The current enlargement is the greatest contribution to **sustainable stability and security** on the European continent that the EU ever made. It is one of the most successful and impressive political transformations of the twentieth century. And all this has been achieved in a less than a decade.

This achievement is the fruit of a decision taken by the EU in 1993 and the consistent efforts of the Union and the candidate countries ever since. The initial decision gave these countries hope for the future.

By holding up the goal of membership we enabled these governments to implement the necessary reforms. Only this prospect sustained the reformers in their efforts to overcome nationalist and other resistance and fears of change and modernisation.

Such hope is a strange thing. It has much in common with the trust people have in you. It determines how you look at people or events. How does a country envision its future when it is lacking direction or confidence? Hope gives direction and so inspires confidence. But the future must be attractive to inspire hope.

The EU looks certain to remain a pole of attraction for its neighbours. For many of the countries in our future "backyard" the EU is the only prospect. Many of these countries have already received a formal undertaking from the Union.

The integration of the Balkans into the European Union will complete the unification of the continent, and we have held out this prospect to them. Although there is still a long way to go, the Balkans belong to Europe. The process of integrating them will create a sort of bridge between enlargement and neighbourhood policy.

Each enlargement brings us new neighbours. In the past many of these neighbours ended up becoming candidates for accession themselves.

I do not deny that this process has worked very well. But we cannot go on enlarging forever. We cannot water down the European political project and turn the European Union into just a free trade area on a continental scale.

We need a debate **in Europe** to decide where the limits of Europe lie and prevent these limits being determined by others. We also have to admit that currently we could not convince our citizens of the need to extend the EU's borders still further east.

It is a question of responsibility: We have to develop a blueprint for future action to deal with a problem stemming directly from the success of enlargement.

What have we to offer our new neighbours? What prospects can we hold out to them? Where does Europe end? These are the questions we have to answer. The European public is calling for such a debate. I know: This debate will heat up after the accession of new members. Therefore it is our duty to start finding some answers.

I want to be perfectly clear on this point: Article 49 of the Treaty on European Union provides that any European State which respects the fundamental principles of the Union can apply for membership.

So whatever our proximity policy is or will be, no European state that complies with the Copenhagen criteria we established in 1993 will be denied this prospect.

But to clear up any doubt, let me also say this. Holding out such a prospect to a country does not mean promising this country that it will definitely join.

Accession is not the only game in town. Remember that enlargement does not benefit only present and future members. Future neighbours will benefit too.

Being a neighbour of the EU means better market opportunities in a more stable economic and political environment. In many cases, for instance, future trade tariffs will be lower than the existing ones for the candidate countries.

But enlargement will also create new challenges for our neighbours. Repositioning existing markets may well pose problems. We need to find solutions that will allow us to share the advantages of enlargement with our neighbours. This calls for a comprehensive approach to our neighbours.

The geographical scope of this approach is our neighbourhood in the literal sense of the word, our backyard. It includes our future eastern neighbours and the whole Mediterranean area, as I recently explained in Louvain when I spoke on "Europe and the Mediterranean -- time for action."

I want to see a "**ring of friends**" surrounding the Union and its closest European neighbours, from Morocco to Russia and the Black Sea.

This encircling band of friendly countries will be diverse. The quality of our relations with them will largely depend on their performance and the political will on either side. Of course, geography will play a role too.

It is the Commission's responsibility to come up with a way of improving relations with all these countries.

Let me try to explain what model we should follow. I admit that many of the elements which come to my mind are taken from the enlargement process. What struck me about that process is that just the prospect of accession has brought benefits to the central and eastern European countries.

You can improve the climate for direct investment without being a member of the EU. You can align your legislation on the EU's without being a member. You can have limited or even unlimited access to the internal market without being a member. You can tighten budget controls and boost economic growth without being a member.

But--and this is an important but--these benefits can only be obtained if and when the process is well structured, when the goals are well defined and the framework is legally and politically binding. And only if the two sides are clear about the mutual advantages and the mutual obligations.

The goal of accession is certainly the most powerful stimulus for reform we can think of. But why should a less ambitious goal not have some effect? A substantive and workable concept of proximity *would* have a positive effect.

The existing and well functioning instruments of the EU's policy for its neighbours are the foundations for any new approach. We should be able to combine this proposal with the variety of existing partnership, cooperation, association and stabilisation agreements. But we must also better exploit their potential and build on this basis.

Let me concentrate on the question of what *political perspective* would best extend the area of stability without immediate enlargement of the Union.

We have to be prepared to offer more than partnership and less than membership, without precluding the latter. So what would a proximity policy do for our old and new neighbours look like?

- It must be **attractive**. It must unlock new prospects and create an open and dynamic framework. If you embark on fundamental transformations of your country's society and economy, you want to know what the rewards will be.
- It must **motivate** our partners to cooperate more closely with the EU. The closer this cooperation, the better it will be for the EU and its neighbours in terms of stability, security and prosperity, and the greater the mutual benefits will be.
- It must be **dynamic** and process-oriented. It should therefore be based on a structured, step-by-step approach. Progress is possible only on the basis of mutual obligations and the ability of each partner to carry out its commitments.
- We need to set benchmarks to measure what we expect our neighbours to do in order to advance from one stage to another. We might even consider some kind of "Copenhagen proximity criteria". Progress cannot be made unless the countries concerned take adequate measures to adopt the relevant *acquis*. The benefits would be directly felt. As would absence of any progress.
- A proximity policy would **not start with the promise of membership** and it would **not exclude eventual membership**. This would do away with the problem of having to say "yes" or "no" to a country applying for membership at too early a stage.

I can imagine what might be the first question that comes to your mind. What is attractive about such an offer? Where's the beef? The answer is simple. But to make it work will take time and effort.

On other occasions I have already referred to this concept, which I described as "**sharing everything with the Union but institutions**". The aim is to extend to this neighbouring region a set of principles, values and standards which define the very essence of the European Union.

The centrepiece of this proposal is a common market embracing the EU and its partners: it would offer a single market, free trade, open investment regime, approximation of legislation, interconnection of networks and the use of the euro as a reserve and reference currency in our bilateral transactions.

As the Union is more than a common market there are other dimensions to be included, too:

- If we have common goals, we must also be ready to deal with common threats, such as crime, terrorism, illegal migration and environmental challenges.
- We must act together to put an end to the regional conflicts on our continent.
- We have to make sure that our common border is not a barrier to cultural exchanges or regional cooperation in the period when there cannot be completely free movement of people and labour.

Let me come back to the question as to whether we need new instruments or structures to create this new political impetus. I am normally cautious about setting up new structures if your aims can be achieved with existing ones.

The idea of "sharing everything but institutions" itself applies to existing EU institutions. But this does not exclude the possibility of developing a new structures with our neighbours at a later stage, if necessary.

I am thinking of innovative concepts such as institutions co-owned by the partners: The Euro-Mediterranean Bank and the Foundation for Dialogue between Cultures and Civilisations might be cited as examples here; both were conceived as tools to strengthen an existing process, not as an alternative to it.

I would also like to launch a new political dialogue on the basis of "shared principles and values", making full use of all the potential offered by our common external policies.

Consider, for instance, policies on the environment, transport, research, education and culture, to mention but a few. New forms of assistance and cooperation based on the social cohesion model. Or new joint measures to tackle problems we all have at our borders.

Let me try to explain how the concept of sharing everything but institutions should be understood: The example I have in mind is the proposal I made to Russia:

A **Common European Economic Space** could provide a framework in which we could ultimately share everything but institutions. Though it will obviously not be built in a day. Clearly each partner would need to consider whether they are ready and able to adopt our standards and legislative models. However, this is only a first attempt to build something new that we can share with our neighbours to our mutual benefit.

A European-Russian High Level Group is exploring the possible building blocks of such a Common Economic Space: standards, customs, financial services, transport, industry and telecommunications are just a few.

And we can point to an example of a working economic area which has all this, and more.

The **European Economic Area**, based on the EEA Agreement, brings together the EFTA countries and the European Union under a single roof: We share one single market, which is governed by the same *acquis communautaire*. The single market entails all four freedoms: the free movement of persons, goods, services and capital. If a country has reached this level, it has come as close to the EU as it is possible to be without being a member.

I know this might take a long time for many countries. But it would help them to carry out the necessary reforms and take the right measures because they would have an objective to aim at. And it would clearly bring mutual benefits, and consequently mutual incentives, to both the Union and its neighbours.

The EEA model does not presuppose accession as a pre-requisite. But, as history shows, being member of the EEA does not exclude membership of the EU at a later date. To me this seems very attractive.

Of course, the situation of countries like Ukraine, Moldova and Belarus differs completely from that of Norway, say. Nevertheless, we should be prepared to offer them a reasonable degree of proximity that does predetermine the question of future membership in advance. Indeed, because their situation is very different and because much more time will be needed to reach a certain stage, it is worth seeing what we could learn from the way the EEA was set up and then using this experience as a model for integrated relations with our neighbours.

I feel that we need more time to develop this concept. We identified relations with our neighbours as a strategic objective of this Commission in February 2000. The job of the Commission is to seize this opportunity to find **a comprehensive solution** to the question of the Union's relations with its neighbours.

That is what I meant by "**sharing everything but institutions.**"

In this wider Europe we cannot confine our action to ad hoc, bilateral initiatives. We cannot simply ignore what is happening beyond our borders. Neither can we solve problems with our new neighbours simply by letting them join the Union.

We are tolerant and open to dialogue, to coexistence and to cooperation. We have to assume our role as a global player. The development of a substantive proximity policy should be one of the first steps.

We need to institute a new and inclusive regional approach that would help keep and promote peace and foster stability and security throughout the continent, ultimately promoting the emergence of better global governance.

Thank you for your attention.

SPEECH/05/413 - José Manuel Barroso- President of the European Commission - "From Schuman to Sirte : a tale of two unions" - Opening session of the African Union Assembly - Sirte, Libya, 4 July 2005

Your Excellency, your excellencies,

Ladies and gentlemen,

É para mim um grande privilégio participar na sessão de abertura desta Assembleia da União Africana. É com muito gosto

que estou de volta ao vosso continente pela segunda vez no espaço de uma semana, já que acabo de visitar a África do Sul, Moçambique e a República Democrática do Congo.

Let me start with an affirmation about the organisation of a continent.

The contribution which an organized and living Africa can bring to civilization is indispensable to the maintenance of peaceful relations...Africa will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity.

If this sounds vaguely familiar to you, you shouldn't be surprised. Replace 'Africa' with 'Europe', and you have the famous Schuman Declaration of 9 May 1950. This set in motion an unprecedented period of integration and co-operation which has delivered 50 years of peace and prosperity on my continent.

I believe what worked for Europe can work for Africa too. Six years ago, here in Sirte, Africa also picked the path of political, economic and cultural integration and co-operation. The African Union and NEPAD gave the continent a new vision, a mission and a strategy. The dynamic and bold performance of the African Union in Sudan or Ivory Coast has impressed the world. The African Peer Review Mechanism is proving to be both a just and effective tool for the self-monitoring of Africans by Africans.

Today Africa looks into the future with more confidence and optimism than ever before. Because it has endowed itself with a mission and a vision that will guide it into a more peaceful, safe, and prosperous 21st century. Because there is a new leadership, committed to integration, democracy and development. Because united, Africa stands stronger.

Is it unrealistic to draw parallels between Europe's experience and Africa's potential? I don't think so. Let's not forget the scale of the problem in Europe in the years running up to the Schuman Declaration. Sixty or seventy years ago, battles were being fought across the continent which killed millions of Europeans. Attempted genocide led to the horrors of the Holocaust, a mass murder of Europeans by Europeans.

Turn the clock forward. Thirty-five years ago, dictatorships were still ruling many European countries, including my own. Just over thirty years ago I did not yet have the right to vote in free and fair elections. And it wasn't until 15 years ago that countries in Central and Eastern Europe recovered their freedom. Yesterday was the tenth anniversary of the massacres of Srebrenica. . So when I say the path of regional integration has brought us peace, stability and prosperity, I am not talking about ancient history.

Your Excellencies,

Ladies and gentlemen,

Regional integration has transformed - is transforming - the face of both Africa and Europe. But it has also altered our relationship. Today, we can, we must, do more to put in place a new and solid political partnership between an enlarged Europe and a re-emerging Africa. Today, in this city which has come to symbolize the ideal of African unity, I call on you to elaborate with your European partners on the other side of the Mediterranean an ambitious Euro-Africa Pact.

A Pact that should reassess the principles and values that govern our relationship. Equality, true ownership and dialogue should replace guilt or charity as the determining features of our partnership.

It is not by chance that I mention **equality** first. The emergence of the African Union and the consolidation of European integration represent a unique opportunity to break with neo-colonial and paternalist reflexes and look forward with a relationship which reflects the true spirit and potential of Europeans or Africans.

Europe has much more to offer than development assistance. Europe has a unique track record of integration, of dialogue, and of building supra-national political institutions, even if progress is sometimes slow and never easy.

In addition to equality, this pact between Europe and Africa also needs to be informed by true **ownership**. We say the word 'ownership' so often that it has turned into a bureaucratic term emptied of its original meaning. So let me say what I mean by ownership; ownership means the acknowledgement that each person, society, country or group of countries has the right, and the duty, to take command of its own destiny.

This means for example that Africa has the duty to assume responsibility for tackling its own conflicts, as it is now doing. As I said earlier, the performance of the African Union in Sudan and Ivory Coast has impressed the world. The African Union Mission in Sudan has confronted this complex conflict with courage and perseverance. Europe has responded to your appeal with the same sense of responsibility, and with the €250 million Peace Facility for Africa, to give the necessary financial muscle to support your determination.

The third central pillar of this new pact is **dialogue**. I strongly believe in the need for permanent political dialogue with Africa. A frank, but always constructive dialogue, based on respect and mutual interest, characterised by openness and honesty.

Of course it is not for Europeans to lecture Africa. History creates sensitivities. But the principles of human rights and good governance are not European exports. They are universal, for Africans, Asians, Europeans. And what is universal must be defended universally, by all of us here.

Europe can, I hope, help Africans to help themselves. This is the key reason why the growth and early achievements of the African Union are so encouraging. But setting up institutions is the easy part. You are now at a critical juncture. The whole world, which has watched your achievements with wonder and admiration, is now holding its breath, willing you to succeed. The Strategic Framework, prioritised, budgeted and adopted last December, needs to be implemented. Promises on democracy, good governance and development need to be followed through.

Permettez-moi de vous donner trois exemples de domaines dans lesquels j'ai le sentiment que l'on pourrait faire plus si l'Europe et l'Afrique travaillaient ensemble.

Premièrement, la **gouvernance**. Ces dernières années, l'Afrique s'est résolument engagée dans la voie de la démocratie. Au cours des cinq dernières années, plus des deux tiers des pays de l'Afrique subsaharienne ont eu des élections multipartites qui, dans un certain nombre de cas, ont conduit à des changements de gouvernement démocratiques et pacifiques. Et il y a plus. Avec le mécanisme africain d'évaluation par les pairs, l'Afrique dispose maintenant d'un instrument unique et innovateur. Vingt-trois pays, représentant 75% de la population de l'Afrique subsaharienne, y ont maintenant adhéré. La Commission européenne offre son soutien inconditionnel à cet effort, et elle apportera les moyens financiers nécessaires pour vous aider à mettre en œuvre les recommandations dudit mécanisme.

Deuxièmement, l'**interconnexion**. Il ne peut y avoir d'intégration économique sans interconnexion physique. Il faut une approche plus ambitieuse et à plus long terme : il faut un solide partenariat euro-africain pour les infrastructures. Je puis donc vous annoncer aujourd'hui que la Commission européenne proposera la création d'un plan pluriannuel complet pour les infrastructures en Afrique. Nous en parlerons avec l'Union africaine et d'autres organisations subrégionales pour définir leurs préférences. Mais il sera fondé sur des réseaux trans-africains ambitieux. Il devrait couvrir les routes, les chemins de fer, les aéroports, l'énergie et l'eau ainsi que les technologies de l'information et des communications. Il s'agit là d'un partenariat qui peut donner un élan décisif à l'Afrique et à son intégration; qui peut aider ses économies à combler leur retard en ce début du 21e siècle.

Troisièmement, le **commerce**. La part de l'Afrique subsaharienne dans le commerce mondial a connu un déclin constant. De 6 pour cent en 1980, elle est tombée à 2 pour cent en 2002. Pour chaque dollar d'aide reçu, la moitié a été perdue en raison de la détérioration des termes de l'échange. Si l'Afrique subsaharienne pouvait regagner juste 1 pour cent de plus du commerce mondial, elle gagnerait 70 milliards d'euros de plus en exportations. Cela représente presque cinq fois ce que la région reçoit en aide étrangère et en allègement de sa dette.

Il y a quelques années seulement, certains pays en développement – en Asie, par exemple – éprouvaient autant de difficultés que certains des pays les plus pauvres d'Afrique n'en éprouvent aujourd'hui. Ils ont cependant trouvé le chemin de la croissance et sont aujourd'hui des concurrents efficaces sur le marché mondial. Leurs populations connaissent un accroissement sans précédent de leur niveau de vie.

L'Afrique, avec la richesse de ses ressources naturelles et humaines, est prête à décoller pour peu qu'elle bénéficie d'une aide extérieure suffisante. L'Europe est à vos côtés, par le biais d'accès à nos marchés sans tarifs ni quota, par une notre aide au commerce et par les accords de partenariat économique, qui constituent le processus commercial le plus ambitieux, le plus vaste et le plus orienté vers le développement jamais négocié entre le Nord et le Sud. A ce propos, vous pouvez compter sur la disponibilité et l'engagement de la Commission européenne pour mettre en œuvre avec les pays concernés un programme ambitieux permettant de créer les conditions de réussite de ce processus. Les Commissaires responsables pour le Développement et pour le Commerce travaillent déjà ensemble pour en optimiser les effets.

Excellences,

Mesdames et Messieurs,

Aujourd'hui, 40 pour cent de tous les Africains vivent avec moins d'un dollar par jour. Trois malades qui meurent du sida sur quatre sont des Africains, souvent des adultes économiquement actifs qu'aucun pays ne peut se permettre de perdre.

Il ne peut donc y avoir de pacte euro-africain crédible et durable sans accroissement de la **solidarité financière** entre nos deux continents.

Aujourd'hui, l'Europe est le plus grand donneur d'aide au monde ; elle fournit 55% de l'ensemble de l'aide au développement outre-mer.

Mais il en faut encore davantage.

Et il y a plus. Les dirigeants européens ont accepté il y a quinze jours une proposition de la Commission européenne visant à permettre à l'Europe de doubler son aide. Ils sont convenus d'un nouvel objectif collectif de l'UE permettant une majoration annuelle de l'aide de 20 milliards d'euros d'ici 2010 et de 45 milliards d'euros d'ici 2015. En tant qu'Européen, je suis fier de ce résultat et j'y vois un exemple donné au monde. J'irai au G8 à Gleneagles dans 2 jours et au Sommet des Nations Unies à New York en septembre, afin d'encourager les autres pays riches du monde à égaler notre initiative.

L'augmentation de l'aide au développement doit aller de pair avec le placement de l'Afrique au premier rang des priorités. La Commission européenne a fait valoir avec force que l'Afrique mérite une attention toute particulière. Les dirigeants européens ont décidé d'investir au moins 50 pour cent de cette aide accrue au continent africain. Pour faire en sorte que les populations de l'Afrique retirent un bénéfice maximum de ce financement supplémentaire, toutes les mesures prises pour améliorer la cohérence des politiques et la qualité de l'aide s'appliqueront en priorité à l'Afrique sub-saharienne.

Excellences,

Mesdames et Messieurs,

J'ai dit dès le début de mon mandat que l'Afrique devait être au premier rang des préoccupations de l'actuelle Commission européenne. Le Commissaire Louis Michel élabore actuellement un ensemble de propositions qui devront être adoptées en automne. Cette Stratégie de l'Union européenne pour l'Afrique sera globale et à long terme et devrait aider l'Afrique à atteindre les objectifs de développement du millénaire en 2015 et au-delà. Nous vous soumettrons ces propositions, en votre qualité de dirigeants de l'Afrique, en tant que cadre de réflexion et de débat. En fait, l'Union africaine, le NEPAD et les organisations sub-régionales devraient être associés à ce processus et seront dûment consultés.

À la suite de cette proposition, nos deux continents devraient se rencontrer pour élaborer un nouveau pacte euro-africain. Un pacte capable de canaliser l'énergie positive qui s'exprime actuellement dans toute l'Afrique par des réalisations politiques concrètes. Un pacte qui puisse mettre à profit notre expérience, un pacte qui fera en sorte que le partenariat entre l'Afrique et l'Europe, entre le Sud et le Nord, devienne une coalition solide pour un monde multilatéral plus fort et plus stable.

Cinq ans après le Sommet du Caire, le moment est venu de transformer notre dialogue en action. Nous devons oeuvrer ensemble pour sortir de l'impasse actuelle et permettre la tenue du Sommet de Lisbonne. Les enjeux sont élevés et un Sommet de Lisbonne couronné de succès sera un moment de grande valeur symbolique. Un moment où nous confirmerons le partenariat toujours plus étroit entre nos deux continents – en fait, entre nos deux Unions. Un moment où nous conclurons un nouvel et ambitieux pacte euro-africain.

L'Afrique et l'Europe sont des continents voisins, qui ne sont éloignés que de quelques kilomètres. Grâce à l'Union africaine, nous partageons désormais la même certitude d'un devoir commun d'assurer la paix, la sécurité et la prospérité pour nous-mêmes et pour autrui.

La longue route vers le développement social, politique et économique durable de l'Afrique est une route que l'Afrique et l'Union européenne doivent parcourir ensemble. Je me réjouis de penser qu'un jour viendra où tous les Africains commémoreront la Déclaration de Sirte de 1999 de la même façon que les Européens commémorent la Déclaration Schuman de 1950 – comme le début d'une transformation qui a converti pauvreté et souffrance en prospérité et fierté, l'espoir en réalité.