

**Working Paper developed in the project of the  
Bertelsmann Foundation 'Europe and the Middle East'**

**EUROPE'S ROLE IN THE MIDDLE EAST AND NORTH  
AFRICA RECONSIDERED**

**Research Group on European Affairs**

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## Foreword

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The region of the Middle East and North Africa (MENA region) is currently experiencing a conflict between two concepts of order: on the one side the concept of a new Middle East which, through political and economic cooperation on the part of all regional actors, is able to realise its potential for development and become integrated into the spreading global economy, on the other side the re-emergence of old political and ideological traditions.

The Research Group on European Affairs and the Bertelsmann Foundation have contributed to the creation of a new order in the Middle East in recent years through the development of new concepts in the areas of establishing security policy structures, economic development and integration, and social change.<sup>1</sup>

Efforts were concentrated on the formulation of strategic suggestions concerning security, economic development and social change in the MENA region. In summary, the following recommendations have been formulated:

- A comprehensive trust-building conference system, similar to the CSCE in Europe, should be set up in the Mediterranean area. However, as the various conflict structures both within and between states were kept in mind, the efforts resulted in the formulation of a variable geometric security structure. On the one hand, as many members as possible should be integrated into the conference system, while at the same time, the opportunity to take further steps towards deepening cooperation in security policy should be given to those countries willing to cooperate.
- The potential for regional economic development should not only be drawn from a free trade zone to be established in the MENA region, but also from far-reaching economic reforms instituted at an intragovernmental level: especially the reorganisation of government financing systems, the establishment of modern social security systems and the reform of state administrations must provide the free market with scope for development.

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<sup>1</sup> published under the titles: Werner Weidenfeld (1995) ed.: *Europe and the Middle East*, Bertelsmann Foundation Publishers, Gütersloh; Werner Weidenfeld, Josef Janning, Sven Behrendt (1997): *Transformation in the Middle East and North Africa: Challenges and Potentials for Europe and its Partners*, Bertelsmann Foundation Publishers, Gütersloh.

- Popular uprisings in the MENA region are an expression of pressures caused by socio-economic problems within society which the national institutions are able to stop only with great difficulty. These institutions are thereby forced to adapt to new socio-economic constellations. The European Union (EU) has made resources available - to a limited extent - to support the process of transformation direly needed. These resources are not to be used, however, to uphold static institutional structures which are obsolete. Rather, they should be used to finance the restructuring and modernisation of these structures, thus helping to pave the way towards democratic and participatory styles of government. In this way the institutions will become more efficient in solving conflicts within state and society.

The present paper goes a step further: three major political key areas will be analysed which are of major importance in the relationship between Europe and the MENA region:

- the role of Europe in the Middle East peace process,
- the question of organising a regional economic zone and Euro-Mediterranean financial cooperation and the effects these would have on the distribution of power in the MENA region,
- and finally, the question of the viability of European and American strategies aimed at reintegrating the four so-called 'rogue states' - Libya, Iraq, Iran and the Sudan - into the international community of states.

This paper has been presented to the 'Kronberg Middle East Talks' in which politicians and businessmen discussed the future course of euro-mediterranean relations. The strategic questions laid out in it represent the results of the project "Europe and the Middle East", which was carried out during 1996 and the beginning of 1997 in three workshops attended by experts in the field. The workshops dealt with a range of security policy topics: "Sanctions, the critical dialogue and the reaction of Libya, Iraq, Iran and the Sudan;" an economic policy topic entitled "Institution-building in the Middle East and strategies for free trade in the Mediterranean"; and the "Consequences of material support on the part of international donors for the political structures of Middle Eastern states". This paper shall serve as a bridge between the workshops and the Kronberger Middle East talks

and it attempts to provide the European policy - with regard to the Middle East and North Africa - with information based on academic insight in order to make a contribution towards rationalising decision-making processes in the policy field "Europe and the Middle East."

We would like to thank all of the project partners who contributed substantially to the success of our work. At the same time we would also like to thank the workshop participants, who through their comments and input were able to make the workshops meeting points for broad international intellectual exchange. To Christian-Peter Hanelt of the Bertelsmann Foundation belongs the credit for the organizational aspects of the project. Sven Behrendt of the Research Group on European Affairs designed the intellectual content of it. A special thanks is due to the authors of the papers presented at the workshops:

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## **New constellations in the MENA region**

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The optimistic spirit which, in the beginning of the 90s, seemed to be promising the Middle East and North Africa (MENA region) a new politically stable and economically prosperous future, has given way to a more sobering mood. The present political constellation is characterised by a return to traditional instruments of power in an attempt to confront the increasing fragmentation of the international system. The manifestation and consequences of this relapse into old ways of behaviour are to be seen in the developments in the Arab-Israeli peace process, which is now much less dynamic than it was assumed to be at the time of the agreement between Israel and the PLO as well as Jordan. Israel's election results and the initial refusal to compromise on the part of the new right-wing-oriented government has shaken the confidence in Israel's progressive attitude in the peace process - not only of the Arab negotiating partners, but also of the USA and Europe.

It is not only the stagnation of the peace process, but also other regional conflict formations which are becoming explosive in view of the tenuous security policy situation. Up until now those states which have been identified as posing serious threats to the stability of the regional system - Libya, Iraq, Iran and the Sudan - have not been successfully reintegrated into the international community of nations. Other regional actors, such as Turkey, are caught in a conflict between ideologically defined foreign policy and the realities of institutional and power politics inherent in the international system. On the one hand, it would like to establish a conference of the developing Islamic nations, starting out with eight members (D 8), as a means of counterbalancing the G7 summit of the industrialised nations. On the other hand, Turkey has ultimately demanded to be accepted as a member of the EU. The domestic political tensions in Algeria are hindering the systematic development of stable foreign relations with neighbouring states, as well as with Europe. And although the bloody domestic conflict between the government and fundamentalist groups has not yet extended to its neighbours, the example of Algeria is debilitating their basic domestic political reform. On the periphery of the MENA region, old and new conflicts are breaking out and influencing the regional power and economic policy constellations: the conflict between Turkey and Greece over Cyprus is

escalating through ever-increasing militarization. The Caucasus with its vast oil reserves will play an important role in the natural resources marketplace, and thus also directly influence the political stability in the MENA region.

The viability of the European Middle East and North African policies will be put to the test by these new constellations, which have put questions of security and defence policies into the foreground once again. Since the beginning of the 90s, the European Union has been able to cut a clearer profile in terms of political and economic influence in the MENA region. With the development of its concept of a common economic, security and cultural region in the Mediterranean, a framework of order has been put forward which leaves other alternative concepts at the periphery of the international debate. At the conference in Barcelona in November 1995, Europe was able to convince its southern neighbouring nations of the importance of a common trans-Mediterranean future. The reaching of bilateral agreements between the EU and partner states such as Tunisia, Morocco, Turkey and Israel, and the planned agreement with the other Mediterranean border states, has meant that Europe has begun to see its concept implemented.

„Northern European countries have to get more involved and understand the problems of the Mediterranean region. And we think that in particular Germany should develop a deeper understanding for cultures and problems in the MENA region. We as the Bertelsmann Foundation would like to see the Barcelona conference 1999 taking place in Germany. We are convinced that Germany would be a suitable place to think about the future of the MENA region. Germany with its historical background of division and unification is deeply committed to the realisation of a politically stable and economically prosperous Middle East and North Africa. And I think, that the Barcelona Process should be broadened by burdening Germany with some of its tasks in 1999.“

Prof. Dr. Werner Weidenfeld

Whether the EU will be able to further establish its role as 'guardian of peace' in the MENA region depends firstly on whether consolidation within Europe continues successfully. Only when the major European projects succeed, such as the creation of a common currency, the reform of European institutions undertaken by the Intergovernmental Conference, and the admission of Eastern European states into the EU, will Europe be able to establish more of a profile in the MENA region. Europe could then be considered a united force. This would lend political weight to its stance

on various problem issues in the region. Secondly, in view of specific problems in Euro-Mediterranean relations, the EU will have to be able to demonstrate the ability not only to formulate its basic position, but also, in concrete situations, to communicate a European policy which can be implemented co-operatively. In specific, the following problem areas demand a differentiated European strategy:

A) Which role should the EU play in the peace process and how should this role be developed?

B) The economic and political transformation process in the MENA region will lead to a change of the balance of power among the various state and non-state actors. How will the EU be able to preserve the dynamic force behind this process of change in view of the anticipated resistance to it by established political and economic structures?

C) There are tensions in transatlantic relations considering the incoherent policies of the West towards Libya, Iraq, Iran and the Sudan. What kind of transatlantic strategy could be developed to lead these countries back into the international community?

Consolidation at an intra-European level as well as differentiated European solutions to the various problems should cast Europe in the role of a supporter of the establishment of peaceful international relations in the MENA region.

## **The role of the EU in the Middle East peace process**

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From an European perspective, the MENA region is losing sight of the solution to foreseeable economic and socio-economic problems, considering its intensive preoccupation with the past and its often excessive symbolic fixations. Owing to the extreme political significance of the differing Arab-Israeli positions in the conflict, too many resources which could be invested in the development of future prospects are tied up. European interest in the Middle East conflict is based, at least in part, on the concern that this region cannot keep up with the pace of global economic modernisation with all consequences for regional stability. Up until now, it has not developed enough initiative to take an attractive seat in an economically globalized and technologically revolutionised world.

To date, Europe has made two contributions to the course of the Middle East peace process: Firstly, the EU has supported the peace process materially. It has helped to improve the economic situation of the Palestinians in particular. Secondly, the European integration process itself has been referred to as a common basis in the negotiations as an example for Middle Eastern reconciliation. Europe, however, has not yet been able to take an active role as mediator with a coherent and unified position. Without this basis, the role of the Europeans in the peace process will remain marginal. The development of an efficient role for Europe will, however, become all the more urgent the closer the parties in the Arab-Israeli conflict come to a final solution, and the peace process enters its crucial phase.

### ***Potential influence and courses of action of the EU***

Europe's most important potential influence lies in its economic strength. Strong commercial ties link the southern neighbouring states to the EU; many of these nations export more than 50% of their products to Europe. For them the significance of bilateral trade relations will continue to increase in the future as they have to open new markets. For Europeans, on the other hand, the economies of these southern neighbours - excluding raw materials sales - are not very significant. The existing imbalance of power brought about by this disproportionate economic influence provides the EU with room to manoeuvre so as to convert economic into political

potential. The EU should make it clear to all conflicting parties in the Middle East that more intensive economic relations extending beyond the existing ones will only reap dividends when, on the basis of relevant UN resolutions as well as other conventions, the principles of the peace process are adhered to. The EU Partnership Agreements and the Barcelona Process entail direct resource transfers from Europe to the Middle East. This material commitment can only make sense for Europe when the transformation process taking place in international relations in the region becomes worthwhile in the long-term through the establishment of sound security structures. If this is not the case, the basis for establishing the transfers no longer exists. To underpin its role in the peace process, the EU must use this context as a reference.

A more active role of the EU in the Middle East negotiation process has been demanded by the Arabs. Israel, on the other hand, does not consider an intensified European commitment as beneficial; too many mediators, according to the Israelis, will create uncertainty among the negotiating partners. In this context Europeans must make it clear to their Middle Eastern partners that their intention is not to bring about a change in the regional balance of power, but rather, to serve as a bridge of communication between the partners. The Arab side should not expect that an intensified European commitment in the region will create a counterweight to the intensive American-Israeli relations. On the other hand, a rash Israeli decision to do without the Europeans at the negotiating table would, however, block options which might in the long run be advantageous for all sides.

It is undisputed that the EU can hardly compete with the US in questions concerning military security. The US remains the guarantor power which is at present indispensable for a stable military environment in the Middle East. However, beyond the deterrent effects of security guarantees, a sophisticated and far-reaching system of communication and negotiation is required to enable the region to establish an extensive security partnership based on mutual trust. European involvement in the peace process should complement American policy in that the US mainly provides military security guarantees and Europe widespread confidence-building measures. The aim is to reduce the priority of military strength and to support in the long term the establishment of peaceful intergovernmental structures. A hasty dismissal of the Europeans from the Middle Eastern negotiating table may hinder a future

opportunity for the region to take advantage of European support in building sound security structures.

### *The peace process and the Barcelona Process*

With its initiative which lead to the establishment of the Barcelona Process the EU has laid the groundwork for trusting cooperation between most of the states bordering the Mediterranean. Despite the significance the Middle East peace process will have for the future of the region, the Barcelona Process must not be made conditional on the developments of this process. Besides the Arab-Israeli conflict, there exist other potential threats to the stability of the Mediterranean region. These threats deserve the full attention and commitment of Europeans, who must demonstrate that should tensions escalate dramatically, they are capable of taking on a stabilising role without the US, whose strategic interests are limited to the Arab-Israeli conflict and the Gulf scenario. The increasing importance of Islamic fundamentalism, the rapid growth of the population accompanied for the most part by low rates of economic growth, the fear of a wave of migration, the environmental damage in the Mediterranean area, problems concerning water and many other issues are raising the consciousness of the European public about the full range of problems connected with trans-Mediterranean relations.

„For the peace process, the EU has a contribution to make, that may be unique, because it is the only participant in the peace process that has experienced the devastation of war on its own territory and the practical benefits of multinational regionalism. The post-war development in Europe, the success story of the EEC, then the EU, and at the same time the CSCE are valid examples for the deepening of the Middle East peace process.“

Joachim Bitterlich, Director-General for Foreign and Security Affairs at the Federal Chancellery, Bonn

The Barcelona Process would enable Europeans to carry out a dialogue with their southern neighbours as far as possible outside the Arab-Israeli context. Herein lies the strength of this multilateral approach, of which the Arab-Israeli issue is not the key component. The bilateral political relations between the EU and its respective partners are for the most part unencumbered, enabling sound political and economic relations to be developed according to the various trans-Mediterranean problem issues. A blockade of the Barcelona Process caused by the Arab-Israeli conflict would not be acceptable to any of the parties involved in it.

### *Conclusions*

In view of these reflections, a promising EU strategy would have to interlink three alternative courses of action:

The EU should complement the role of the Americans as a trustworthy mediator; the transatlantic partners would adopt a common strategy based on a division of labour: the US would ensure a relative balance of power and give security policy guarantees - the basis for regional stability in the short and middle term. The EU would develop in collaboration with its southern partners a concept of reconciliation and confidence-building to secure long-term stability in the region.

Europe should take advantage of its economic strength to assist in resolving the conflict and convince the conflicting parties, by means of economic incentives, of the lucrative gains a peaceful solution would have in store for them. This would not entail interfering with the contents of the peace process, but rather the conviction that if the peace process reached a deadlock, the justification for European economic aid would disappear. Not without good reason have the EU and the Mediterranean partners agreed to the condition in the newly established trans-Mediterranean Partnership Agreements that the survival of the agreements is contingent on peaceful foreign policy by the contracting parties. The linking of economic cooperation with political positioning is a key tool which the EU can use to clarify its negotiating position, thereby obtaining political clout. The regional influence of the EU depends solely on the intention of the European national states and institutions to redefine its economic potential into a political one.

The EU should strictly separate this role from its role as the driving force behind the Barcelona Process. A solution to the pressing security, economic and social problems in the entire Mediterranean region must in no way be hindered by the confusion inherent in the Arab-Israeli conflict. At the same time, the EU, by pointing out the anticipated benefits of the Barcelona initiative, can encourage the conflicting parties in the Middle East to become more flexible at the negotiating table. Blocking the Barcelona Process by the symbolically-fixated attitude of some of its members

must not hamper the intensive cooperation taking place between the others. In the case of doubt, the process should continue with fewer participants.

### **Euro-Mediterranean economic and financial cooperation - consequences for regional power structures**

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The implementation of concepts for economic transformation in the MENA region will lead to a new distribution of political power. Regional power structures will change both at an international as well as intrastate level. Many of the established institutions and actors will try to hinder this transformation process if they feel that it is disadvantageous and stands in the way of their interests. Economics and politics are tightly interlinked, whereby in a system of power politics, the path towards ongoing economic development is dictated by the state. This must be kept in mind when assessing the success of the different concepts of economic liberalisation and integration. What is, under these circumstances, the success potential of the so-called 'core concept', which aims to strengthen intraregional trade? What is the success potential of the Barcelona initiative which is based on the development of bilateral trade relations between the EU and the partner states in the Mediterranean region? European financial cooperation with the Arab partners has earmarked a resource transfer of 4.6 billion ECU over a period of 5 years. This transfer entails not only the development of the private economic sector, but what is more, the modernisation of the political systems in the MENA region, so as to enable them to react more effectively to intrastate crises. Such a modernisation strategy would alter the balance of power between society and state. The question here, too, is how the EU can prevent its initiative from being blocked by anti-reform factions within the MENA states.

#### ***Intraregional and trans-Mediterranean trade***

The idea behind the so-called 'core concept' is the development of an Israeli-Palestinian-Jordanian trade zone, which would progressively weaken the political tensions between these trading partners. At present however, economic integration

directly depends on the evolution of the peace process. The current political situation, and not the criteria for economic efficiency, will determine whether regional integration efforts will progress or regress. Economic interests are far subordinate to political ones and are not capable of withstanding political blockades.

Trade between Arabs and Israelis should be possible if Israel concentrates on the use of capital-intensive production structures and Arab countries on labour-intensive ones. Whether or not this kind of division of labour would be acceptable to the Arabs - for power-political reasons - is more than doubtful. The gap between a modern and efficient Israeli economy and a pre-modern Arab economy, not heavily based on a division of labour and hardly able to achieve a high production volume, would continue to grow. Thus the 'core concept' reveals great deficits for the Arab side as the relative differences in modernisation and industrialisation would be exacerbated - this due to the labour-intensive specialisation in the intraregional division of labour.

Even if the Arab economies were able to yield total profits in the commercial transactions with their ill-loved neighbours, the relative differences in profit between the two sides would make it difficult for the Arabs to enter into an extensive economic cooperation with Israel.

„Looking back to these 16 months since Barcelona, I am strengthened in my belief that the Euro-Mediterranean Partnership is more than ever required in a future of change. ... The Partnership is a symbol of our commitment to our Mediterranean neighbours as first among all the non-member countries. But it is more than a symbol. It provides the concrete means - the political dialogue, the MEDA Programme, the programme for exchanges among civil society - to make the necessary adaptations to future developments.“

Manuel Marin, Vice President of the European Commission, Brussels

In comparison, the EU's approach, which aspires to strengthen the bilateral economic relations between the EU on the one hand and their southern neighbours on the other, displays many strengths. The main argument for the Barcelona initiative lies in the fact that political obstacles on the international level are less prominent. The bilateral relations between the EU and its partners are for the most part unencumbered, enabling sound economic relations to be developed according to market trends. A second major advantage of the Barcelona initiative is the lucrative appeal of the European market for the southern Mediterranean countries, even if somewhat dampened by agricultural export trade barriers. It is precisely these

agricultural products, however, which are the main source of currency earnings for the southern states.

Thirdly and finally, the Barcelona initiative involves transfers of resources from the EU to the partner countries, a noteworthy aspect for many of the states at a time of declining oil revenues, diminishing strategic military significance and with it, fewer resource transfers. The EU supports in particular the privatisation of state-run enterprises in the southern partner nations so as to promote competition between the commercial actors. Arising from competitive pressure in the region, economic adjustments will be necessary which, after a period of transition, will also enable the economies in the MENA region to become globally competitive.

### ***The Barcelona concept and the private economic sector***

However, the Barcelona approach does also contain a power-political component: should the Barcelona Process - and along with it the creation of an economic trade zone organised according to market economy criteria - prove successful, there will have to be a fundamental change in the relationship between state and economy in the southern partner nations. Without curtailment of state intervention in local economies in favour of a competitive private sector, the free trade zone will hardly be able to achieve the desired developmental effect. An extensive privatisation strategy, on the other hand, can only be successful if the political and economic élite are willing to give up their control over the state sector. This measure should not be one of mere tactics with an aim to inducing international aid organisations to give more support to the modernisation of the state-owned companies. Instead, it must be based on a strategic decision in favour of the private sector. The redistributive effect privatisation measures have on blue and white-collar workers and middle and top management alike should not stand in the way of it. The tightly woven personal interdependencies of top managers and executive administrations are a considerable component, not to be underestimated, which contribute to the difficulties external actors have in their efforts to reform the existing economic system successfully and effectively. As a consequence of the close links between state-owned companies and the state administration, privatisation is being implemented very slowly. The success of the Barcelona Process is going to depend on whether it will be possible, through the reorganisation of the Mediterranean market, to weaken the 'cartel' existing between the bureaucratic élite and the top management of the state enterprises.

### *The reform of intrastate political structures*

The European reform program not only aspires to aid the MENA region economically, but also to contribute to the modernisation process within state and society. The European commitment is based on the concern that, as a result of the inability of both state and society to adapt to the rapid pace of global modernisation and the limited efficiency of the state institutions in solving intrasocietal problems, the arising consequences will be uncontrollable. Also, reorganizing the political system will entail a shift of power - something which is in opposition to the interests of established institutions.

Therefore, in order to avoid obstacles which would impede the reform initiative, financial cooperation between Europe and the MENA region should extend beyond the public sector. By having direct access to non-governmental organisations, the EU should be in a position to encourage any aspect of Middle Eastern society from which the greatest contribution towards the development of a 'civil society' is anticipated. At the same time, owing to the direct financing of these organisations, state institutions are circumvented which are often not effective enough to implement the international transfers to the benefit of efficient political liberalisation programs.

Hence the EU is vitally interested in entering into discussions not only with state institutions, but also with the non-governmental organisations (NGOs). NGOs take into consideration and articulate the interests of society, thus serving as a bridge between state and society. In the past years they have developed into pillars of support for many of the civil societies of the MENA region as the governments there have been hesitant to democratise their public institutions, and political parties either exercise little social and political influence or are prohibited. The NGOs thus contribute greatly to stabilising the political systems in the MENA states.

Relations between the state institutions and the NGOs are often tense. Governments see the NGOs as competitors for political power as these are gaining more and more influence and legitimacy in their respective societies. As a result of this development, the NGOs are subjected to reprisals made by the state, which, particularly during times of political unrest, hold them in check. The various mechanisms used by the authorities to control the NGOs differ from country to country. In many of them, most of the NGOs are obliged to keep out of domestic

political debates. Public authorities have the right to take part in choosing NGO executive staffs. In some cases, the state floods the NGO sector with 'quasi'-NGOs, thus undermining the credibility of the more serious ones. Europe must take it upon itself to carefully organise a decentralised program of commitment and to identify efficient project partners. In this way, the establishment of a strong civil society will be promoted.

### *Conclusions*

The EU and its reform strategy of market liberalisation is facing a basic strategic dilemma in the MENA region. It is, on the one hand, dependent on cooperation with the heads of administration and business in the partner countries so as to ensure an economic reform from the 'top'. Without the willingness of executives and decision-makers from the MENA state apparatus to cooperate, a successful liberalisation strategy cannot be implemented. On the other hand, the European concepts are being met with potential resistance by the cooperation partners as it is the economic and power-political interests of precisely these actors which will be most influenced by its implementation. The redistributive effect of an extensive market opening would strengthen the position of the new alternative actors in the economic arena, over the old élite. The result of this dilemma would be a blockade of the trans-Mediterranean liberalisation process and with it the entire economic policy initiative of the Barcelona Process. The problem for the EU in the long run is how to satisfy the interests of maintaining the old power structures on the one hand and, on the other, how to promote the forces of reform in the MENA state economies.

The opening of the MENA states has furthermore a redistributive effect within the political systems: the internal political balance of power is being shifted to the disadvantage of the established élite as a result of the participation of the NGOs in Euro-Mediterranean financial cooperation. Thus, there is less willingness to speed up the intrastate modernisation process. Rather, the élite will attempt to restrict cooperation between external actors like the EU and non-governmental organisations.

Without a doubt, the decentralised organisation of development programs is also connected to questions of state sovereignty. The intervention of outside actors in the internal political process - forcing state institutions to cede control to other parts of

society - is inconsistent with the claims to power of the political élite. Yet, Middle Eastern states will not be able to ignore for long the influences of an ever-growing global community. In view of the manifold problem issues extending beyond state borders, the concept of a sovereign national state is becoming obsolete not only in the MENA region. In this context, the authoritarian control of state and society and the capacity to govern political systems through hierarchical structures are much less efficient than a decentralised way of dealing with intrastate and interstate problems. In order to manage problems in their region in a contemporary, decentralised manner, the states will have to come to rely on a differentiated civil society and, as a result, hand over their claims to power to alternative political and social actors. A decentralised form of cooperation between Europe and the private economic and political sectors is absolutely essential for stability in the MENA region. The private sector must be built up as a foundation of regional stability. Without this foundation, the Euro-Mediterranean partnership will lose its dynamic force.

### **The EU and the reintegration of Libya, Iran, Iraq and the Sudan into the international community**

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In the past few months there has been a fierce transatlantic debate going on as to the efficiency of two strategic initiatives proposed by the West to integrate the so-called 'rogue states' - Libya, Iraq, Iran, and with certain reservations, Sudan - back into the international community. The US has maintained a standpoint which emphasises political and economic sanctioning for these countries; the Europeans have stressed the significance of political dialogue and limited economic cooperation. It became especially clear in the case of Iran that the Western participants did not agree as to which stance should have been taken to coerce Iran into assuming a more flexible attitude towards the West. Neither the American policy of sanctions nor European dialogue could convince the Iranian leaders to adopt a more progressive attitude towards the Middle East peace process, to exert a restraining influence on fundamentalist terrorists and to distance themselves unambiguously from building up nuclear power. What is more, the quarrelling between Europe and the US as to the chances of success for a critical dialogue with

Iran led to tensions between the transatlantic partners, without either of them having any success to claim for their particular policy. It seemed that the results of the two initiatives were neutralising each other.

Also in the case of the other three Middle Eastern countries who were subjected to international sanctions through UN resolutions, no success was achieved. Neither has Libya extradited the two criminal suspects in the Lockerbie bombing, nor has Sudan handed over the would-be-assassins of Egyptian president Hosni Mubarak. Iraq has still not complied with the request of the UN Security Council to disclose detailed plans for the production of weapons of mass destruction. What is more, the sanctions have had unintended consequences which run counter to the international interests in reintegrating the 'rogue states':

Not one of the regimes in the four states has been destabilised by the sanctions. Saddam Hussein and Muammar al-Qaddafi still hold firm seats in their governments. Political instability, in the case of the Sudan, is not to be explained by the introduction of sanctions. In Iraq's case in particular, developments in domestic policy give reason to believe that sanctions have actually strengthened the regime domestically. Sanctions have not helped to establish alternative factions of power in Iraq, which could have then ushered in Saddam Hussein's political demise. Rather, the redistributive effect of the sanctions has led to the middle classes losing some of their influence to the benefit of the political and economic élite. It is altogether admissible to formulate an hypothesis working on the assumption that certain powers within the state apparatus sitting in the right places have actually developed an interest in maintaining the sanctions and have pursued accordingly a policy of non-collaboration with UNSCOM. All of the regimes have been able to use the sanctions for their own individual claims to legitimacy. Presenting the West in terms of a common enemy to the state interest has been quite helpful as it enables the leadership to integrate various factions of society into their power systems.

„I would like to summarize some of the main points in the debate about the effectiveness of sanctions and critical dialogue. In Germany's experience dialogue must be preferred to sanctions in the long run; in our globalized world economy sanctions will be more easily circumvented the longer they last; sanctions, in the long run, alter regional balance of power systems in a way which does not serve our foreign-policy interests.“

Helmut Schäfer, Deputy Minister of Foreign Affairs of Germany, Bonn

A 'class of egocentrists' is being developed subject to sanctions, who, because of lack of contact with other cultures, formulates conceptions of the world which are increasingly inward-looking. Irrational decisions are thus made in these countries which the outside world can neither understand nor influence. One consequence of this perception deficit was the course of the Second Gulf War and Saddam Hussein's decision to challenge the international community. These deficits have been intensified by the lack of contact between the individual decision-makers and the outside world. The Iranian clergy, not usually trained with an aim to rationally lead a regional power, are making exaggerated claims to international leadership. Also Sudan's claim to become, together with other Islamic countries, a leading global power, will be difficult to achieve. Regardless of the fact that these defined targets are difficult to comprehend, they demonstrate that the 'provincialization' of international politics can have considerable destabilising consequences in the region.

The international multipolar system of global economics will present increasing opportunities for raw material-exporting countries, like Iran, to sell their products to alternative customers, thereby enabling them to evade sanctioning regimes. China, in particular, and other south-eastern Asian countries will be developing a growing need for energy resources as a result of their ongoing industrialisation. China's bilateral trade with Iran increased from US-\$ 314 million in 1990 to US-\$ 700 million in 1993. China and Iran concluded an economic accord in 1995 to the sum of US-\$2 billion, including joint construction of an oil refinery as well as delivery of Iranian oil. The West alone is not anymore capable to effectively implement economic sanctions.

However, the 'critical dialogue', adopted as a common European policy by the Edinburgh summit in 1992, was not able to achieve visible results. Low scale diplomatic effort and economic transaction are not capable to change the foreign policy behaviour of the states.

Therefore, a common Western strategy is required which would make use of both the American approach of sanctions and the European approach of dialogue. Sanctions on the one hand undoubtedly weaken the basis of power politics of the countries in question, hence making them appear less of a threat to their international surroundings. On the other hand, Europeans should endeavour to offset the above-mentioned deficits of the American sanctioning policies as it cannot be in the interest of the Western world to cut off political and economic ties to other countries entirely.

More importantly, contact with the respective decision-makers should be sought and their integration into the security systems in the region encouraged.

More by luck, than by intention did the two distinct approaches of the US and the Europeans create an atmosphere in which the election of the new Iranian President Khatami was possible. On the one hand economic hardship did convince the Iranian electorate that a change of the Iranian foreign policy was necessary. On the other hand the moderate position of the Europeans in their relationship to Iran symbolized that a step by step change of Iranian foreign policy would be welcomed by the Western actors.

Having those aspects in mind, the following strategies could be applied for the four countries in question:

*Libya* should be offered a tentative dialogue with a long term perspective for partnership-agreement negotiations with the EU and participation in the Barcelona Process. In Libya at present, apart from its foreign-policy rhetoric, signs of a relatively moderate foreign policy and a less restricted political and economic domestic policy are emerging. If Europe intends to establish a Mediterranean zone of stability with its Arab and Israeli partners, then, precisely those countries presenting the greatest apparent security threat to the region must be included. As a countermove, Libya should accept Israeli participation in the Barcelona Process.

Discussions with *Iran* must be extended to include various actors within Iranian society. Communication should be advocated in particular with the Iranian clergy who, although often lacking experience in foreign policy, hold key positions in the state apparatus. As in the case of Libya and its inclusion in a regional security system in the Mediterranean, Iran should be included in regional security systems so as to promote confidence-building especially with neighbouring Gulf states. This would achieve a system of security in the Gulf in which all GCC member states, Iran and also Iraq would be represented. The US, Japan, Russia and the EU should take part in it. Europeans could mediate between the US and Iran and try to take advantage of the room for compromise left open by the US. In addition to this, Europe could enter into discussions with Iran's neighbours and potential partners. China, in particular, and other Asian states, must be made to see that with their growing need for raw materials, they will develop an interest in a stable Middle East.

To strengthen the sanction regime imposed on the *Sudan* would lack credibility. The country is economically at the end and highly in debt. The Sudan is of little geostrategic importance for Europe, but does play a significant role in the proliferation of terrorist activities. The same applies here: sanctions are to be complemented by a strategy of dialogue, especially with oppositional factions, which are becoming stronger since Sadiq al-Mahdi has fled the country and some military gains have been made in the west of the country. Important is that al-Mahdi represents, on the one hand, a figure symbolising the demise of the ruling government, but cannot necessarily alone guarantee the stability of Sudan's political structures. It should be taken into account that the Sudanese opposition is united with the common enemy of the fundamentalist rule in Khartoum, however, should the current regime be successfully have been overthrown, its common basis will be weakened, potentially followed by violent confrontation between the different factions.

In the case of *Iraq*, even though the international community of states is not prepared to enter into extensive discussions with Saddam Hussein, contact with other Iraqi actors, however, should not be excluded. Discussions about the viability of sanctions are not as developed in the case of Iraq as they are with Libya and Iran. In spite of this, the following questions should be interjected in the debate about the usefulness of sanctions: From a domestic and societal point of view, who are the ones to profit most from the redistributive consequences of the ongoing sanctions? Saddam Hussein, in any case, is still holding the reins. After sanctions on Iraq have been lifted, what will be the direct results on international oil prices and the political consequences over the medium term? After all, Iraq controls 10% of the world's oil reserves. It will certainly have an impact on international oil prices if sanctions against Iraq are lifted. Also, other oil-exporting countries will be confronted with a considerable drop in profits.

In conclusion, it has become clear that a policy of sanctions which cuts off all contact with the opponent is not very beneficial. Sanctions may be used in the short term to reduce the military potential of a country; they are not suited to bring about changes in the foreign policy targets of a regime. In a multipolar global economy, countries submitted to sanctions have, in the long term, to evade them by intensifying alternative economic contacts. A European strategy of dialogue would absorb the negative consequences for the West of extensive sanctioning.



## **Conclusion: Six theses on the role of the EU in the MENA region**

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Following the discourse on the role of the EU in the peace process, on the question of political and economic transformation and the obstacles blocking it, and on a viable strategy to be employed with the so-called 'paria states', six theses can be formulated as to the future European position in the MENA region:

1. The conflicting interests of the European national states and European institutions are hampering the implementation of a consistent strategic initiative geared directly towards the problem areas in the MENA region. In particular, Europe has no united position and thus no efficient solutions to regional crises. The example of France in the Middle East peace process, the cleft in European reactions to last year's Lebanon crisis, and Greece's blocking of funds in connection with the structural adjustment processes in Turkey all illustrate this fact. As long as Europe, relying solely on general principles, is not able to implement a coherent policy, it will not be able to play a significant political role in the region.

2. Whether the EU will occupy a position of influence in the peace process and in the region as a whole depends on internal European consolidation. Only when the EU manages to agree upon a common currency, to strengthen the European Union and intensify foreign policy cooperation and to integrate Eastern European countries into the Union, will it be able to exert influence in the international system of the MENA region.

3. The US is the vital political power in the 'front yard' of Europe. EU institutions as well as European national states are too weak militarily to question the security role the US plays in the MENA region. The recognition of this fact leads to a European Middle East initiative which can only affect political borderlands. The resulting alternative approach of the Europeans is not being employed as it should, however, in close coordination with the US to offset the deficits in policymaking of their transatlantic neighbours. Rather, it is leading to tensions which hinder the accomplishment of common goals. The point of departure for a common policy of 'division of labour' in the Middle East and North Africa lies in the organisation of the peace process and in a consistent strategy towards Libya, Iraq, Iran and the Sudan.

4. The peace process has not yet earned the desired peace dividends. Responsible for this lack of success are not the European but the Middle Eastern actors. In the first place, economic development potential in the MENA region has not been used consistently. In the second place, there should be no definitive relationship between progress in the peace process and the donations of European institutions. The EU can support successful measures in the peace negotiations materially; it can simply be a catalyst, but it should not be the one responsible for the realisation of peace dividends.

5. The entire trans-Mediterranean concept is characterised by a basic conflict of interests between the European reform initiative and the political and economic élite in the MENA region who want to maintain power: Europe would like to assist in the transformation of the states, the economies and the societies in the region, thereby implicitly weakening the position of power of governing élites. They, on the other hand, want to hold on to existing political and economic structures which enable them to preserve their position of power.

6. An extensive Western strategy of sanctions imposed on Libya, Iraq, Iran and the Sudan would close these countries to Western influence. In the long run, these countries will establish alternative contacts, with the help of which the sanctioned countries could circumvent the costs of the sanctions. Therefore the West should agree upon a policy which, on the one hand, would prevent the growth of military potential in these countries and, on the other hand, would seek communication with them in order to guide them back into the international community of states.