

The Mediterranean Policy of  
the E.E.C.

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Summing-up and Interpretation

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INTRODUCTION

In the Spring of 1979 the agreement for Greece's entry into the Common Market will be signed. The signing of this agreement is an event of enormous importance not only for Greece, but also for the Community. After the entry into the EEC in 1972 of Great Britain, Denmark and Ireland, the Community is now undergoing further expansion, but this time not towards the North but towards Mediterranean Europe. The Minister of the Exterior of Great Britain in a speech to the European Parliament on the 12th January 1977 characterised the expansion of the Community towards the South as the most significant matter that the Community will confront in the coming years. Despite the difficulties, which will arise, he stressed, the expansion constitutes "an investment in the democratic future of Europe".

This official interpretation of the most characteristic manifestation to date of the new Mediterranean policy of the Community has been doubted by other observers. In a recent analysis members of the French Socialist Party posed the question as to whether "liberal Europe is looking for the help of the middle classes, of the countries who have requested entry to promote the possibility of disposing of its industrial goods and in particular to expand the network which the multinationals have woven over Europe. In other words we must ask ourselves whether these countries and Europe are in fact choosing through expansion the best possible means of realising their objective goals".

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Development of the Mediterranean Policy  
Agreements with the Mediterranean Countries

Efforts by the Community to expand its influence in the Mediterranean area



and to institutionalise its special relationship with the countries of the Mediterranean basin began but a few years after the signing of the Treaty of Rome in 1957. These efforts led to the signing in July 1961 of the liaison agreement with Greece, enacted as from 1.11.1962. The agreement foresees the gradual abolishment of customs duties for industrial goods, the alignment of the agricultural policy of the contracting parties and the granting of financial aid from the Common Market to Greece. This agreement was followed by the liaison agreement with Turkey in September 1963, enacted on 1.12.1964. Here the same principles as in the report of November 1970 were followed, which were laid down for the case of Greece: gradual abolishment of customs duties for industrial goods, trade facilitations for agricultural products, financial aid to Turkey from the European Community. The next step taken by the EEC, was in the form of trade agreements with Israel and Lebanon in 1964 and 1965. The agreement with Israel was subsequently modified. The form it took was based on the agreement signed in 1975 and foresees the abolishment of customs duties for the import of industrial goods from Israel to the EEC and vice versa, as well as the facilitation for the import to the EEC of approximately 85% of the agricultural goods of Israel. The first agreements with Morocco and Tunisia were signed in 1969, and were of a purely trade nature. These were replaced in 1976 with collaboration agreements, which aimed at setting up a free trade zone, where basically industrial goods, and some agricultural products, such as wine and olive oil would move freely. The first agreement with Spain was signed in 1970.

This was a trade agreement which aimed at the mutual reduction of customs duties for industrial goods by 60% and facilitations for 60% of Spanish agricultural products to the EEC. In 1970 a liaison agreement was also signed with Malta, followed by the same agreement as for the other countries, for the abolishment of customs duties for industrial goods and special arrangements for agricultural goods. In 1972 agreements were signed with Cyprus and Egypt. The agreement with Cyprus is in the form of a liaison agreement and aims at forming a customs union. The agreement with Egypt was a trade preference agreement. This was replaced however in 1977 by a new agreement, which entails the gradual reduction of customs duties for



all industrial goods and some agricultural goods. The agreement made between Portugal and the EEC on the 1.1.1973 aims at setting up a free trade zone. Negotiations with Algeria ended in the signing in 1976 of a collaboration agreement aimed at setting up a free trade zone. Here too the free movement of industrial goods is provided for, with facilitation of imports of agricultural goods from Algeria to the EEC. Agreements with Syria and Jordan were signed in 1977, which aim chiefly at the reduction of customs duties for industrial goods. Finally, the agreement with Yugoslavia which was signed in 1973 is a trade agreement, providing for the application of the more favoured country clause. Libya is the only Mediterranean country which as yet has no special links with the EEC.

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#### The Type of Agreements. - The New Mediterranean Policy

From its establishment until today the Community has not followed a uniform pattern in its liaison with the Mediterranean area. With some countries it has aimed at setting up a customs link, i.e. gradual abolishment of customs duties and a common customs policy towards third countries. With others it has promoted a free trade zone, i.e. only the gradual abolishment of customs duties. With some it has set up very close ties such as with Greece. With others such as Yugoslavia it merely has a relations agreement. Throughout the Community these differences are chiefly for political reasons. The liaison with Yugoslavia which has a different economic system cannot be the same as with Greece.

Until 1972, the Community made arrangements as each case arose. Depending on the relationship it wishes to have with each Mediterranean country it modifies the type of agreement accordingly. This policy leads to arrangements which despite the fact that they all aim at promoting the free disposal of the industrial goods of the EEC, do differ in nature and contents without there being any obvious justifiable reason for these differences.



In January 1972 the agreement for the entry of Great Britain, Denmark and Ireland was signed. After these countries joined the EEC it was necessary to adjust the existing agreements with the Mediterranean countries to the new situation. This necessitated a review of the Mediterranean policy vis-a-vis the Community, since the special arrangements in force were without perspective. It was thus "necessary for all these agreements to be re-examined in the light of a comprehensive conception for relations with the Mediterranean area". The first meeting of the Ministers of the Community in October 1972 in Paris confirmed this new Mediterranean policy. The final communique of the meeting emphasized that "the agreements made or to be made with the Mediterranean countries must correspond to an overall balanced approach to the problems". Consequently the Community did in fact relinquish its policy of individual arrangements, and sought to realign all its arrangements to a uniform relationship, which it termed an agreement of extensive collaboration. The new agreements with Morocco (27.4.76), with Tunisia (25.4.76) and with Algeria (26.4.76) correspond to these new uniform arrangements: Their chief features are as follows:-

In the area of industrial goods the Community demands the creation of a free trade zone with each of the contracting countries. The free trade zone implies the free movement of industrial goods. There is no common external customs duty. The countries subsequently remain free to conclude agreements with other countries on a peripheral basis.

In the area of agricultural goods the Community does not accept the principle of free movement. The agreement is in accordance with the conditions in each country and facilitates the disposal of surplus goods of the Mediterranean countries for which there is a demand in the EEC. These agreements thus secure the interests of the consumers of the EEC countries and at the same time avoid any disruption of the Common Market from the Mediterranean countries which compete with the Community goods. The Community seeks the free export of its agricultural goods, such as butter and cheese. To ease the alignment of the agreements to the development of the internal EEC market these are to be reexamined at regular intervals.

The third aspect of the agreements concerns the special agreements which according to the Community aim at equalising the disadvantages of the



arrangement in the agricultural sector and to aid the recontracting country. Collaboration can deal with many subjects such as financial aid, employment for workers, transfer of technology.

The new comprehensive confrontation of the problem of the Mediterranean aims at promoting, according to officials of the EEC, a successful distribution of labour between the Community and the Mediterranean countries in the industrial, agricultural, employment and tourism sectors. The long-term political aim is "to eradicate poverty, ensure social and economic stability so that the area ceases to be politically unsure. If the Community countries do not aid chiefly the countries of the south flank of the Mediterranean, these countries will turn against them. Europe however needs a Mediterranean which is friendly, stable and prosperous".

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#### The expansion of the Community towards the Mediterranean

Greece's application to join the Common Market constituted a new development for the Mediterranean policy of the Community. The policy pursued up to this point had followed two principles: The Mediterranean is not a total entity according to the Community. Their interests do not coincide and the only common interest is the increase in relations with the Community. The different political concepts, the great differences in the degree of economic development, the political diversities hinder any close collaboration between themselves. Mediterranean trade is exceedingly limited and the possibilities for any significant increase minimal. The North African countries seek liaison with the other African countries, whereas the European Mediterranean countries with the other European countries.

The idea of setting up a unique tariff and economic union around the Mediterranean is considered as unrealistic by the Community. The Mediterranean area is seen as a natural extension of Western Europe and thus an area where the Common Market must play a primary role.

The countries of the North and South banks of the Mediterranean have no



particular importance for the Community. The countries of the North bank since they are European countries, can become members of the Community, according to the preface of the Treaty of Rome, 1957. These countries have the right according to the Community both nominally and practically to request close links with the Western European countries. They have common economic and cultural features with these countries. But the economic gap which separates them from the remaining Western European countries hinders their assimilation into the Community.

Greece's entry and the future entry of Spain and Portugal are a change in the official policy of the EEC since they give a new form to the relationship as it was up to the present day. The Community has not as yet given any precise interpretation for its new stance. In the statement of the Community Committee, on the problems of expansion (Natali Statement) it was merely mentioned that "the three countries have entrusted a political responsibility in the Community which it cannot decline unless it denies the very principles on which it is based". The principle of the Community is the participation of other European countries, which share its ideals. The leaders of the countries and governments officially proclaimed their devotion to this ideal, which leads the Community to give a positive answer to the candidate countries".

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#### Some Economic Facts

The EEC is the main trade partner of the Mediterranean countries. It is the main supplier (with the exception of Egypt) and the main purchaser of our products. Community exports to the Mediterranean countries in 1970 totalled an average 40% of total imports of the 12 Mediterranean countries, in 1971 - 42%, and in 1973 - 50%. Imports to the Community from the Mediterranean countries constituted in 1970 40%, in 1971 - 41% and in 1973 - 48% of exports from these countries. In 1973 Community exports to Mediterranean countries except Italy and France totalled 7 billion dollars. Exports were 2<sup>1</sup>) 2 times those made to Latin America and represented approximately the value of exports to the United States. In 1973 people in the EEC countries



contributed 10.4 billion dollars to tourism. From this amount it is calculated that 6 billion dollars were spent in the Mediterranean area. More than 53% of tourists from the EEC spend their vacation in the Mediterranean area. Officials of the Community remarked in 1972 that the Mediterranean basin "will continue to become by far the main economic area with which the Community will deal".

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### Mediterranean Policy through the Domination of the Mediterranean Countries

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The Mediterranean policy of the Community, if we accept the interpretation given by the Community itself, is as yet nothing but a mosaic of different agreements without any distinct goals. (The Mediterranean policy of the Community, on the other hand, is unique if we ignore the various statements of its representatives and investigate which power structure it promotes, and which methods it uses in shaping its relations with the countries of the Mediterranean basin.) Our position is that the Community promotes the dependence of the Mediterranean countries and shaping of a relationship where the industrialised capitalist countries of the West will dominate and exploit the lesser industrialised countries and areas of the Mediterranean.

If we examine the agreements between the Community and Mediterranean we observe that their common characteristic is the differentiation between their industrial and agricultural products. The Community seeks to secure a new market for its industrial goods and ensures their free import into the Mediterranean countries. On the contrary, it does not agree to proceed to free imports of agricultural goods of the Mediterranean countries towards the Community. But the free export of agricultural goods is of prime importance for the Mediterranean countries because their economy is to a great extent still agricultural.

Greece is a typical example. The liaison agreement of 1962 intended among other things the free movement of industrial goods and the harmonisation of the agricultural policy of the EEC and Greece, i.e. the gradual attempt to give the same treatment to Greek agricultural products as for those of



the Community. On account of the dictatorship which was imposed on Greece, the Community postponed in 1967 the harmonisation of the Agricultural Policy and subjected the Greek agricultural goods to the same treatment as those of third countries. On the other hand, the reduction in customs duties for industrial goods of the Community and facilitation of imports into Greece continued to be applied. The result was that the trade balance between Greece and the Community showed a deficit in 1977 of 1.830.000 dollars.

The policy of the Community for the agricultural policy of the Mediterranean countries aims to secure whatever products are needed by the Community at the best possible price, by exploiting the competition between the producing countries. The Community does not seek to define customs duties and import quotas in accordance with the needs and desires of those countries it deals with. As a case in point, the Community does not offer any protection to Greece, which is the only cotton producing country in Europe against cotton imports from third countries, similar to those it applies for its own agricultural goods. This is because this would lead to an increase in the price of cotton, which is a raw material for European industry. The Community countries now buy cotton on the international market at 18 - 22 drachmas per kilo, while Greek cotton costs approximately 28 drachmas per kilo.

The EEC countries promote a new distribution of labour. In the Mediterranean countries industries are gradually being set up, which require a high density of labour or little technology or pollute the atmosphere. In the developed industrialised capitalist countries, industries which produce capital goods mainly remain and are being developed and those industries which require advanced technology. Light industry being set up in the Mediterranean countries, under these conditions, constitutes progress, but at the same time increases dependence. Industry in the Mediterranean countries is determined mainly in technological and market terms by the economy of the West European countries.

In most Mediterranean countries industrial development is carried out by the multinationals of West European countries. The multinationals when making an investment maintain control to their advantage. The mother company decides the management of the daughter company, the method of distribution



of the goods, research, technology, and distribution of profits. The mother company takes these decisions with the intention of increasing its profits and not to strengthen the economy of the Mediterranean country. The daughter company is either a mere salesroom set up to facilitate distribution of the product of the mother company in the internal market of the Mediterranean country, - or seeks to exploit the raw materials of the Mediterranean country, the incentives given by the state enterprises, and the availability of low paid workers. Multinationals increase dependence and control the new distribution of labour by their activities, to the benefit of the industrially advanced countries.

The financial aid that the EEC countries offer within the framework of collaboration with the Mediterranean countries is in itself a control of these countries being financed. Research has shown that 80% of aid from the EEC countries to countries of the 3rd world is given so that these countries can furnish themselves with capital goods from the EEC countries. In this way, the EEC not only finances its own industry, but secures the ties of the economy of the financed country with the EEC, so as to constitute a future market for its goods.

Infrastructure development works are promoted by the financial aid which help to increase the demand (restricted up to now) for industrial goods from the European Community (motorways and not railways are built to increase the export of private cars).

J. Galtung in his book "The European Community: A Superpower in the Making" (Oslo London 1973) (page. 154) confirms that "through its economic collaboration the Community exercises the power of an economic system which moves people, goods and money, sets up centres and peripheries, enriches the former and impoverishes the latter. There is of course the element of reallocation of revenue in this relationship. The centre gives some of its profits back to the periphery in the form of subsidies, or development aid. But the return of resources has as its only aim the reinforcement of the power of the centre over the periphery". The Community by means of free trade, by the distribution of labour and by economic aid seeks the exploitation and domination of the Mediterranean countries.



To strengthen its position towards the Mediterranean country the Community systematically pursues the different treatment of each of them. The special relations with each Mediterranean country were negotiated separately. This enabled full possible exploitation of its negotiating power and the weakness of the contracting country. It avoided any collaboration of the Mediterranean countries, any common demands, and any coordinated pressure in order to achieve more favourable agreements.

The penetration made by the EEC into the Mediterranean countries today is less military and political than it was during the period of the Empire, it is chiefly cultural and economic. It remains however exceptionally successful. The leadership in most Mediterranean countries is trained in the mode of thinking, which has developed in the industrially advanced capitalist countries, accepting the values which exist there and espousing the organisational model of the economy and development which exists in the countries of the West. The leadership usually belongs to the group which represents the interests of the multinational enterprises and more generally of the capitalist countries and have a direct economic and political gain from its role as the representative of foreign capital. If in any negotiations the negotiating sides who come together are in agreement as to the values and systems which the negotiations must enforce, a solution to the basic problems is not sought, and discussion revolves mainly around minor details. The EEC countries do not therefore as a rule have to confront negotiators who doubt the economic system on which the economic policy of the EEC is based, nor the development model which the EEC seeks to impose on the third countries. The leadership in many Mediterranean countries today accepts the principle which the EEC professes. "Develop trade relations with us, apply the same economic system and you will soon be like us". This is why during negotiations they simply seek to align the development of their country with the instructions which the EEC gives at the minimum political and economic cost. They do not aim to ensure a different development method to correspond to the particular situation of their country and their cultural tradition.

The EEC countries have long promoted by all sorts of methods the acquiescence of the leadership of the Mediterranean countries with their policy or with



agreements to military collaboration and common defence mechanisms (i.e. NATO in the case of Greece and Portugal), or by bi-lateral economic, political and cultural agreements and contacts, or simply by their intensive economic, political, and cultural presence and propangandisation in favour of their economic and political system.

Economic exploitation, the different handling of the Mediterranean countries, and economic penetration are all methods consciously used by the EEC to achieve its main goal: to add the countries of the Mediterranean basin to its politico-economic system, to stabilise and secure a permanent market for distribution of its industrial goods, and to increase to the necessary level, such activities as are necessary for the more successful and fruitful functioning of the economies of the member countries- (supply of agricultural goods, tourism, exploitation of cheap labour etc.). The Mediterranean policy of the EEC has not essentially changed since its establishment. The new concept which the enterprises of the Community have begun to support from 1972 and the expansion towards the South is due to the ascertainment that the diverse agreements in force till then were conflicting. It was necessary to secure contacts in a more systematic way and to consolidate permanent sovereignty over the Mediterranean market. The opportunistic strategy has been replaced. The intentions remain the same.

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#### Possibilities for the Progressive Forces of the Mediterranean

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Today France and Italy are members of the EEC. Greece will sign the entry agreement in a few days. Spain and Portugal have requested their entry. In many of the remaining Mediterranean countries the existing economic and political forces prefer close collaboration with the EEC rather than the creation around the Mediterranean of a new axis of economic and political developments. The front of the Mediterranean countries is disunited. In addition, in the European Mediterranean countries and the non-European Mediterranean countries, economic, social and cultural conditions exist today which are sufficiently diverse to contribute further factors to the present



disjunctions which rule out the creation in the immediate future of a Mediterranean Community. In the progressive movements of the European Mediterranean countries which have not entered the EEC there is for this reason the notion that under the present circumstances, if their countries were to enter the EEC they could constitute the bridge of Western Europe to the remaining Mediterranean countries. Their countries would contribute to the expansion of the EEC base to support an autonomous European policy against the United States and the Soviet Union. In exchange the EEC would offer economic collaboration on favourable terms. Thus entry into the EEC would lead to the development of the economies of the three new members as a complement to the economies of the West, but under conditions where they would soon take the leading role in the Mediterranean area as "links in the European Mediterranean hegomonistic policy". Entry into the EEC with these designs leads all those who espouse these positions to become the bearers of the neo colonialist policy of the EEC. Their reasoning can be summarised as follows " since the exploitation of the Mediterranean area by the West European countries is taken as granted, it is better to participate and assist the Mediterranean members, within the Community to achieve the greatest possible gain."

The Panhellenic Socialist Movmt has refused the entry of Greece into the EEC. It believes moreover, that all those Mediterranean countries that have not entered should not do so. "The EEC is the common market of the monopolistic capital and the participation of the Mediterranean countries in this will mean in the long-term that they will remain dependent, peripheral, marginal regions of international capitalism" (Andreas Papandreou) (Malta Conference Speech: Pasok in the International Field, Athens, 1977. page 46). Pasok has however stated, that " this does not mean that the European, North African and Middle East countries must not maintain and develop economic relations with the EEC"(Andreas Papandreou, ibid.,). Pasok believes that in the case of Greece a particular relationship must be set up with the EEC which will allow Greece the gradual reduction in its present dependence and to follow "the road of equal and auto-centred development". The special relationship with the EEC should ensure control in Greece of her external trade and the movement of capital so as to enable national planning. If Greece and the other European Mediterranean countries followed this method they could unite their forces to confront together the problems such as those posed by "the activity of the national organisations which support



the supremacy of the Western monopoly capitalism and to coordinate their investment programmes and trade policy towards the interests of the Mediterranean region".

The entry of Greece into the EEC and the possible entry of Spain and Portugal do not completely exclude the prospect evaluated by Pasok. It requires a new strategy for its realisation. The progressive parties of the Mediterranean countries insofar as they can influence development could act as retarding forces of the exploitation of the Mediterranean basin which the EEC pursues, can contribute to the closer collaboration of the Mediterranean countries, for mutual aid in reducing dependence, and to the autocentric development of their economies. The Progressive parties of the Mediterranean could contribute within the framework of this prospect to promote interstate collaboration in as many fields as possible, to establish common enterprises, common research organisations, common financing organisations. In addition they should seek the formation of a common policy to confront the problems of the Mediterranean and particularly the establishment of a "system for peripheral security under the direct control of the countries bordering the Mediterranean with the intention of eradicating the presence and intervention of the superpowers in this area".

These general goals were laid down in the decision of the Malta Conference in 1977. The progressive parties must study the realisation of these goals. This will constitute a step towards a general European rearrangement, a step in the direction of change of the present European Economic Community towards a new and more extensive organisation, with different contents, into a Federal Socialist Europe.