

**THE INTEGRATION OF THE MOROCCAN ECONOMY INTO THE NEW EURO-MEDITERRANEAN STRATEGY AND SPACE: THE PARTNERSHIP AGREEMENT BETWEEN MOROCCO AND THE EUROPEAN UNION**

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**Introduction**

For geopolitical, cultural and economic reasons, the Mediterranean Sea is a sea for all. The European Union and the southern coastal states of this sea, mainly the Maghreb, would like to promote in this “Tibirate Lake” a strategic space for multidimensional cooperation. These countries share a large responsibility, targeting a harmonious development of the Mediterranean region, the original seat of civilization. Their future is consequently intertwined.

Therefore, for Maghreb states including Morocco, the economic as well as the socio-political burden is tremendous. It is in the interest of the European Union to see peace prevailing on its southern boundaries. If the socio-economic situation is to be changed, the European Union would be highly concerned, especially on account of the fact that it manages an important part of the industrial production of these countries.

In the current framework of globalization and regionalism, the southern coastal states of the Mediterranean Sea are obliged to adopt a strong strategy aimed at anchoring in this Mediterranean space.

As a result, Europe is seeking to act affirmatively in the international arena mainly through the implementation of the economic and monetary union. By the same token, it forces itself to listen to the concerns of the southern coastal states of the Mediterranean Sea in order to find ways of renewing and deepening dialogue among all these countries. On the other hand, the EU pledges mainly with its Moroccan friends to establish a Euro-Mediterranean partnership in order to maintain a durable peace, security and development of all the countries of this region.

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Building this new space on a long lasting basis requires a strong political will as well as involvement of all parties. It seems that all partners are aware of the challenges and the shared responsibilities to overcome the disparities that threaten stability in this region. The Europeans and the Mediterranean people have chosen an ambitious approach, a coherent project, along with the necessary means for its success.

These are the aspects that will be covered in this paper:

- I. A strong Europe : Open to the world
- II. The European Union relations with the Mediterranean region
- III. The European Union and the Magreb region
- IV. The European Union and Morocco

### **I - A Strong Europe: open to the world**

The European Union must be capable of exercising political responsibilities on the international scene to match its economic and commercial stature. That is why it cooperates with almost every part of the world: Russia and the Eastern European countries, Asia, North and South America and of course the Mediterranean region that will be explained in depth below.

#### **A. Russia and the surrounding countries**

As regards the relations with Russia, Ukraine and all the newly independent states, the socio-economic and political situation in these countries urges the EU to give priority to providing assistance to reforms and economic recovery, particularly through the partnership and cooperation agreements and by mobilizing the Tacis Program. More must also be done to strengthen relations with the countries of the Caucasus and Central Asia and to support regional cooperation.

#### **B. Cooperation with the United States**

In relation to the US, the main objective will be to implement the transatlantic economic partnership which was the result of the European Union–United States summit in London in May 1998.

### **C. Cooperation with Latin America**

This topic will be in the forefront of European interests, with the European Union-Latin America-Caribbean Summit held in Brazil in June 1999 and the continuing strategy of bringing the two regions closer.

### **D. Cooperation with Asia**

With Asia, lessons must be drawn first from the financial and economic crisis. In this connection, the EU will continue its support for the internal reform processes and for opening up the economies through increased dialogue and the adjustment of cooperation with the affected countries particularly in the social and financial sectors.

### **E. Relations of the European Union with APCs (Africa-Pacific-Caribbean):**

The oldest agreements of cooperation between the EU and the ACPs are the Yaoundé and Lomé Conventions, signed in 1963 and 1975 respectively. The first Yaoundé Convention was followed by “Yaoundé-II” which ended in 1975. The Lomé Convention was also updated regularly.

## **II- European Union & the Mediterranean region**

The fall of the Berlin wall, the emergence of new democratic states in Central Europe, and the dissolution of the former Soviet Union have compelled the EU to totally adjust its relations totally in both the east and south parts. The European Commission, presided by Jacques Delors, launched in 1990 the “Renewed Mediterranean Policy”. This policy involved substantial financial support, part of which was monitored by the European Investment Bank.

The three main aspects of the Med-Partnership are:

- The political and security aspect, aimed at defining peace and stability: In this context, a network of institutes dealing with foreign policy (Euromesco) is exploring all possible means in order to foster this aspect of the Med-Partnership.
- The economic and financial aspect consisting of building a shared prosperous zone. The Euro-Mediterranean agreements were concluded aiming at establishing a Euro-Mediterranean free trade area.
- The social, cultural and human aspect, strengthening human resources and promoting understanding among civil societies in all countries (Med-Campus, Med-Media, Med-Urbs).

### **A. Euro-Mediterranean partnership**

#### 1. Background:

It is important to know why the European Union launched what is today called the “Euro-Mediterranean partnership”. The Euro-Mediterranean partnership was launched partly because of the dissatisfaction with the results so far achieved by its old Mediterranean Policy, concluded as early as 1969 by preferential agreements with the Maghreb countries (Morocco, Algeria, Tunisia) consisting of commercial co-operation, financial and economic cooperation and social co-operation. This cooperation culminated in 1990 with the adoption of the *New Mediterranean Policy* (explained below).

This introduced the concept of partnership and attempted to make relations more dynamic by using assistance to encourage economic and structural reforms.

Therefore, the European Union decided to organize a major ministerial conference in Barcelona on November 27<sup>th</sup> and 28<sup>th</sup> in 1995 between the 15 member states of the European Union and the 12 countries of the eastern and western Mediterranean.

The Med12 are: Morocco, Algeria, Tunisia, Cyprus, Turkey, Syria, Malta, Jordan, Egypt, Israel, Lebanon and Palestine.

#### 2. The Partnership or the Barcelona Conference:

The conference of Barcelona launched a founding process that allows the EU and the countries of the south Mediterranean to renew their dialogue. All partners were aware of a shared responsibility to overcome disparities and unbalances that threaten the stability of the region. Thus the European Union decided to compete collectively and massively in order to settle problems of development of the region from the Maghreb to the Middle East. This approach generated big hopes in the north, as in the south of the Mediterranean. The Europeans and the Mediterranean people chose an ambitious strategy, a coherent project and the necessary means for its implementation.

The originality of the Barcelona process is committed to its method. The twenty-seven partners of the North and the South, of Europe and the Mediterranean have met for the first time. The main concern was regional. This global approach pertains to the content of the partnership as well as the inter-relation between the economic partnership and other aspects of the Barcelona declaration, whether they be political, cultural or humanitarian.

The content of the partnership addresses the development problems of the regions in the Mediterranean. Besides its political aspects, the 27 partners set themselves an objective at an ambitious and demanding time: The creation of an economic space for Euro-Mediterranean free trade by 2010. The opening of the southern economies must promote the growth of exchanges not only with countries of the north, but also among countries of the south. To this effect, it is necessary to ensure the modernization of their productive devices and foster a real regional cooperation between countries of the south, geared towards the implementation of infrastructures in the area of energy and telecommunications. Therefore, the instruments that are already in place will have the tendency to complete each other, and thus reinforce themselves mutually.

The global nature of the Barcelona process surely confers to the Euro-Mediterranean framework a unifying virtue which is crucial for its credibility and efficiency. This unifying virtue manifests itself forcefully at the political level. As a matter of fact, all partners at the Barcelona Declaration subscribed to common principles relating to the state law, liberties as well as rules and policies governing their relations: Non-recourse to violence, respect to territorial integrity and peaceful settlement of disputes.

The partnership provides a new multilateral framework which will complement and strengthen the existing bilateral agreements between the European Union and each of the 12 countries.

One aim of the Euro-Mediterranean partnership will be to establish a free trade area, twice the size of NAFTA (North American Free Trade Agreement) with a population of 800 million, by 2010 through free trade agreements between the Mediterranean countries and the EU's current and future members. The Euro-Mediterranean free-trade area is more than just another ambitious project for it is progressively becoming a reality.

Since the Barcelona conference, there have been five foreign ministers' meetings to review and improve the Euro-Mediterranean Partnership process: Malta (also called "Barcelona II"), Palermo - an informal meeting, Stuttgart ("Barcelona III"), Marseilles ("Barcelona IV") and Valencia ("Barcelona V"). "Barcelona VI will be held in Naples at the end of this year.

### 3. The Renewed Mediterranean Policy:

In 1990, the Renewed Mediterranean Policy heralded by the European Commission had a greater budget at its disposal for the financial protocols with narrower objectives and strategies:

- Support the Structural Adjustment Programs elaborated by the International Monetary Fund and the World Bank, with the particular aim of softening their social counter-effects.
- Promote the creation and development of small and medium enterprises.
- Encourage the protection of the environment.
- Finance actions of regional scope and thereby reinforce horizontal co-operation.
- Emphasize the importance of human rights with a new clause enabling the European Parliament to freeze the budget of a financial protocol if serious human rights violations justify it.

- Help societal actors such as universities, the media and municipalities contribute efficiently to the development and modernization of Small & Medium Enterprises by setting up "Med" programs of decentralized co-operation.

### **B. European Union's new mediterranean strategy**

As highlighted during the Barcelona conference, establishing a free trade area with the Southern Mediterranean Region is the centerpiece of the European Union's new Mediterranean strategy. Strong adjustment and reforms efforts by the countries of the region will be essential for the strategy's success.

#### 1. Final objectives:

Consequently, three sets of final objectives are spelled out under this new strategy:

- Engendering political stability in the countries containing political tensions arising from immigration
- Encouraging balanced and sustainable growth with an eye to reducing the income and social disparities between the European Union and the Southern Mediterranean Region countries
- Dealing with a number of challenges that require common European Union - Southern Mediterranean Region cooperation such as the protection of the environment.

#### 2. Intermediate objectives:

Guided by the multilateral framework of the Barcelona declaration, the new framework anticipates the signing of a bilateral agreement with each of the southern Mediterranean countries with five sets of intermediate objectives and instruments:

- Creating a free trade area over 12-15 years.
- Increasing investment flow.

- Fostering the Southern Mediterranean intra-regional economic links.
- Establishing an institutional mechanism for political and economic dialogue.
- Providing performance-linked financial support from the European Union.

However, for the success of this strategy, some preconditions should be met by the southern Mediterranean countries such as macroeconomic stability, low external debt, a high degree of openness and liberal regulatory framework.

Thus the new Mediterranean strategy is an ambitious step towards reinforcing the traditionally close ties between the European Union and the southern Mediterranean countries. Compared with previous initiatives, the new strategy benefits from more clearly defined global objectives, both political and economic.

### **C. The MEDA program**

#### a. Definition:

In July 1996, the European Council approved the *MEDITERRANEAN AGREEMENT (MEDA)* regulation, serving as a legal base to Euro-Mediterranean co-operation. This has been signed between the European Union and the Med12, and is aimed at helping the members' enterprises to be restructured in order to reach the European Union's enterprise levels. This repositioning has to do with the upcoming competitiveness arising from the heralded free trade area in 2010 since that one component of this agreement is the progressive abolishment of customs taxes.

MEDA consists mainly of financial aid, representing almost 90% of the total financial commitment of the European Union since 1996.

#### b. Some projects initiated by MEDA:

**In its goal of the regional cooperation, the MEDA program has initiated some Mediterranean projects:**

- **The Euro-Mediterranean information society (*a contribution of 45 million of Euros*)**
- The Euro-Mediterranean program for youth action (*a contribution of 6 million Euros*)
- The Euro-Mediterranean energy forum (*a contribution of 9 million Euros*)
- Economic networks (*a contribution of 3,5 million Euros*)

But above all the MEDA program is directly a concern for the Maghreb region and especially Morocco.

#### **D. The Mediterranean and the enlargement of the EU**

The Mediterranean is affected directly by the process of the European Union enlargement. Next year, the European Union will increase from 15 Member States to 25 Member States. Among the Mediterranean countries that will benefit from this expansion are Cyprus and Malta. There is also Turkey whose European vocation has been reaffirmed at the Helsinki European Council in December 1999.

The enlargement was the biggest project at the end of the last century and at the turn of this century. It is going to call for deep reform in the EU. The southern Mediterranean countries do not wish to be considered secondary in relation to EU policies. This is the reason why countries like Morocco wonder whether the future expansion of Europe would accommodate the states of Arab-Muslim descent, in spite of the Treaty of Rome. Indeed, Morocco was the only country in the southern Mediterranean to have applied for membership. This was done formally by His Majesty the King Hassan II.

### **III – European Union & the Maghreb region**

#### **A. European Union and the Maghreb Region**

## 1. Past relations:

Bilateral agreements were first signed in July 1969 for a period of five years, linking Morocco, Algeria and Tunisia to the EEC (which then included six members). These cooperation agreements were essentially commercial. Indeed, France was almost the only source of aid or other forms of cooperation, for it maintained considerable economic and political interests in the Maghreb region.

Under this agreement, manufactured goods were exempt from duties, but were submitted to quotas reviewed according to the European economic situation. To exploit this advantage, Morocco and Tunisia invested massively in the textile and leather industries.

In the agricultural chapter, the EEC imposed substantive restrictions so as to prevent competitive goods from entering its market. Preferential tariffs were granted for certain agricultural products such as citrus fruits, exonerated from 80% (Spain wasn't a member yet); or olive oil exonerated from 30% (as Italy couldn't meet the Six's market demand).

The terms of the agreements were only reciprocally applicable to the goods imported from the EEC which did not compete with the local production.

The following table shows the European Union aid to Morocco under the 1978-96 financial protocols (in millions of ECU) :

	EEC budgetary funds	E.I. B. loans	Total
1978-81	56	74	130
1982-86	90	109	199
1987-91	151	173	324
1992-96	218	220	438

## 2. Present relations:

Since the Barcelona Conference held from 26 to 28 November 1995, the Community refers to the Euro-Mediterranean co-operation as a "partnership" and hopes to see a vast Euro-Mediterranean free-trade area shaping itself around 2010. To this end, the Community has already concluded separate association agreements with Tunisia, Morocco and Israel. Also, the European Union has put an end to quotas on textiles (since 01.01.98)

The association agreements concluded with Tunisia and Morocco have entered into force. An association agreement with Algeria is envisaged but can hardly be concluded given the current situation.

The association agreements with Tunisia and Morocco are similar and mainly come down to the following elements:

- Progressive establishment of a free-trade zone over a maximum period of 12 years starting when the agreement takes effect. Import taxes on EC products will diminish progressively in accordance with a calendar of listed products. Exceptional measures, limited to a maximum of 5 years, will allow the partner country to re-introduce or raise custom-duties to protect infant industries. These measures will no longer be possible at the end of the 12-year transition period.
- Free circulation of capitals will be instituted for direct investments in Morocco and Tunisia as well as the possibility to repatriate incomes from the capital and all profits.
- The tariff calendar and quota systems have been maintained for the agricultural and fisheries sectors, but they were supposed to be reviewed by the Community from 2001; in the meantime, it has slightly raised the import quota on the following products: cut flowers, tomatoes, oranges, potatoes and sardines from Morocco; and olive oil from Tunisia.
- Since the expiry of the fourth generation of protocols, the aid granted to the Maghreb countries is no longer fixed in bilateral agreements. The Commission has indeed established a new financial aid allocation system: it had 4,685 billions ECU

at its disposal for the 1996-99 period which had to be progressively distributed according to the needs, management and absorption abilities of every Mediterranean partner country (Morocco, Tunisia, Algeria, Egypt, Jordan, Lebanon, Palestinian Authority, Syria and Israel).

## **B. The EU Tools for Cooperation between the enterprises in the Mediterranean region**

Inter-enterprise cooperation in the countries of the Mediterranean region is meant to reinforce the competitiveness of enterprises. Several EU instruments have been launched in order to facilitate their stake at the economic level.

In view of their economic importance that was fully recognized by the last European councils, small and medium size enterprises are at the heart of the euro-Mediterranean partnership and a key element in the development of the private sector.

Inter-enterprise cooperation between the two shores of the Mediterranean should in this respect allow the small and medium size enterprises of the Mediterranean partners to reinforce their competitiveness and constitute, with their counterparts of the European Union, a real Euro-Mediterranean business community. To this end, instruments and programs already set up by the European Union to encourage the bringing together and cooperation between the small and medium size enterprises have been extended to the Mediterranean partners since 1992. Applied to southern Mediterranean countries, these instruments are multiple and diversified, and adapted to the particular needs of every small and medium size enterprises. Morocco, in particular, has benefited from these instruments extensively. Objectives of the Euro- partnership program can be summarized around the following points:

1. To plan meetings between enterprises: As far as Morocco is concerned, the participation in every edition of Euro-partnership still enjoys full support, with a total of 324 small and medium sized Moroccan enterprises having participated in Euro- partnership.

Med-partnership is an initiative founded on the experience and the methodology of the Euro-partnership. Multi-sectorial meetings are open to the small and medium sized enterprises of the EU and the Mediterranean region, taking place within the Mediterranean partner countries (Turkey April 1994, Morocco May 1995).

The Med-partnership that took place in Marrakech in May 1995 allowed a few (250) Moroccan enterprises of the agro-alimentary sectors, textile, clothing, electronic and services mainly, to have some business opportunities with 780 enterprises of which 660 of the European Union. More than 3000 contacts took place. These contributed to reinforcing the ties of partnership between Moroccan and European firms.

Morocco organized in May 1997 along with the Med-enterprises scheme a colloquium in the fishing sector. With the support of the European Commission, 90 Moroccan enterprises of the fishing related industries established contacts with their counterparts of the EU. This partnership has led to the conclusion of almost 80 joint ventures between Moroccan and European enterprises.

2. To encourage the upgrading of the Med-enterprises: the Business Cooperation Network is a database allowing an enterprise to identify some potential partners according to the specified needs. Contacts are managed through a confidential search undertaken by an international network of firm advisors.

The development of the private sector among the Mediterranean partners is the cornerstone of the constitution of a free trade area by 2010. In order to provide assistance to the small and medium sized enterprises of the Mediterranean partners during the phase of economic transition, business centers have been set up by the European Community in several countries (example: Euro-Morocco enterprise).

## **VI- The European Union and Morocco**

The Kingdom of Morocco and the European Union are currently going through a decisive phase for the future of their relations. A look at the past easily shows all that happened between Morocco and the European Community since the first trade agreement in 1969.

First, at the economic level, the growth of the Moroccan economy in relation to its European counterparts has been particular in the sense of increased trade exchanges. The Moroccan exportation part has moved from 49% in 1981 to 62% in 1996.

With the signing of the new association agreement on February 26<sup>th</sup> in 1996, Morocco has faced a great challenge in the process of integrating with the European Union.

## **A . Moroccan Agreements with the European Union from 1976 to 1996**

### 1. The Cooperation Agreement

The Agreement has three major elements that are the guidelines to common action towards harmonization between Morocco and the European Economic Community: Trade exchanges, exchanges in the social sphere, and economic and financial cooperation.

- The **trade exchanges** helped lowering the restrictions against the Moroccan products to access the Community market. Since 1976, industrial products are free from tariff barriers, while agricultural products benefit from preferential quotas and customs tariffs. Together, about 70% of total Moroccan exports to the European Economic Community are free from tariff barriers.
- In the **social sphere**, cooperation was enhanced in labor standards and in guaranteeing privileged working conditions to Moroccan workers in the European Economic Community as compared to other non-member countries. Indeed, according to Article 40 of the Cooperation Agreement, they must be freed from any discrimination in terms of remuneration, working conditions or nationality.
- The **economic and financial cooperation** is implemented through 3 major instruments: The four Financial Protocols, regional cooperation and diverse budget lines.
  - The Financial Protocols are 5-year plans signed with Mediterranean countries, which define the budget allocated by the European Economic Community to each country for the following 5 years, and give priority to specified actions.
  - Regional cooperation has been designed in addition to the protocols to reinforce regional integration of the Mediterranean countries. This policy is implemented since 1990, with the development of specific programs, such as Med-Invest, Med-Media, and Med-Techno.

- Other budget lines are granted to such sectors as environment or health, and aim at enabling the implementation of various projects, such as draining and pollution control.

## 2. Financial cooperation

- From 1976 to 1996, Morocco benefited from four Financial Protocols, each lasting for 5 years, which allocated the Community subsidies to different actions and projects designed according to both the EC external policies and the Moroccan priorities.
- A total amount of 1,125 Million ECU (i.e 12 Billion Dirhams) represents the contribution of the European Economic Community to the Moroccan economic and social development, and holds two different forms: Grant assistance from the Community resources, and loans from the European Investment Bank.
- The allocation of the funds depends on the priorities shaped by the Moroccan economic situation, the most important of which are: nutrition and food security, through the development and diversification of agricultural products, the reinforcement of cooperation in industry, vocational training, research, technology, and trade, as well as environmental protection.
- The allocation of resources under the four successive protocols has experienced a tremendous increase from 1981 to 1996 (see both tables for the amounts allocated and the repartition sector by sector).
- The different sectors concerned by the aid are:
  - **Rural development**, and particularly, hydro-agricultural facilities; (2.7 Billion dh as a total action during the 4 protocols)
  - **Economic facilities**, which cover transportation, energy, and telecommunications areas; (Economic Investment Bank loans allowed the electrical interconnection between Morocco and Spain)
  - **The social sector**, with a project for drinking water supply in demanding areas, and urban draining –this resulted in the supply of 4 million people in rural areas); Moreover, the European Economic Community contributions

also concerned the replacement of shantytowns by built-in areas that provided homes for 40000 people.

- **The private sector**, which represents 10% of the total help allocated since 1981; the financing helped improve credit standards for small and middle-sized Moroccan firms, as well as fostering the relationships between domestic and European enterprises.
- **Vocational training**, which aims at reducing unemployment through the establishment of professional technical and scientific training centers and universities, together with the promotion of textile and leather industries.

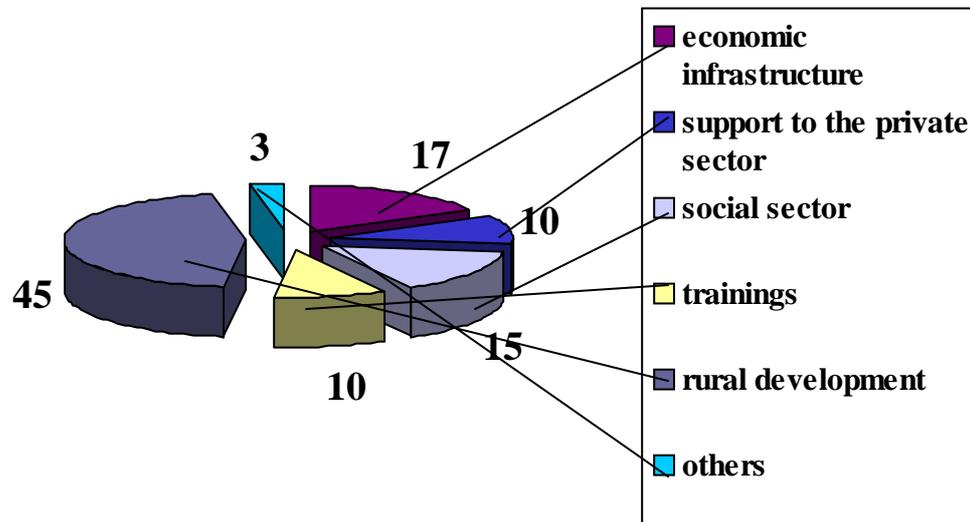
**Limitations:** The Cooperation Agreement succeeded in implementing some of the objectives, but financial subsidies and loans were too limited to implement the programs as a whole. Furthermore, the action of the European Union was more in the form of periodic actions rather than a long-term global strategy. That's why the Cooperation Agreement was reformed to give birth to the Association Agreement signed in February 1996.

The Cooperation Agreement that was signed in 1976 involved three main sections:

- The trade exchanges: It contributed to improving the market access conditions for the Moroccan products in the Community market.
- The social issue: It secured the Moroccan workers' rights in the European Community.
- Financial and Economic Cooperation: Until 1995, the tools of cooperation were as follows: Financial protocols; regional cooperation; budgetary lines.

From 1976 to 1996, Morocco has benefited from four Financial Protocols of five-year-plans with a total amount approximately of 12 billions Dirhams. This contribution has greatly supported the social and economic development of Morocco:

Here is the distribution in percentage by sectors of those financial protocols from 1976 to 1996:



### B. New Association Agreements (from 1996 onwards)

The Euro-Mediterranean Association Agreement between the Kingdom of Morocco and the European Union was signed on February 26<sup>th</sup> in 1996. This agreement, is concluded for an undetermined period of time, and has replaced the old Cooperation Agreement.

Unlike the old one, the Association Agreement emphasizes political dialogue, the progressive creation of a free trade area by 2010, and cooperation in the financial, economic, social and cultural fields.

### C. Morocco's Utilization of the MEDA program

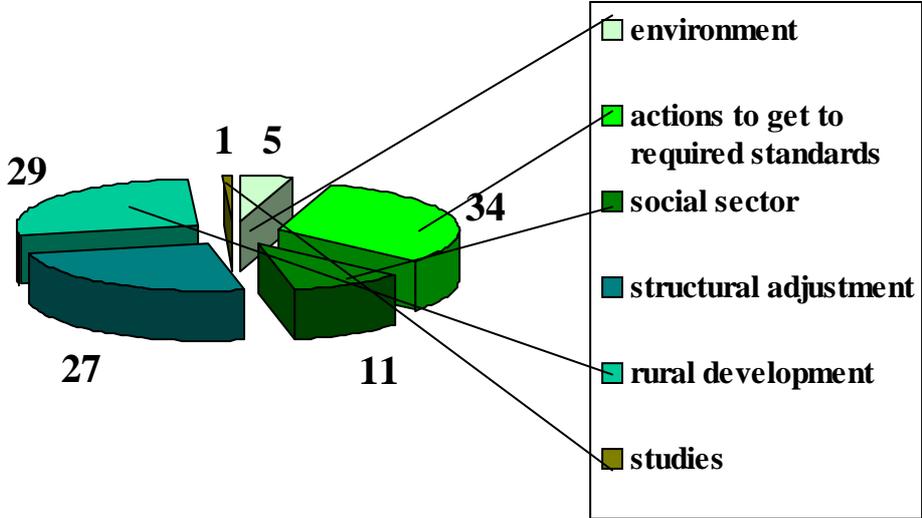
As explained above, the MEDA program is the European Union's main financial tool for launching the Euro-Mediterranean partnership. Morocco has acknowledged all the benefits that could be secured by such cooperation. That is why the Kingdom ratified the MEDA

Convention on August 28<sup>th</sup> in 1997. Thereafter, Morocco financially used under MEDA approximately 2,189 billion Dirhams.

In addition, some projects have also been initiated such as:

- Integrated Rural Development Project which aims at improving living conditions and income in the northern provinces of Morocco (28 M Euro)
- Support to Basic Education which aims to increasing the level of education in the country side (40 M Euro)
- Quality Promotion, which aims to improve the private sector in order to become more competitive through quality management. (15.50 M Euro)

In addition, the MEDA Program changed satisfactorily the previous distribution of the cooperation funds as follows:



They are now estimated at 5 billion Dirhams and will be allotted on two major areas:

1- Supporting economic transition: This means that the European Union will allocate 61% of the funds to restructure the Moroccan economy in order to bring it to the required

level. This will be done through enhancing the private sector in Morocco by intervening in the enterprises themselves, providing training, transferring technology and using the financial tools.

2- Supporting a better social equilibrium: This focuses more on the deprived populations and is aimed at improving their living conditions, increasing their income and improving the natural resources management.

Therefore the MEDA program represents a deep change in terms of the cooperation between the European Union and Morocco but what is more important is the evolution of the way of thinking about the cooperation. Indeed all the actions planned in MEDA meet the political path of the Moroccan government. (i.e. promoting the northern regions)

#### **D. Fishing agreement**

Bilateral treaties used to govern the right of Spanish and Portuguese fleets to fish in Moroccan territorial waters, until Spain and Portugal joined the EEC in 1986. Then, the Commission began negotiating a global fishing agreement with Morocco.

In 1988, the EC and Morocco signed a 4-year fishing agreement which provided for a maximum of 800 annual licenses for Spanish and Portuguese trawlers without any restriction as to the fished quantities or species. Morocco imposed a one-month biological rest period in order to protect its fish stocks. Morocco was compensated with ECU 282 millions.

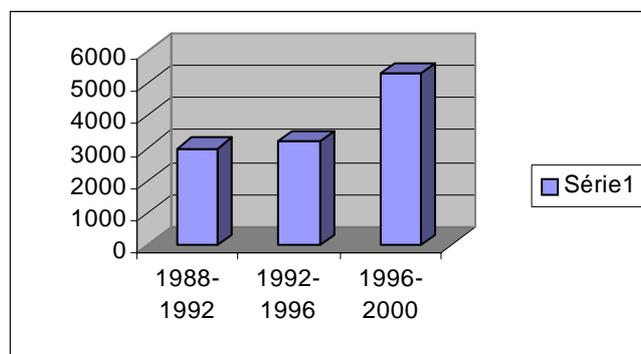
In 1992, the EC and Morocco signed a new agreement with better terms for the latter: The financial compensation amounted to ECU 310 millions and the biological rest period was extended to 3 months for cephalopods and to 2 months for other species. Due to disagreements over license use, both parties put an end to the agreement a year early (April 1995).

The European Union and Morocco entered into long and difficult negotiations as fishing licenses had been refused to European trawlers for several months. A new agreement including significant changes was finally signed in November 1995 (along with the EC-Morocco Association Agreement).

Valid for a 4-year period without any intermediate revision, the current agreement provides for a progressive reduction of licenses delivered by the Moroccan authorities as well as a quantitative fishing restriction for certain species (cephalopods and shrimps mainly). Furthermore, the biological rest period was extended to 4 months for cephalopods and other types of fish. Financial compensation now amounts to ECU 355 millions to which an aid of ECU 145 millions is added for the development of the industrial fisheries sector, marine research and the training of Moroccan fishermen.

Morocco clearly indicated on several occasions that this agreement would not be renewed after its expiry date (30.11.99) as it legitimately wanted to develop its national fisheries sector and prevent the total exhaustion of its fish stocks. This was again reaffirmed in September 1999 when the Moroccan minister for Fisheries explained to the press that "everything is negotiable except the renewal of the agreement".

Nevertheless, Morocco hopes to attract European investment in its fisheries sector, in particular by way of joint venture companies.



Evolution of the financial counterparts  
Included in the fishing agreement  
In millions of Dirhams

## Conclusion

As explained in this paper, Morocco has matured internationally and is developing its economy through cooperation not only with the European Union but also with the Maghreb

countries and the Mediterranean region by aiming to establish the Euro-Mediterranean free-trade area by 2010.

Thus, it appears that cooperation either economically, socially or culturally with the important actors of the international scene such as the European Union is a key element for all countries to develop internally and externally.

The Euro-Mediterranean partnership is, to some extent, an achievement after various similar attempts in the past. It is, in fact, a regional integration between two partners of both shores of the Mediterranean Sea.

The Euro-Mediterranean partnership and the Mediterranean Forum are useful mediums of political and economic dialogue among the coastal states of the two shores. The main challenges are poverty and underdevelopment. Confidence, hope, and tolerance must be re-established as the unique guarantee for the return of private capital to this region.

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