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EU-MOROCCO RELATIONS BETWEEN “success story” and hamster’s wheel

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During his last visit to Morocco in May 2014, **EU Commissioner for Enlargement and European Neighbourhood Policy Stefan Füle** stated that “the EU-Morocco relation is a ‘success-story’ in the southern neighbourhood” and that it is becoming part of the “terms of reference in the region”. As a matter of fact, the number of initiatives taken in all fields of bilateral relations over the last 15 years since the accession to the throne of King Mohamed VI in July 1999 is impressive. What is less clear is what all these initiatives have brought about in terms of structural transformation of the Moroccan political regime and economic prospects, convergence to EU living standards and actual integration into the EU economic and social area.

Indeed, even after five years of deep economic crisis in Europe, assuming that the real convergence rhythm experienced by Morocco between 1995 and 2013 would be sustained (during that period, its per capita Gross Domestic Product in purchasing power parity has gone from 10.6 per cent of the euro area average in 1995 to 18.8 per cent in 2013), it would still take 69 more years, or two generations, for Morocco to reach a level of 50 per cent of the euro area average living standards.

In the last two years, the whole set of bilateral cooperation instruments have been renewed. Indeed, bilateral relations were “particularly dynamic in 2013”, as stated in the Progress Report on the Implementation of the European Neighbourhood Policy for Morocco published in March 2014. This hyperactivity contrasts, however with the resilience of main bilateral issues and the lack of progress in the strategic position of Morocco in relation to Europe, as if bilateral relations would work as a hamster’s wheel requiring perpetual movement to stay in the same place.

Advanced Status

The legal framework of bilateral relations, the **Association Agreement**, has not changed since 1996. And the **Advanced Status granted by the EU in October 2008** as a general political framework lacked real substantial commitments in the key areas of bilateral relations. Subsequently, it has been diluted by extending it to Jordan in October 2010 and then by the Privileged Partnership with Tunisia agreed in September 2011 (without any clear difference or added value between them).

Some of the prospects it opened, such as engaging in a discussion about ways to extend to Morocco the EU structural funds methodology, have not materialised. However, aid volumes have increased substantially during these years (from an average of €4.7 per inhabitant in 1995-2006 to 5.45 in 2007-2010 to 6.2 in 2011-2013 and more than €8 per inhabitant and year during the EU financial period 2014-2020). To keep figures in perspective, if Morocco were an EU Member State, according to the regional policy regulations it would be entitled to a maximum of €98 per inhabitant a year in structural funds (based on the ceiling of 4.25 per cent of GDP of each beneficiary country set in 2005).

In December 2013, both parties agreed to a new **Neighbourhood Action Plan 2013-2017** replacing the **Action Plan agreed for the 2005-2010 period**. Significantly, the new text setting out priorities for bilateral cooperation for the coming four years has not been published, in contrast with the practice of transparency established in the framework of the European Neighbourhood Policy.

Mobility Partnership

Along the same line, in June 2013 Morocco became the first Southern Mediterranean partner to sign a Mobility Partnership with the EU setting a framework for policy dialogue on migration between the two parties (and the nine Member States adhering to it). But so far it has had no practical implication: a visa facilitation agreement and a readmission agreement are being negotiated under this framework, but the Mobility Partnership as such does not contain any commitment to facilitate legal labour migration or improve the status of Moroccan residents in Europe. The only concrete result has been the launching of a €5 million project to support the implementation of the Mobility Partnership focused on technical assistance and capacity building.

Towards a Deep and Comprehensive Free Trade Area

The last novelty in this set of initiatives has been the ratification in July 2014 of the new of the **new four-year protocol to the Fisheries Agreement of 2007**, basically an exchange of fishing rights for a number of European vessels in Morocco's territorial waters (including, incidentally, Western Saharan waters subject to an international law dispute) for €30 million payments a year by the EU. This agreement takes up on the former ones dating back to 1995, although its application had been suspended since December 2011 due to lack of agreement and as a political sign from Rabat.

The next big issue on the agenda now is the completion of the **negotiations of a Deep and Comprehensive Free Trade Area (DCFTA)** launched in March 2013. This DCFTA is poised to replace the Free Trade Agreement signed in 1998 and culminated with the total liberalisation of bilateral trade on industrial goods since March 2012. The DCFTA should also include trade in services, government procurement, competition, intellectual property rights, investment protection and, most importantly, bringing the Moroccan legislation in line with the EU legislation in all trade-related areas, including industrial standards and technical regulations and sanitary and phytosanitary measures.

But the compensation and incentives the EU is ready to offer for this submission to the EU regulation model is unclear, and the costs of such a process might be substantial for Morocco in some sectors (see *Economic Integration in the Mediterranean: Beyond the 2010 Free Trade Area*). The recent signature of the first DCFTA between the EU and Ukraine might provide some indication, although geopolitical considerations probably bias any comparison; in any case, the opening up of the

EU market to the products of the Eastern Partnership countries will certainly have a negative impact on Moroccan exports, as was already the case with the 2004 EU enlargement to Eastern Europe.

The Agreement on agricultural, processed agricultural and fisheries products which entered into force in October 2012 implemented a far-reaching liberalisation of bilateral trade in this sector, but basically kept the quotas and minimum entry prices for sensitive Moroccan agriculture products (such as tomatoes, clementines and oranges, and cucumbers, among others). In April 2014, a unilateral modification of the calculation method of the entry price to the EU market of fruits and vegetables caused a yet unresolved row between the EU and Moroccan authorities.

In the meantime, year after year the EU is making a consistent trade surplus with Morocco, which has remained above the €6 billion mark ever since 2008. In 2013, the EU exported more than €17 billion in goods against a volume of imports of around €10 billion. To put these figures into perspective, it should be noted that EU exports concentrate in machinery, chemical products and transport equipment, which have a much higher added value than agricultural products and clothing mainly exported by Morocco to the EU. Over the last fifteen years EU cooperation has no doubt become an important contextual factor pushing for economic and institutional reforms in Morocco. It has also a key role in promoting “Europeanisation” of the legal framework in Morocco, and hence underpinning the “Western” choice of the country. But so far it has not reached the threshold required to make the difference and bring about a structural transformation equal to the one it triggered in accession countries, as originally intended by the European Neighbourhood Policy.

In this regard, the level of engagement of the EU still classifies Morocco largely as a “third country”, not as part and parcel of the European economic area. Upon a closer look, most initiatives in bilateral relations seem targeted more to showcase Morocco as a model for other countries in the region and the Moroccan regime as a legitimate and reliable partner rather than to transform it into a fully developed and democratic country.