



Morocco- EU Relations : Towards an Advanced Status Partnership

November 2007

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Introduction

The introduction of the European Neighbourhood Policy has given a new impetus to the Euro Med partnership. It has also set up new cooperation rules that are based on a differentiated approach. In fact, Morocco is one of the seven countries to put in place an action plan with the EU with the conviction that it will secure a firm foothold in Europe and push relations with the EU to an “Advanced Status”.

It is important to underline that Morocco embarked on a dynamics of reform at the economic, social and institutional level well before the launching of the Barcelona Process and the implementation of the European Neighbourhood Policy. Nevertheless, the deepening of this reform process calls for a new impulse through the implementation of a Morocco-EU action plan that would enhance Morocco’s alignment with European norms and standards.

This paper seeks to define the boundaries of European Neighbourhood Policy, by highlighting the components of Morocco-EU action plan and reporting on its progress. The paper will also attempt to analyse the financial instruments of ENP and bring out any afferent shortcoming.

1. Morocco-EU Relations: A Background

Morocco’s ties with the European Community were consolidated in 1996 through the EU-Morocco’s Association Agreement, which took effect on March 1st 2000. Such an agreement is regarded as the legal base of Morocco – EU relations. It should gradually establish the free exchange of industrial products, already granted free access by the EU. In return, Morocco committed to embarking on a process of tariff dismantling over a period of 10 years. As to agricultural products, new reciprocal trade concessions took effect in January 2004.

The agreement allows for provisions related to the right of establishment, the liberalisation of services, free movement of capital, rules of competition, consolidation of economic, social and cultural cooperation, as well as the cooperation related to migration.

Various mechanisms and institutions have been set up to handle this cooperation. Here we can mention the Association Council organised at the ministerial level, the Association Committee organised at the top executive level and thematic sub-committees that cover the following fields: internal market, industry, commerce of goods and services, transport, environment and energy, research and innovation, agriculture and fisheries, justice and security, human right issues, democratisation and governance.

EU’s financial cooperation endorses economic transition and consolidation of the socio-economic equilibrium. It also targets upgrading the private sector, adjusting sectors of finance, health, and water, developing trade exchange as well as reforming the administration.

Morocco is the major beneficiary of EU aid programmes in the region, with a budget of more than €1600 million granted between 1996 and 2006, 70% of which was disbursed at the end of December 2006. Since January 2002, disbursement has increased, as was confirmed in 2006 with around €250 million, against €220 million in 2005. Morocco is, for the fifth consecutive time, at the head of Mediterranean countries benefiting from the MEDA funds.

Morocco-EU financial cooperation also underwent a positive change following the setting up in October 2002 of FEMIP (the Euro-Mediterranean Investment and Partnership Facility). This programme gives access to long-term loans, to risk capital, to innovative financial products (financing in equity, quasi equity, financial lease, micro-finance and micro-enterprise). The facility also awards interest bonuses for environmental projects.

Hence, between October 2002 and December 2006, the number of projects financed in the FEMIP framework reached €1040 million, making of Morocco one of the major Mediterranean beneficiaries of this facility, preceded by Egypt and Tunisia (€2063 million and €114 million respectively). A breakup of financed projects show the predominance of funds allocated to infrastructure, mainly energy and transport, which account for 60% of the total volume of funds received by the Kingdom of Morocco within the FEMIP framework.

The present situation of economic and commercial integration dynamics between Morocco and the EU, however, is not as advanced as it should be. Basically, all indicators suggest that Morocco and EU should offer a denser scope for exchange and investment programmes. The result is, thus, far below the expectations. Although two third of Morocco's foreign trade goes to Europe, the proportion of European investment Morocco hosts remains quite low.

2. European Neighbourhood Policy: Premises and Objectives

In 2003, the EU proposed a new European neighbourhood policy encompassing countries from the East and South of the Mediterranean Sea. This new policy mainly aims at broadening the scope of relations with neighbouring countries with no prospect of membership. The EU should work harder to create a space of prosperity and shared values, based on free exchange, gradual economic integration, closer political and cultural relations, consolidated cross-border cooperation, and responsibility sharing in matters related to prevention and conflict resolution.

To this end, the EU offered its Eastern and Southern Mediterranean neighbours, through various action plans, the prospect of participating in the European internal market; in return, these countries will have to make considerable progress in the matters related to the respect of common values and the launching of political, economic and institutional reforms. This discriminative and progressive approach suggests that it is to the discretion of each individual partner to determine the extent to which they want to strengthen their economic and political ties with the EU. This approach offers the advantage of adapting partnerships in accordance with the progress achieved by third party countries in terms of reform and attempt to avoid downward levelling.

It is in this context that the European Neighbourhood Policy can transcend the purely commercial dimension highlighted in the Barcelona Process. To this effect the ENP has to be a driving force for the reform processes initiated by the partners in the face of a broader opening up policy. This new European policy, then, could contribute to the preservation and development of the Barcelona Process accomplishments, regarded as a shared lever for partnership.

Morocco has welcomed the European Neighbourhood Policy and has drawn up an action plan with the EU. Through this plan, the EU commits to offering technical support to the reforms undertaken by Moroccan administrations as it did in the case of the new EU members in their attempt to take the community *acquis*. The institutional twinning should be encouraged to ensure administrative continuity and put in place the necessary jurisprudence.

This new legal, political and institutional framework involving the EU and a Mediterranean country testifies to a common willingness to intensify the implementation of association agreements, mainly in its non-tariff component. It actually constitutes the first step towards a positive response to the advanced status that Morocco requested and can be considered an EU commitment to a partnership that would be “more of an association and less than a membership”. Morocco then seizes this opportunity to use the ENP as a framework to sub-regional Maghrebi actions and to the Agadir Round.

3. Morocco-EU Action Plan

Morocco features, together with Moldavia, Ukraine, Tunisia, Jordan, Israel and the Palestinian Authority, among the first countries that set up action plans with the EU. This action plan, adopted by the EU in July 27, 2005, was subjected to a mid-term evaluation, which concluded that Morocco had made significant progress in accelerating institutional reforms and economic modernisation

3.1 Morocco-EU Action Plan: Major components

The Morocco-EU action plan revolves around six major axes. Each of these axes makes up a number of actions of two terms: short term and medium term. Short term actions cover aspects relating to the exchange of experience and expertise as well as capacity building in the regulatory and normative domain. For their part, medium term actions cover more structuring aspects pertaining to the implementation of different reforms in the economic and institutional field, as well as the alignment with European standards and norms.

Components of Morocco-EU Action Plan

	Actions	Objectives	components
1	Political dialogue and reforms	Deepening democratic principles and the rule of law	<ul style="list-style-type: none"> - Democracy - Human rights - Social rights and core labour standards
2	Economic and social reform	Modernisation and economic upgrading to better prepare Morocco for free exchange and consolidate its capacity to absorb exogenous shocks	<ul style="list-style-type: none"> - Consolidation of macroeconomic fundamentals. - Structural reforms and transition towards a market economy. - Reform of the agricultural sector. - Cooperation in terms of employment and social policy. - regional and local development
3	Commerce, market and regulatory reforms	Liberalisation of exchange and investment flow as well as the standardisation of regulations related to workers' movement	<ul style="list-style-type: none"> - Trade liberalisation (modernisation of customs excise, normalisation of technical regulation, sanitary and phytosanitary issues - Right of establishment, right of firms and services - Movement of capital current payment flow - Circulation of people - Other domains (taxation, competition, state subsidies, consumer rights, property rights, public procurement, management and control of public finance, environment of the enterprise
4	Cooperation justice and home affairs	<ul style="list-style-type: none"> - standardisation of legislation in matters related to immigration - consolidation of cooperation in the domain of trans-border security 	<ul style="list-style-type: none"> - Management of migratory flow - Border management - Fight against organised crime - Fight against drug trafficking and money laundering
5	Transport, energy, IT environment, science, technology, Research and Development	Modernisation and consolidation of transport and energy infrastructures , as well as assistance to technological development	<ul style="list-style-type: none"> - implementation of national policies and consolidation of regional cooperation in the domain of transports - Consolidation of the Moroccan policy on energy and of regional cooperation in the field - Information Technology (regulation of electronic communications) Deepening of cooperation on environment related issues - Promotion of Research and Development
6	Contacts between the people	Cultural rapprochement	<ul style="list-style-type: none"> - Education ,training, youth and sport - Cultural cooperation, civil society, health

3.2 Morocco-EU Action Plan: A Progress Report

Since the implementation of Morocco-EU action plan in 2005, significant progress has been made towards a gradual consolidation of Morocco's position in its regional space.

Hence, the significant accomplishments made in terms of the liberalisation policy and the inauguration of a solid democratic base constitute important assets that enhance Morocco's positive vis-à-vis its foreign partners, mainly the European ones. This progress has been in favour of the development of a sound business climate and the consolidation of economic and social development.

At the bilateral cooperation level, concrete actions have been accomplished and have consolidated the dialogue and coordination on questions as crucial as those related to immigration and fight against terrorism.

As to the economic aspect, substantial progress has been made both at the level of growth profile improvement and poverty reduction, and at the level of consolidating competitiveness as well as foreign investment attractiveness. Furthermore, undeniable efforts have been made in the area of economic liberalisation. This trend should eventually increase through the speeding up of liberalisation of not only goods and services but also agricultural and fishing products.

In addition, noticeable progress has been made in liberalising and regulating some key sectors like transports, energy and telecommunications. In addition to their positive impact on consolidating governance in the fore-mentioned sectors, the reforms undertaken would potentially accelerate regional integration and boost Moroccan firms' competitiveness.

The matrix in the appendix outlines Morocco's progress towards implementing its action plan with the EU. It also points to the additional effort that is yet to be made.

4. The Financial Component of Neighbourhood Policy: National Indicative Budget

A national Indicative Programme (NIP) was set up within the European Neighbourhood and Partnership Instruments (ENPI) between the EU and Morocco. This NIP identifies the operations to be financed according to the budget of €654 million granted to Morocco for the period 2007 and 2010.

The programmes selected within the framework of Morocco-EU financial cooperation for the period 2007 and 2010 target sectors regarded crucial to the social and economic development of the country. These programmes seek to provide the appropriate assistance to the reforms geared towards the upgrading and diversification of the economy, as well as overseeing the social impact of the ongoing reforms on the vulnerable populations.

The implementation of these programmes impinges on different instruments, among which is the recourse to a sector-based taxation adjustment consisting of a direct budgetary aid but subject to a rigorous management of public finance. Similarly, Morocco-EU NIP allows for the use of interest rate rebate, likely to have a leverage effect on the investment of international financial institutions in sectors like energy, transports and the environment.

This NIP will be assessed half way through the programme. According to the European Commission, this assessment is due to take place in 2008. It would be an opportunity to see whether it would be appropriate to introduce new programmes and possibly reallocate a budget within the NIP. Of course, the regional and national context will have to be taken into consideration.

4.1 Components of Indicative Budget-Morocco

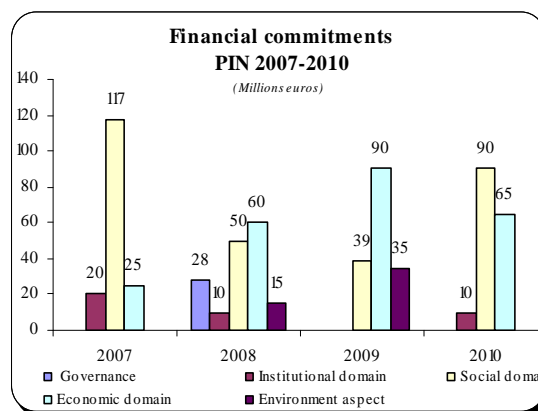
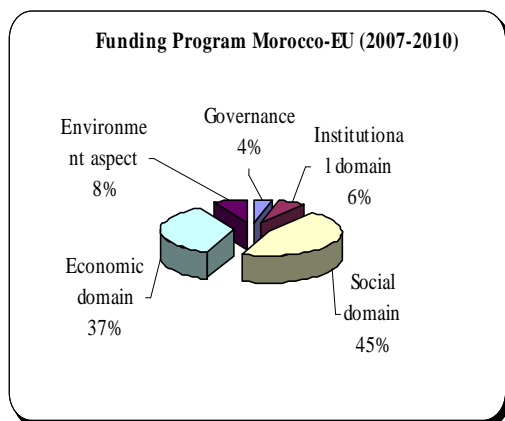
The identified programmes are itemised according to five priorities: (1) Social Priority, (2) Governance and Human Right Priority, (3) Institutional Support Priority, (4) Economic Priority and (5) Environment Priority. Programmes selected for financing are in keeping not only with the general objectives of Morocco-EU cooperation and the neighbourhood action plan but also with the priorities set by the Moroccan government.

The social and economic component of the NIP represents 82% of the total budget for the period mentioned above; that is to say, €36 million (45.3% and 36.7% respectively). The remaining €18 million goes to transverse aspects, related to governance and human rights (4.3%), to institutional support (6.1%) and (7.6%) to the environment

In terms of the year of commitment, the scheduled annual amount is quasi identical, moving from €162 million in 2007 to €165 million in 2010. Nevertheless, noticeable differences exist between the different programmes and within each programme.

Hence, apart from the social component [projects related to INDH (National Human Development Initiative), illiteracy, education, health insurance] for which a financial budget of €17 million was planned for 2007, the scheduled amount dedicated to the other NIP components for the same year is insignificant (€20 million et 25 million respectively for the institutional support priority and the economic priority). Otherwise, no other planning has been set for components relating to governance and the environment.

In 2008, all the programmes will benefit from the financial commitment of the EU. This commitment tries to strike a balance between the economic and the social priorities (€60 and €50 million respectively). Amounts of other priorities vary from €8 million for the governance priority and €10 million for the institutional support priority.



Source: European Commission

In addition to the relatively limited magnitude of the European aid dedicated to Morocco, the particularity of the country's National Indicative Programme resides in the

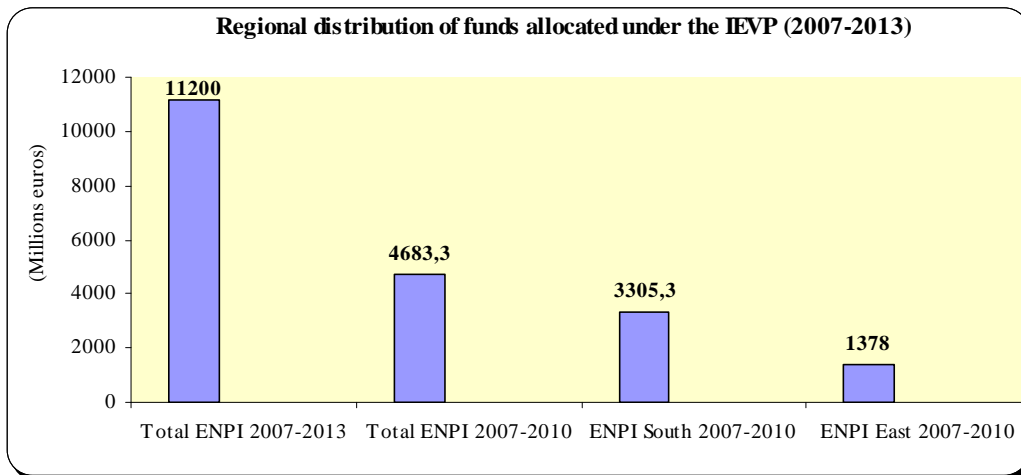
continuity of voluntary reforms undertaken. Nevertheless, the efficiency of such a programme benefits from the fact that it is being replaced by private European funds, and particularly by Direct Foreign Investment (DFI).

The apparent opportunities offered by the new skills and niches of domestic economy are obviously regarded as an important factor that attract these funds. The positive impact of private investment on the socio-economic pillars of the country would speed up the convergence process towards European standards, and give more credibility to the reform programmes underway.

4.2 Regional Comparison of Funds Allocated in the framework of European Neighbourhood and Partnership Instrument (ENPI)

Rightly regarded as the financial support of the European Neighbourhood Policy, ENPI was conceived with a view of striking equilibrium of the EU's commitments to its Eastern and Southern neighbours of the Mediterranean Sea. This instrument involves all the countries bordering Europe either by land or sea. It has a budget of €12 billion¹ and subsumes under one adjudication the commitments related to MEDA and TACIS that ENPI superseded.

ENPI is divided into two components, one is dedicated to Southern countries and the other is to Eastern ones. ENPI-South enjoys a budget of €3.3 billion for the four year period 2007-2010; that is to say 70% of EU's financial commitments within the whole ENPI framework for the same period. For its part, ENPI-East has a budget of €1.4 billion. The deviation in terms of commitments on behalf of South Mediterranean countries deserves to be nuanced in the sense that the number of countries benefiting from the programme is higher than those in the East (10 against 7 respectively). Similarly, and apart from Russia, the financial aid dedicated to the people is lower in the South than in the East of Europe.



Source: European Commission

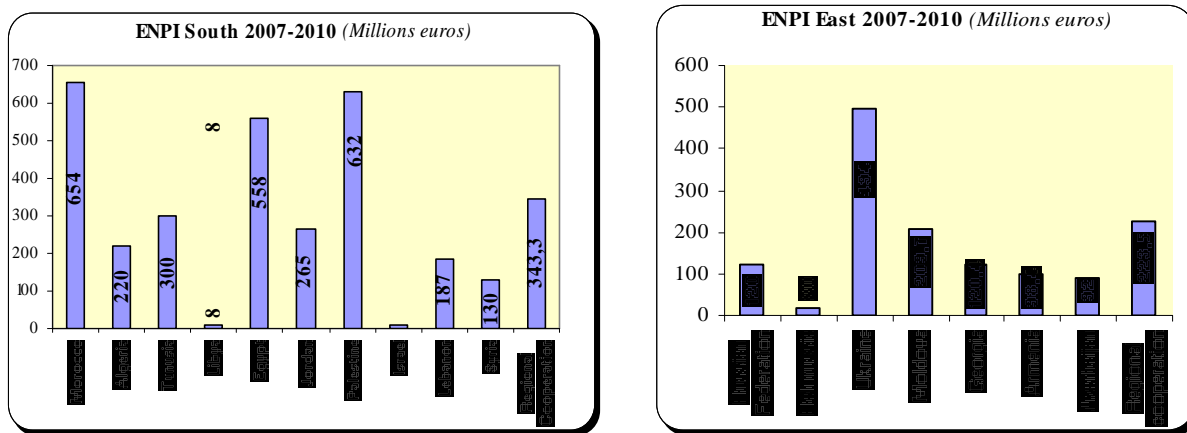
Morocco, as was the case with the MEDA programme, is the leading beneficiary from the EU financial assistance channelled through ENPI-South. The different amounts allocated to Morocco have reached €54 million for the four period of 2007-2010 against €58 million

¹ This amount is almost 33% high in comparison to both MEDA and TACIS commitments

for Egypt and €300 million for Tunisia. Apart from the Palestinian Territories, the other ENPI beneficiaries have received lower amounts.

For instance, at the time MEDA I programme (1995-1999), Morocco benefited from a global budget of €656 million, 127.6 of which were withdrawn. As to MEDA II programme (2000-2004), the funds granted to Morocco reached the amount of €77 million against €53 million to Egypt €328 million to Tunisia and €232 million to Algeria.

It is only Ukraine and to a lesser degree Moldavia, on the Eastern side of the ENPI programme, that benefited from a relatively substantial amount (€404 million and €209.7 million over the same period). The amounts allocated to the remaining countries in this group are low and reflect in a way the limited aspect of the financial absorption capacity of these countries, with the exception of the Russian Federation.



Source: European Commission

5. Some evaluation tools of the Morocco-EU Neighbourhood Policy

In addition to its ambitious and dense aspect, Morocco-EU action plan raises certain number of points that can be cited as follows;

- § Some measures in the action plan are hard to quantify, as is the case with various aspects related to reforms. Besides, the European Commission report on the overall assessment of the ENP does not offer a comparative progress of the various action plans in view of setting up a certain ranking at the level of partner countries.
- § Considering the apparent conditionality between financial resources allocation and the opening up to new partnership perspectives, European Neighbourhood policy, together with its corollary, the action plan would gain credibility and efficiency by offering a bigger financial visibility necessary for its success.
- § The resources allocated in the framework of financial programme 2007-2013 need to be increased further. To this effect, the European Neighbourhood and Partnership Instrument, designed to finance the expected programmes in the different action plans, should be qualitatively and quantitatively reviewed. The amount allocated is in no way similar to the funds granted to the PECO in the pre-membership phase and are submitted to a tough competition from CEI countries, mainly Ukraine.

- § ENP can potentially lead to the dilution of the Euro-Med cooperation project. Any move towards positively discriminating for the Mediterranean cooperation is welcome. The French proposition to allocate 60% of the new financial instrument of neighbourhood Policy was a good indication of such cooperation. This is true, given the strategic importance of Mediterranean zone for Europe and the increasing influence of the US in the region.
- § ENP does not offer concrete and immediate answers to the various flaws in relation to free movement of people. These flaws, likely to halt the liberalisation of trade of services, could eventually strip the programme of the essence of creating a regional free exchange space. Hence, a constructive migration policy in a context of demographic complementarity deserves to be a top priority concern for both parties. The demographic deficit the EU is facing can be addressed via a more appropriate treatment of migratory flow that comes from the South of the Mediterranean. Worse still, the new EU members have a less encouraging demographic profile.
- § The various constraints facing the EU (demographic decline, problem of political construction, technological and industrial revival, and social model crisis) could possibly undermine its position on the world stage. The emergence of new economic competitive powers in Asia and the growing economic prowess of the USA can hamstring EU's growth and keep it below its potential. Consequently, there is a need for a better moulding of the ENP. This involves the setting up by the European partner of new strategies to mitigate the above mentioned constraints. A rebirth of the EU as a world major economic player can be but beneficial for all the neighbouring partner countries.

6. Morocco-EU Partnership: towards an “Advanced Status”

In 1988, Morocco officially applied to join the European Economic Community. Such an application did not get a positive feedback. The EU enlargement of new members and the launching of membership negotiations with a country like Turkey prompted interest yet again in deepening cooperation relations between the EU and Morocco. Hence, the advanced status concept vehemently defended by Morocco came to life before the launching of the ENP. As a matter of fact, Morocco has always pleaded for more privileged relations with the EU, which would be more of association and less than membership.

Morocco's objective is to accede a common market with the EU, a free exchange space built on a unique market, an open investment regime, more alignment with EU legislations and interconnection of energetic network. As an EU neighbour, Morocco could have access to better business opportunities with costs far lower than the others.

While the component of the convergence process towards European standardisation is proceeding according to the action plan, the intention to have an advanced status is conditional upon the European partner's positive assessment of the progress made in the framework of this plan. The last progress report elaborated by the European Commission in 2006 on the Moroccan action plan progress is generally positive.

As far as the participation to the unique market is concerned, Morocco's resumption of the community *acquis* entails the alignment with directives and regulation that facilitate, protect and guarantee integration of equity in the community market, mainly in matters related to improving and supervising people's free movement, facilitating goods' free movement, integrating market services, implementing network industries, reducing fiscal

obstacles, maximizing procurement opportunities that are open to competition and improving enterprises' operational framework.

No less important is the leverage of the Euro in the basket quotation of the national currency, justified more by the structure of Moroccan external exchange than by external debt. This stimulates trade though maximising the expected positive impact of free exchange zone. It should also be a support factor to endorse Morocco's plans and enhance its attractiveness vis-à-vis competitors from the region.

A massive participation in European Programmes and Agencies

The participation to European Union programmes and agencies should be an efficient means to speed up the transition and convergence process of domestic economy. These programmes include the outline programme related to competitiveness and innovation, especially its component related to the spirit of enterprise. Other programmes include the ITC strategic support programme, Marco Polo programme for transports, the 2007-2013 public health programme and finally Customs and Fiscalis Programme 2013.

Having already partaken of various programmes, Morocco is expected to explore the opportunity to extend its participation toward other EU socio-economic aspects; that is to say, its participation should not be limited to just cultural actions but go further to include other strategic domains.

The constitutive act of European Agencies stipulates, among other things, that "The agency is open to the participation of third party countries, having concluded agreements with the EU in view of implementing and adopting community law in the domain mentioned in the initial act". This participation does not, however, grant the new member the right to vote in the administration board.

Similarly, the participation in an agency's activities does not automatically lead to full membership in this agency. In this context, a gradual approach is likely to be used. The implementation of cooperation programmes aimed at familiarizing Morocco with the work of the agencies would be a necessary prerequisite to increase the opportunity to conclude an agreement of participation in all the different activities of the EU agencies.²

Morocco could participate in the European Network of Information and Security Agency (ENISA), the European Air Security Agency (EASA), the European Maritime Security Agency (EAMA) and the European Environment Agency (EEA).

In addition to joining these agencies, considered as part of the ENP policy, the transition to an advanced status would pave the way to membership to other EU agencies, restricted to EU members only. It must be underscored that these agencies are responsible for assisting member countries in implementing some internal EU policies, such as the European Centre for Development of Vocational Training (Cedefop), Office for the Harmonisation of the Internal Market -Trade Marks and Designs-(OHIM) and the Community Plant Variety Office (CPVO).

Based on the above, the various opportunities offered to Morocco via the transition to

² The participation to EU programmes and agencies requires a financial contribution, calculated on the basis of criteria own to each agency. See the commission's paper "Europe Enlarged- Neighbourhood, a New framework relations with our Eastern and Southern Neighbours" of December 4th, 2006 and adopted by the Council on March 5th 2007.

a new partnership are widespread and promise an important potential for boosting the economic and social development of the country. Nevertheless, the definition of an “advanced status” should not only be based on market considerations, but should also take account of the different financial and technological solidarity networks available to reduce the gap and speed up the process of economic catch up.

The consolidation of bilateral relations should focus on a common endeavour to find an appropriate way to integrate the circuits of European financing institutions. This will eventually lead to a privileged treatment of Moroccan agricultural exports as well as to the implementation of innovative programmes aimed at upgrading the domestic economy in the face of the tough competition emanating from free exchange. Finally, it will constructively deepen the debate on the challenges pertaining to the future of the Mediterranean space as a whole

Twinning Actions: Another Important Vector of Institutional Rapprochement

The consolidation of twinning action has opened a new horizon for Morocco-EU relations allowing the implementation of close and sustainable ties with administrations of both parties. Three contracts of institutional twinning were then signed in November 2005 in the fields of the environment, foreign trade and maritime security.

These contracts, which actually inaugurate the effective implementation of the neighbourhood policy, come within the framework of a Support Programme for Association Agreements (PAAA), financed by the EU. It will raise the initial budget of € million to an extra €15 million.

7. Union for the Mediterranean: Another Contribution to Boost Morocco-EU relations

The new proposal of the Union for the Mediterranean, fully endorsed by France, could give a new impetus to the economic relations between Morocco and its Northern Mediterranean partners as well as with the Southern ones.

The creative idea of this new approach is that the Union will be built around institutions similar to the ones of the EU; namely, a Council of the Mediterranean, a Mediterranean Investment Bank. Having as its focal questions security and cultural issues, the Union will also be dealing with a consolidated cooperation in strategic domains like implementation of competition poles and common laboratories, intra-enterprise cooperation and strengthening of cooperation in the fields of energy, water and the environment.

First and foremost, the Union for the Mediterranean project takes off from the awareness that the existing tools are inadequate for a successful regional integration. In fact, they have failed to be a leverage of prosperity for the Southern neighbours of the Mediterranean. It then aims at giving an operational significance to the policy of the Mediterranean, based on closer ties between the Northern Mediterranean neighbours (France, Italy, Spain, Greece, Cyprus, Malta and Portugal) and their neighbours in the South of the Mediterranean, mainly with Morocco.

In so doing, the Union for the Mediterranean could be an opportunity to rethink the idea of cooperation. The concept of cooperation should no longer be based on a development approach aiming at the consolidation of productivity and focussing on the fundamental problems which are not necessarily linked to commercial exchange. It should rather address

issues such as health, education, quality of banking system, quality of public services, urban planning, transport, urbanism and industrial policy.

France's perspective on the Mediterranean is in perfect keeping with Morocco's strategic choice of opening up to other markets and foreign cooperation, mainly within the Euro-Med framework. This new cooperation set up could be an opportunity to jointly address issues related to collective security, migratory flow, the environment, water, food safety, culture, tourism, research, urbanism and infrastructure.

Besides, the materialisation of the Union for the Mediterranean entails addressing the flaws witnessed in the preceding Euro-Med integration approaches. One possible way would be to go beyond the simplistic trade logic and opt for a more productive logic revolving around the idea of a "Mediterranean Bloc" within the European Union, a viable set entity in the face of the challenges of economic transition and globalisation.

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Appendix One: Summary Report of Morocco-EU Action Plan Progress

Action	Achievements	What is to be done	
1	Political Dialogue and Reform	<ul style="list-style-type: none"> - Political parties code - New charter on Territorial planning - Anti-corruption law - Progress on simplifying legal procedures - New law on torture - Acknowledgement of cultural diversity, (Royal Institute for Tamazight Culture - Press code - Consolidation of freedom of association and gatherings (emergence of civil society) - Effective participation (security, conflict and crisis management) 	<ul style="list-style-type: none"> - Ratification of the UN convention on torture; - Approbation of the pact relative to the abolition of capital punishment; - Fight against child labour in conformity with the International Labour Organisation 1998 declaration - Cooperation progress within the Maghreb Arab Union framework
2	Economic and Social Reform	<ul style="list-style-type: none"> - An economic growth dynamics - Budgetary consolidation - A genre-sensitive budget making process - Implementation of tax reform (VAT, Income Tax) - The wage bill containment - A process of privatisation dynamic and its positive effect on attracting foreign capital - Comfortable financial situation (travel revenues, money transfer of Moroccan residents abroad - stability of the monetary framework (management of inflation) - consolidation of the institutional framework of the monetary policy (new status of Central Bank) - New agricultural policy (culture reconversion) - Evolution of GNP per inhabitant - Launching of INDH aiming at reducing social and special disparity - Significant evolution of some social indicators (education) - Introduction of labour code and Compulsory Insurance Policy came into effect - Setting up of family and nationality code 	<ul style="list-style-type: none"> - Neutralise climatic vagaries - Reduce subsidies' weight - Level of public debt - Improvement of public service quality - Setting up of a Short Term Expenditure Framework (STEF) - Solve the problem related to finding commercialisation circuits for agricultural products - Setting up of land reform and the fight against land fragmentation - Make up for the delay in the field of fight against poverty infantile mortality and illiteracy - Setting up of specific tool to promote women at work
3	Commerce, market and legislative reforms	<ul style="list-style-type: none"> - Improvement of business climate and investment conditions - Improvement in tariff dismantling as stipulated in the association agreement - Launching of negotiation related to agricultural and fish products - Introduction of Pan Euro Mediterranean cumulation system - Modernisation of the Custom and Excise Office - Implementation of a system of traceability and identification - Launching of negotiations in the domain of services (alignment to the Basel principles in the financial service domain) - Introduction of a tax reform with the support of IMF and the European Commission 	<ul style="list-style-type: none"> - implementation of a governance framework for enterprises - implementation of a mechanism to solve commercial conflicts - conclusion of an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) - consolidation of legislative, administrative and technical capacity in the field of bank supervision - ratification of the ILO convention on equal treatment in the workplace - Activation of the role of the Council on Competition - Membership to international conventions and consolidation of administrative and technical capacities in the fight against piracy - Reform on public procurement legislation

		<ul style="list-style-type: none"> - Bill on consumer protection - Improvement in the domain of Intellectual and Industrial Property (law on trademarks and copyright) - Legislative framework on public concessions - Implementation of a Euro-Mediterranean charter for the Enterprise 	
4	Justice/Home Affairs Cooperation	<ul style="list-style-type: none"> - Sizable cooperation in fighting Illegal immigration - The Launching of a first JLS twinning in the MEDA zone (training of forces in charge of border control) - Ratification of UN convention against cross border crime - Twinning for the Ministry of Finance at legislative and administrative and institutional level - Signature of bilateral conventions in the domain of judiciary and police cooperation 	<ul style="list-style-type: none"> - Implementation of a regulatory framework related to refugees - Membership to additional protocols on migration, arms and human traffic - Strategy to fight against drugs and a law on money laundering
5	Transport, energy, information society, environment, science and technology, R&D	<ul style="list-style-type: none"> - Improvement at the level of reforms I the transport sector (road code, transport commission) - Reviewing of the legislative framework of the rail transport sector (separation of activities of infrastructure management and that of supplying services) - Open sky agreement with the EU with a gradual opening to other markets and an alignment with European legislation - Setting up of a National Ports Agency and separation of its regulatory prerogatives from its commercial ones - Participation in Galileo programme - Implementation of gas plan - Hydro carburant code - Liberalisation of the electricity sector - Diversification of the electric bouquet (windmills, solar hydroelectric) - Adoption of many MDP projects - Launching of an e.Maroc strategy aiming at promoting the use of IT - Improvement in the liberalisation of markets (3 landline operators, 3 third generation GSM licences attributed in October 2006) - Active role of ANRT (telecommunications' Watchdog Agency) in matters related to competition - A strategic neighbour for research and innovation in the 2025 horizon 	<ul style="list-style-type: none"> - Development of a Maghrebi Electricity market - Attenuation of the subsidies weight allocated to energetic products for the promotion of a more open and transparent energetic market - Exploitation of renewable energy potential (increase of renewable energy part in energetic consumption from 4% to 10% from now to 2012) - Lifting up of the challenges related to the quality water, waste management, coastal pollution and desertification

Content		Context justification and objectives	Major expected results	Budget/ year of commitment
Social Priority	INDH	<ul style="list-style-type: none"> - Worrying Social deficits, despite the efforts (health, education, insecurity and social exclusion, unemployment, the disabled) - Consolidation of state actions and local councils → fight against social risk factors and consolidation of human development 	<ul style="list-style-type: none"> - Poverty attenuation in rural, urban and peripheral areas - Youth insertion in the job market - Vulnerable people's access to basic social services - Promotion of social cohesion/ human rights protection - Local governance 	€60 million/2007
	Illiteracy	<ul style="list-style-type: none"> - High rate of illiteracy in the population aged 10 and more (43% and 60.5 % respectively in urban and rural areas) - Support of illiteracy and non formal education strategy, as well as a better integration of citizens in their social, economic, political and cultural environment 	<ul style="list-style-type: none"> - Professionalization of NGO actions in the field - Structured tools to upgrade the personnel in charge of illiteracy (under-secretariat of state) - Inequality reduction in education between girls and boys - Generalisation of primary schooling to vulnerable children 	€17 million/2007
	Sector-based policy of education	<ul style="list-style-type: none"> - Positive impact on health education, security, economic development and participation in the social and political activity - Education as a national priority for the 2000-2009 decade (National Charter of Education, Training , a strategic framework of development of the educational system) - Improvement of the qualitative level of the Human Resources→ a better preparation for social and economic mutations→ Improvement of Morocco's World ranking according to IDH 	<ul style="list-style-type: none"> - Curricula revision - Training of personnel - Consolidation of the institutional, technical and managerial capacities of the educational system - Implementation of educational institutions projects - Development of NTIC - Partnership consolidation with civil society 	€9 million/2009 €4 million/2010

Social Priority	Basic compulsory Health Insurance	<ul style="list-style-type: none"> - Important reform the health sector; 1. Decentralisation and deconcentration of the health sector; 2. hospitals' upgrade and 3. Reform of financing means and basic compulsory health insurance (AMO, RAMED) ; - Gradual generalisation of universal health risk; - Support for the elaboration and application of a legislative and regulatory framework of health sector financing means; 	<ul style="list-style-type: none"> - Consolidation of AMO; - Institution of RAMED to have free access to the basic health care (public service); - Equitable task repartition among the state, enterprises and households ; - Consolidation of a financial viability of the system; - Accessibility and quality service - Improvement of governance in the health sector 	€40 million/2007
	Sector-based support to health	<ul style="list-style-type: none"> - Worrying health indicators in terms of mortality and morbidity in the most vulnerable population; - Epidemiologic transition→ double charge of morbidity: charges related to transmitted diseases associated to poverty problems, charge related to non-transmitted diseased; - Improvement of the performance of the Moroccan health sector in terms of quality, quantity and accessibility to vulnerable groups 	<ul style="list-style-type: none"> - Deconcentration of health services; - Allocation of resources for vulnerable zones and their population; - Human Resource management, including training; - Strategic and operational budgeting and planning ; - Improvement of quality of the provided care service in terms of quality, quantity and accessibility; 	€50 million/2008 €36 million/2010
Governance and Human Rights Priority	Support to the Ministry of Justice	<ul style="list-style-type: none"> - National programme of modernisation of Justice (rationalisation of jurisprudence, magistrate and personnel training, integration of sections of the family - Support to the elements taken in the PA (political dialogue chapter, section facilitating access to justice and law 	<ul style="list-style-type: none"> - Improvement of programmes related to prison administrations related to education, rehabilitation of reintegration of detainees - Improvement of detention - Training of personnel and modernisation of the penitentiary administration 	€8 million/2008
	Implementation of ERB (Equity and Reconciliation Body) recommendations	<ul style="list-style-type: none"> - Creation of Equity and Reconciliation Body in charge of closing the file of human right violations; - Effective implementation of the ERB recommendations→ support of the democratic transition 	<ul style="list-style-type: none"> - Creation of the Moroccan Institution of Contemporary History; - A modern policy public and privative; - Creation of a history museum 	
Institutional Support Priority	Completion of public administrative support	<ul style="list-style-type: none"> - An articulated reform based on three axes: budget management, Human Resources management and control of the wage bill - A better visibility of policies that would allow budget allocation based on a pluri-annual perspective - Programming and budget execution based on results and accountability; 	<ul style="list-style-type: none"> - Updating and deepening of reform measures; - Setting up of new management system of human resources; - Designing of a forecast model of the wage bill - Completion of new pay system, recruitment, personnel turnover, evaluation and promotion 	€20 millions /2007

		<ul style="list-style-type: none"> - Introduction at the ministries' level of internal auditing and performance check; 		
	Support programme for Action Plan	<ul style="list-style-type: none"> - rapprochement process with EU legislation, norms and standards→ participation in EU domestic market and to key aspects of European policies and programmes; - Carry on with MEDA programmes on financing twining with EU countries; 	<ul style="list-style-type: none"> - Consolidation of the legal regulatory framework of trade as well as of any other domain that is part of the action plan; - Upgrade of domestic market regulations (legislation on competition, public aids, industrial norms, public markets, services and right of establishment); 	<p>€10million/2008</p> <p>€10 million/2010</p>
Economic Priority	Private sector	<ul style="list-style-type: none"> - Industrial, voluntary and targeted strategy aiming at promoting Morocco's World jobs and the competitive modernisation of the industrial fabric; - Consolidation of industrial investment and development of a business climate; - Consolidation of enterprises' competitiveness via innovation; - Increase of Moroccan exportation in the EU market through facilitating exchange and harmonisation of Moroccan legislation with the international and European regulation and practices; 	<ul style="list-style-type: none"> - Development of industrial investments (protection of investors, easing of bureaucratic procedures, improved access to industrial loans; - Consolidation of enterprises' competitiveness (technological sites, SMEs' participation to R&D European programmes, financial instruments and adequate tax incentives); - Increase of exportation in the EU market (alignment with the European standards, intra-enterprise cooperation improvement of Morocco-EU balance of trade....); 	<p>€20million/2008</p> <p>€40 million/2009</p>
	Vocational Training	<ul style="list-style-type: none"> - Cooperative training and mainly minority group apprenticeship (9% and 11% respectively) against 80% for residential vocational training; - Problems related to hosting capacity and inadequate ratio of offer and demand in training (variance of 1 to 5) - Satisfy enterprises' needs in terms of skills and improve the training of candidates to economic integration (support project to ANAPEC) 	<ul style="list-style-type: none"> - Consolidation strategic partnerships between vocational training centres and enterprises; - Upgrade of the training apparatus; - Development of apprenticeship training; - Host 80 000 trainees over the period 2010/2011 against 65 800 in 2004/2005. - consolidation of mechanisms for the development of ongoing training; 	€50million/2009
	Agricultural sector support	<ul style="list-style-type: none"> - Liberalisation of agricultural exchange and setting up of a free exchange zone in the 2010 horizon; - Stakes and upgrade of the agricultural sector (45% of the active population); - Setting up of a 5 year programme adopted in Barcelona Summit in November 2005 related to the modernisation of the agriculture sector (export development, product appraisal, private investment promotion); 	<ul style="list-style-type: none"> - Capacity building of administrations in charge of the Moroccan agriculture upgrade; - Support to analysis development and sector-based policies; - Implementation of inter-professions in the different areas of training; - Product appraisal and promotion of quality products; - Product diversification; 	€40million/2010

	Extension of city ring road	<ul style="list-style-type: none"> - Isolation of the provinces of the North from the other regions of the country and absence of an East-West Liaison axis direct viable ; - Social an economic weakness of the region (illiteracy, less productive traditional agriculture, embryonic industry; - Encourage the integration of coastal zones of Chefchaouen and Alhoceima provinces in the economic and social regional and national space; 	<ul style="list-style-type: none"> - Completion of a road with high quality level of service; - Increase of traffic of the East-West city ring - Creation of new economic activities and jobs to dissuade people's movement to other places; 	€25 million/2007
	Opening up to isolated areas	<ul style="list-style-type: none"> - National Programme of Rural Roads (2005-2010)→ the integration would move from 50% to 80% and involves 15.000 Km of roads; - Have a road network that answers the socio-economic needs of the country; - Reduce the existing disparities in relation to socio-economic development between the regions and between the rural and urban areas 	<ul style="list-style-type: none"> - Contribution to integrating the rural population and to their socio-economic development through construction, planning and maintenance of urban roads and rural unsurfaced roads ; 	€25 million/2010
Environmental Priority	Energy sector	<ul style="list-style-type: none"> - Negative impact of oil price increase on Moroccan economy's competitiveness; - Reform of the energy sector (restructuring of the electricity sector, development of the gas sector, upgrade of refineries, security of installations, regional integration and promotion of energetic efficiency); 	<ul style="list-style-type: none"> - Development of the gas sector (training, alignment with security norms and standards, gradual integration with the Mediterranean market,); - Energetic efficiency (promotion of renewable energy, gains on energy consumptions, ...); - Strategic alertness of the energy sector; - Quality of petroleum product and technical control of energetic installations; 	€40million/2008
	FODEP support	<ul style="list-style-type: none"> - Encourage industrial and handicraft enterprises to invest in pollution removal and/or economy of resources, - Acknowledging the environmental dimension according to international standards; - Protection of environment, mainly water resources of the Sebou Basin 	<ul style="list-style-type: none"> - Treatment of waste water and reduction of industrial emission; - Improvement of air quality and water resources; - Improvement of the working conditions in factories and preservation of the population's health; 	€15million/2008
Environmental Priority	Water sanitation	<ul style="list-style-type: none"> - Rate of water resources per inhabitant will reach in 15 years time the ceiling of shortage; - Improvement of economic and environmental management of water resources 	<ul style="list-style-type: none"> - Construction of a water treatment plant; - Preservation of the quality of water resources and quality of urban environment 	€35 million/2009