



Beyond the Border? Economic Liberalisation, Macro-Regional Integration and the European Union

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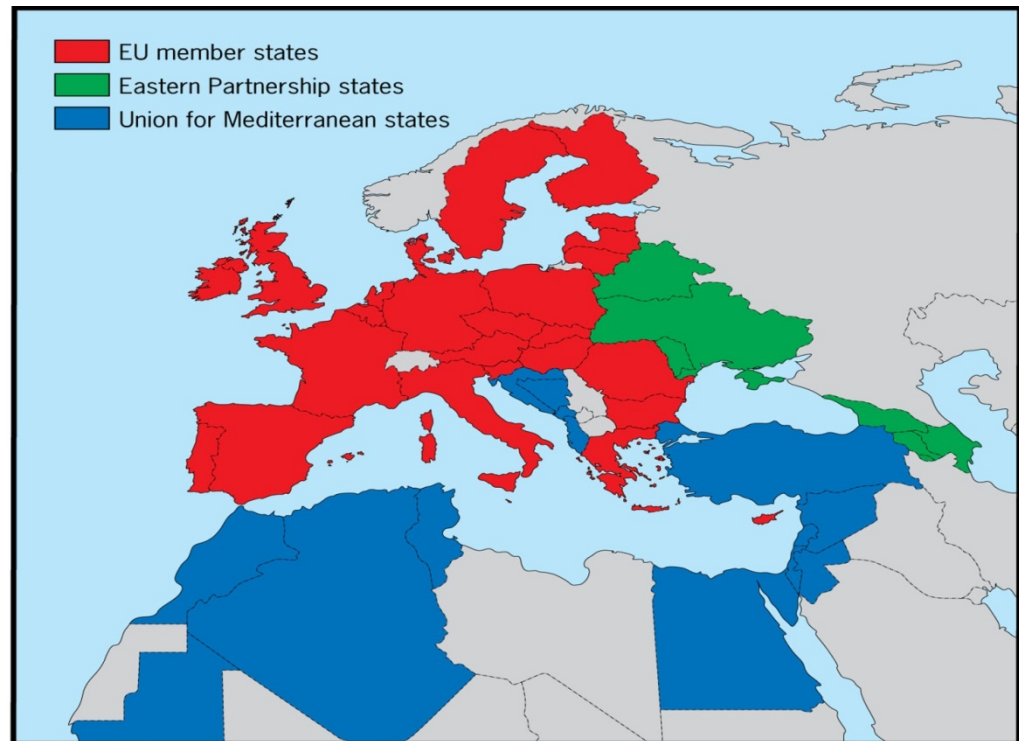
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Outline of the lecture

- The European Union and Territorial Integration and Externalisation
- The EU and Uneven Development on its Borders
- The EU, Geo-Economic Integration and North Africa
- Research funded by the British Academy: “Europe and North Africa After the ‘Arab Revolts’: Economic Integration and Uneven Development”

Geo-Political and Geo-Economic Contexts

- The EU's management of its borders and relations with neighbouring states:
 - European Neighbourhood Policy
 - Regional & multilateral initiatives



The EU and Territorial Integration/Externalisation

- Bialasiewicz (2009): EU policy making in its 'neighbourhood' involves a dual process of attempted 'Europeanisation' in neighbouring spaces alongside that of 'bordering'; of creating uneven and differentiated forms of access to the EU.
- Focus on geo-political logics of 'border making'
- For example, Jones (2006): the Barcelona process was to a large extent geo-strategic - economic integration and free trade agreements were used as a basis for engaging the countries of North Africa and the Middle East in a geo-political process of region-making.

The EU and Territorial Integration/Externalisation

- These processes - as they relate to economic integration - are more about the fluidity of borders and especially 'border externalisation'
- 'Beyond the border' initiatives become enacted through EU policy frameworks.
- Processes of macro-regional economic integration have become central to:
 1. the establishment and dissemination of policy frameworks for economic liberalisation and integration
 2. the extension of discursive and material power of EU policies across macro-regional spaces to new territories.

The EU and Territorial Integration/Externalisation

- Geo-economic dimensions of macro-regional integration have to be positioned alongside geo-political and geo-strategic dimensions.
- Since the “Arab Spring”: importance of economic integration has become heightened as the economic conditions which stimulated much of the political protest across the region have become central issue - high unemployment, youth unemployment, and regional inequality.

The EU and Territorial Integration/Externalisation

- Heffernan (1998): “the European ideal was always indelibly tied to the (re)making and claiming of space – first within Europe, and subsequently beyond it. This understanding of a forever mobile, forever expanding Europe was also, always, fundamentally bound to the belief in Europe as the embodiment (and vanguard) of universal progress”.
- Not just a geo-political project involving the spatial extension of Europe’s influence, but it has been one increasingly pursued through geo-economic means.

The EU and Territorial Integration/Externalisation

- Geo-economics centred on liberal market integration into the Single Market
- Accompanied by range of complex policies, technologies and practices of compliance to *aquis communautaire*
- Convergence to EU norms: undertaken for new Member States/externalised for non Member States

The EU and Territorial Integration/Externalisation

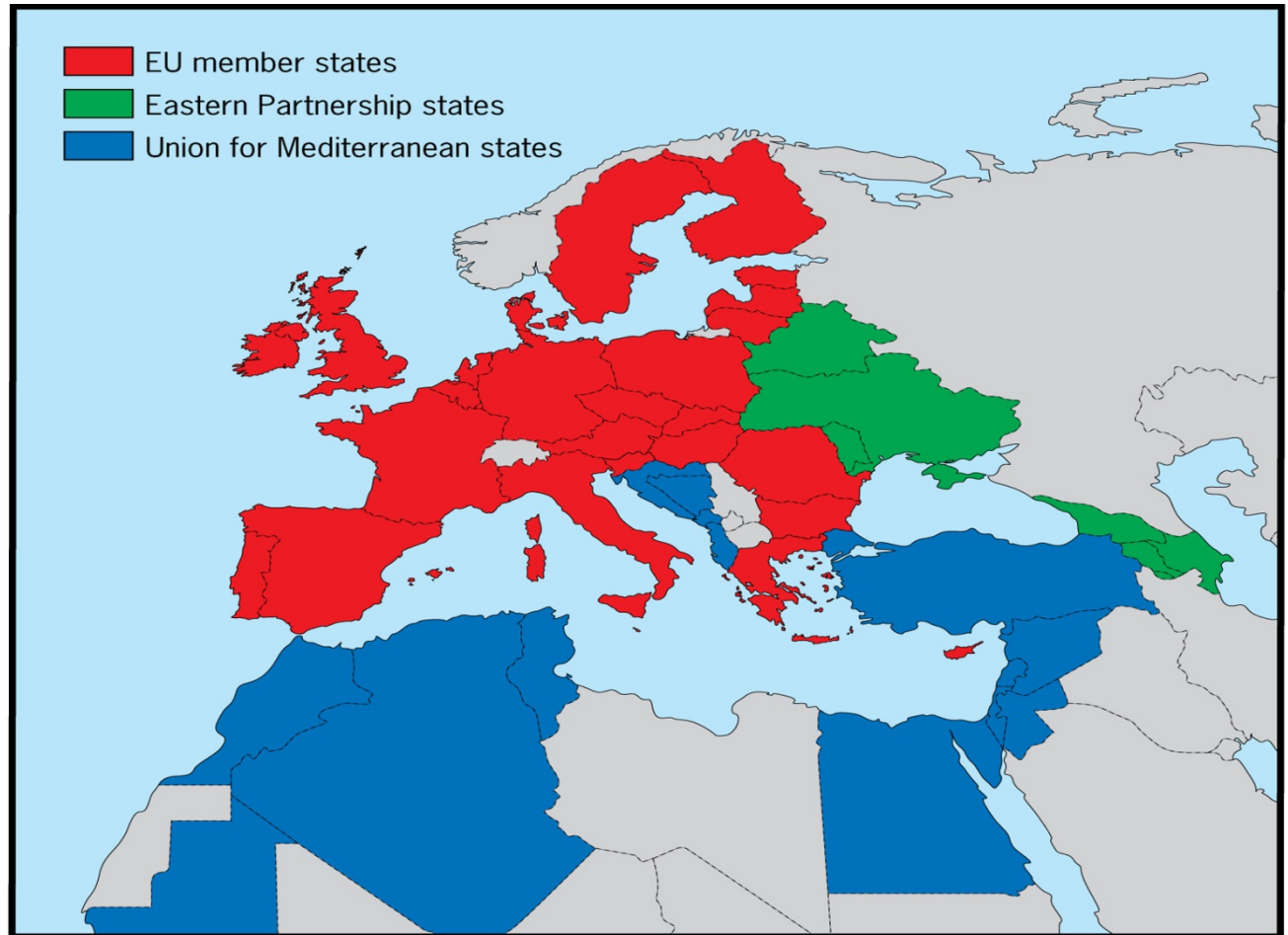
- EU eastern enlargements – consolidation of liberal market transitions from state socialism + new markets and part of the “doubling of the world’s labour market”
- EU enlargement

“The Great Doubling”: Richard Freeman

- China, India and ECE join the world economy: 1.46b workers to 2.96b
- New spatial divisions of labour: “off-shoring” & “out-sourcing”

The EU and Territorial Integration/Externalisation

- After 2007 – EU management of territories beyond the enlarged EU
- “Non-accession integration” (Casas-Cortes et al 2013)
- Relations with eastern and southern neighbours



The EU and Territorial Integration/Externalisation: North Africa

- 2011 “Arab Spring” and the EU
- Long history of EU-MENA integration ...Barcelona process/
European Neighbourhood Policy (ENP)
- ENP revisions following Arab Spring
- the 3Ms (money, markets, mobility) (CEC 2011): re-
formulated framework to deepen state-mediated liberal
market integration between the EU and the southern
Mediterranean countries
- remains uncertain how far the changing political economy
of countries in the region will engage with this

Logics of Externalisation and Integration

- Geo-political logics: “rings of friends”, security and migration control

“the key motivation [of the ENP] is to stabilise the external borders of the EU to the East and to the South. The main goals of these policies are to prevent war and uncontrolled migration, and to support political stability across the region. Trade is a key instrument here – ‘make trade not war’” (interview with DG Trade official, 2007)

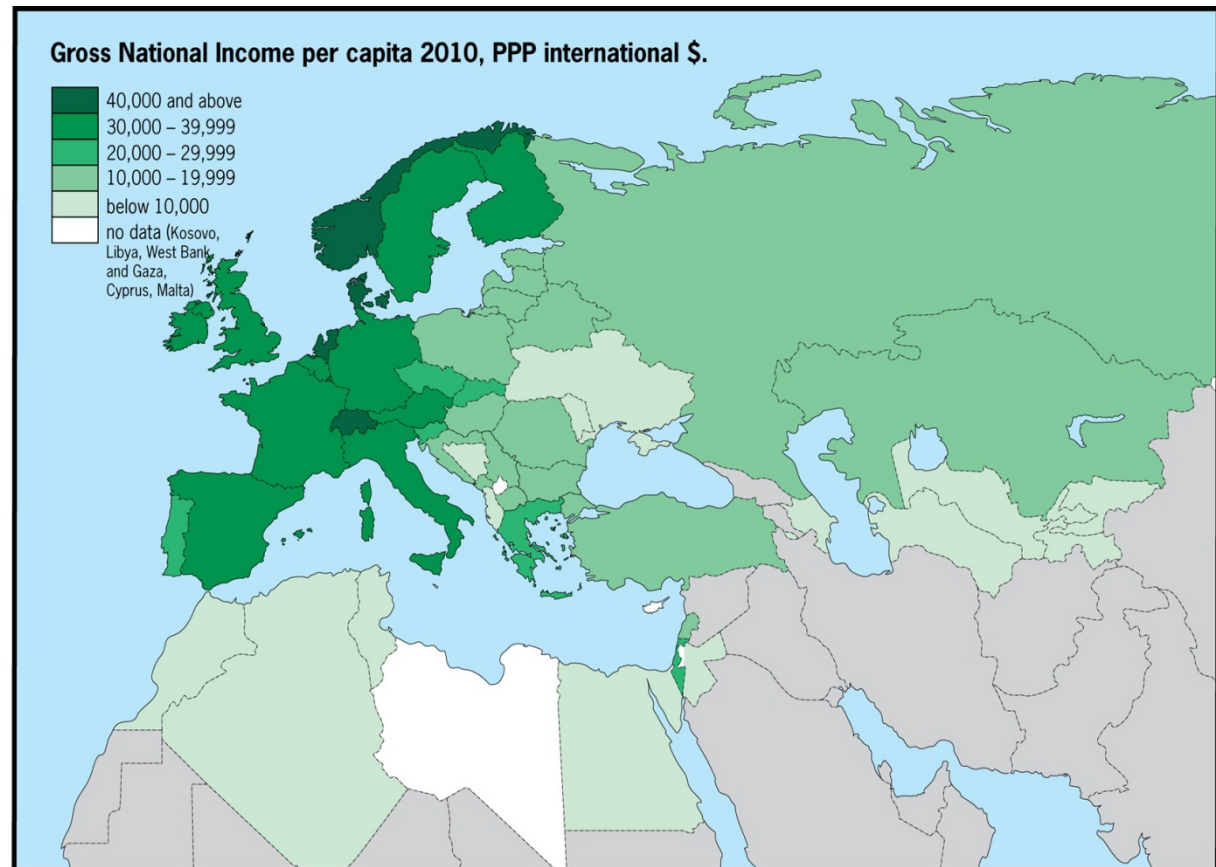
- Geo-economic logics:
 - market access
 - geographically proximate off-shoring of economic activity
 - managing the turn-over time of capital in supply chains through macro-regionalisation

Regionalisation & Proximity: the Turnover Time of Capital in Supply Chains

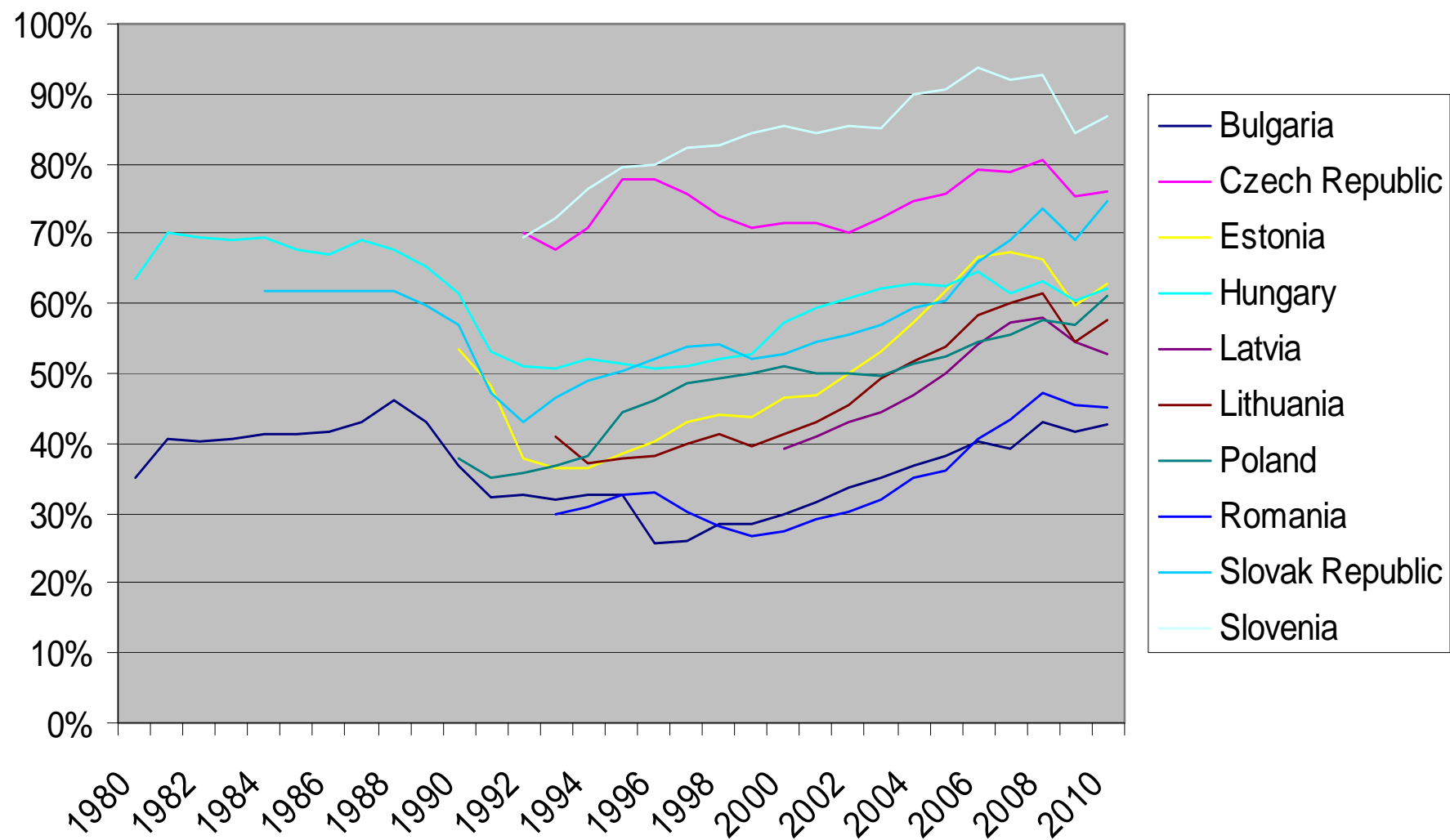
- “Survival of the clothing sector in the MENA-4 countries [Morocco, Tunisia, Egypt, Jordan] depends on the ability to better exploit the advantages of proximity to the European Union. ... Firms in the MENA-4 countries can be competitive in exporting time-sensitive, replenishable products to the European market because their inventory costs and risks are lower than those of distant suppliers. ... Reduced lead time – the time required from receipt of an order to shipment to markets – is a key priority”
(World Bank 2006)

Integration/Externalisation and Uneven Development

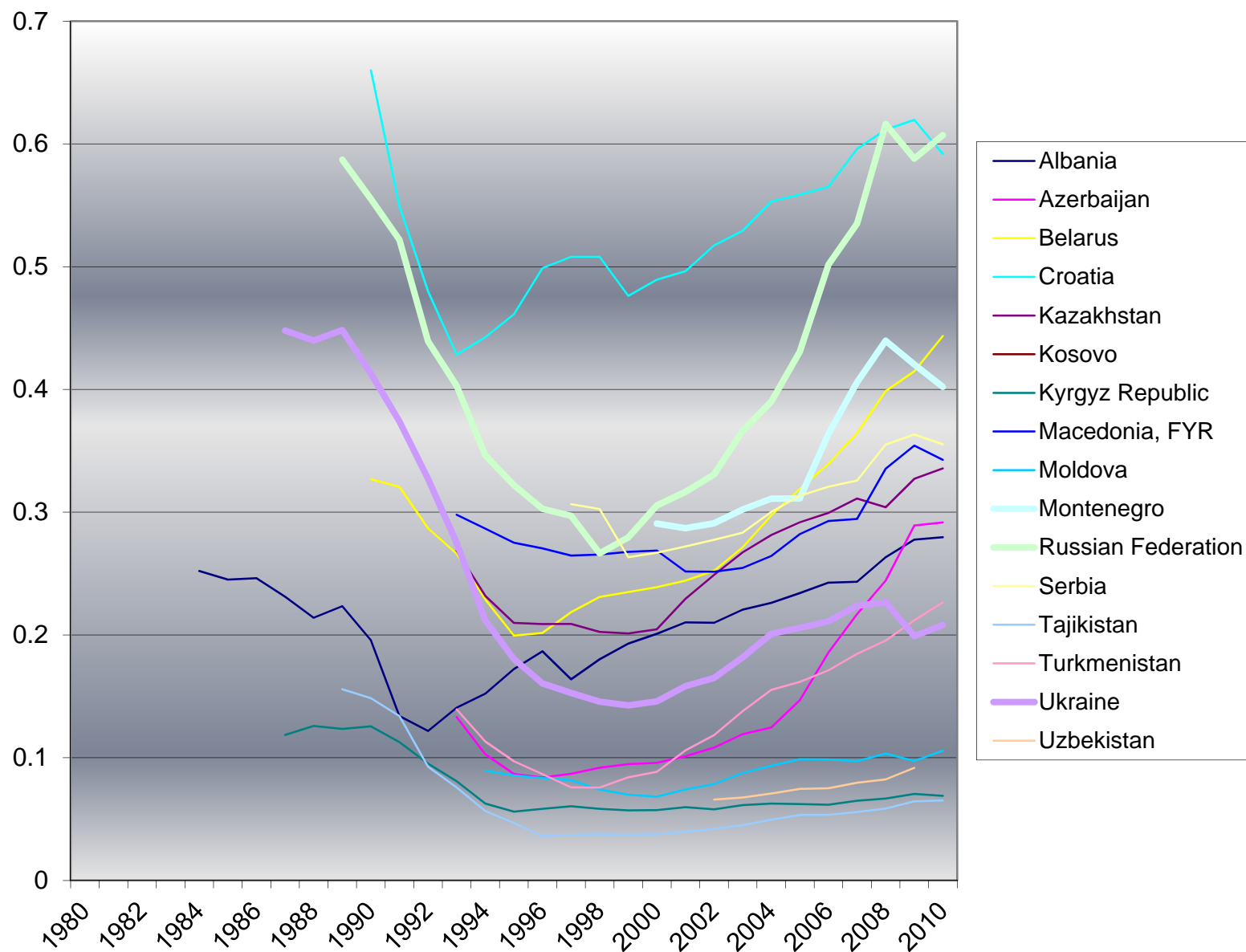
- What has integration and externalisation done for uneven development in the EU and its neighbours?



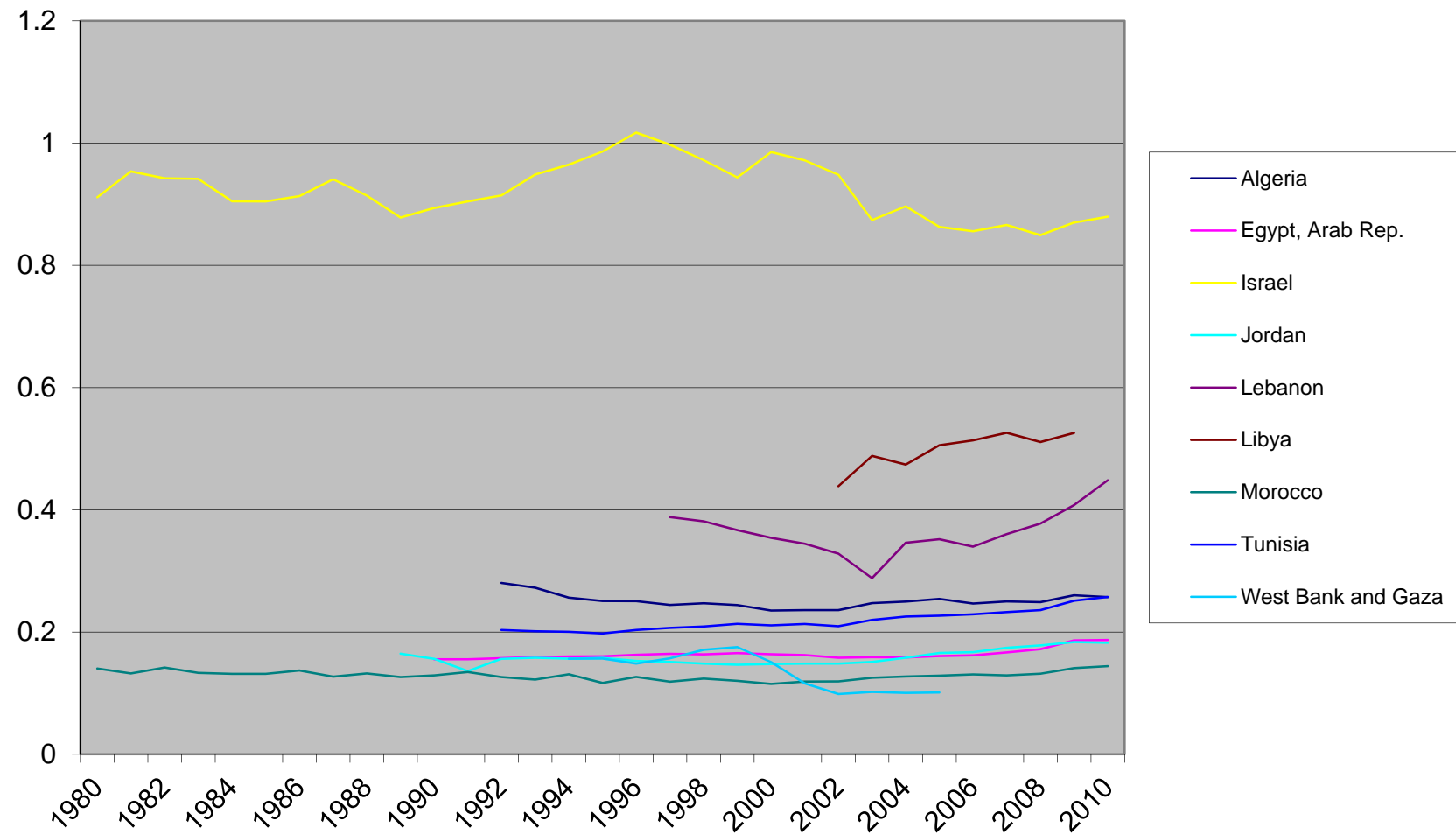
Uneven Development in East-Central Europe (GNI per capita (PPP) relative to EU average, 1980-2010) (Source: World Bank database)



Uneven Development on the Eastern Border of the EU-27 (GNI per capita (PPP) relative to EU average, 1980-2010) (Source: World Bank database)



Uneven Development in Middle East/North Africa (GNI per capita (PPP) relative to EU average, 1980-2010) (Source: World Bank database)



The EU and North Africa

Barcelona process always “a non-military means to promote enhanced security within the EU by providing improved employment opportunities and living standards within partner states, thereby reducing incentives for the disaffected to join fundamentalist movements and migrate to Europe. Economic liberalization and modernization in the economies of the southern and eastern Mediterranean also offer the prospect of expanded outlets for [foreign investment]”

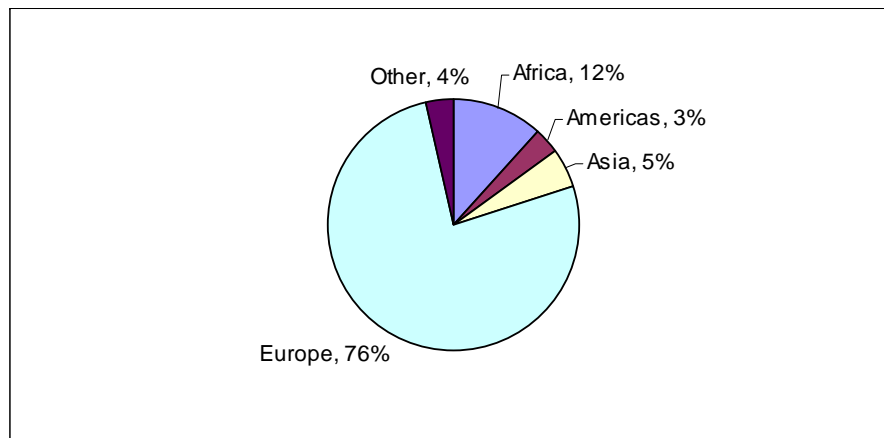
Diane Hunt, 2011: 174

Discourses of neo-liberal success in Tunisia: 'African Lion economies'

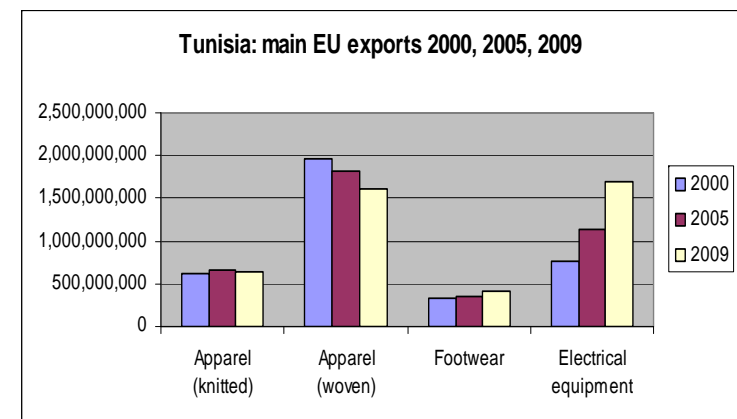
- Boston Consulting Group 2010:
 - ❖ “political stability, rule of law, property rights, access to capital, and public investment in education, health and social services” (Boston Consulting Group 2010: 1)
- IMF 2010 Article IV Consultation report: praise for Ben Ali's policies
- ILO 2011: policies of structural transformation of Tunisian economy

The Tunisian 'model' before the “Arab Spring”

- EU trade and economic integration
- Destination of Tunisian Exports, 2010
(Source: Tunisian National Institute of Statistics website)



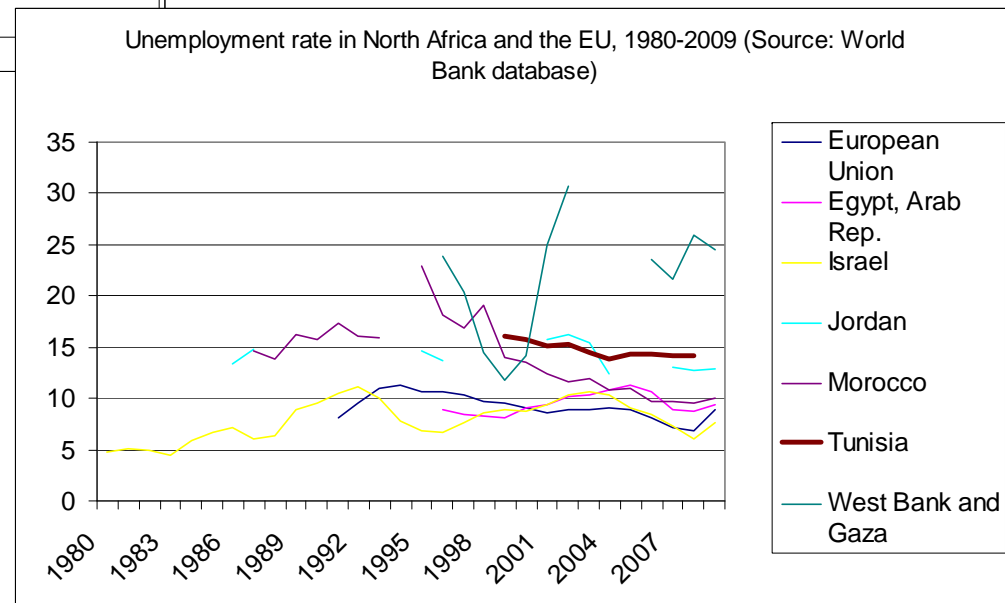
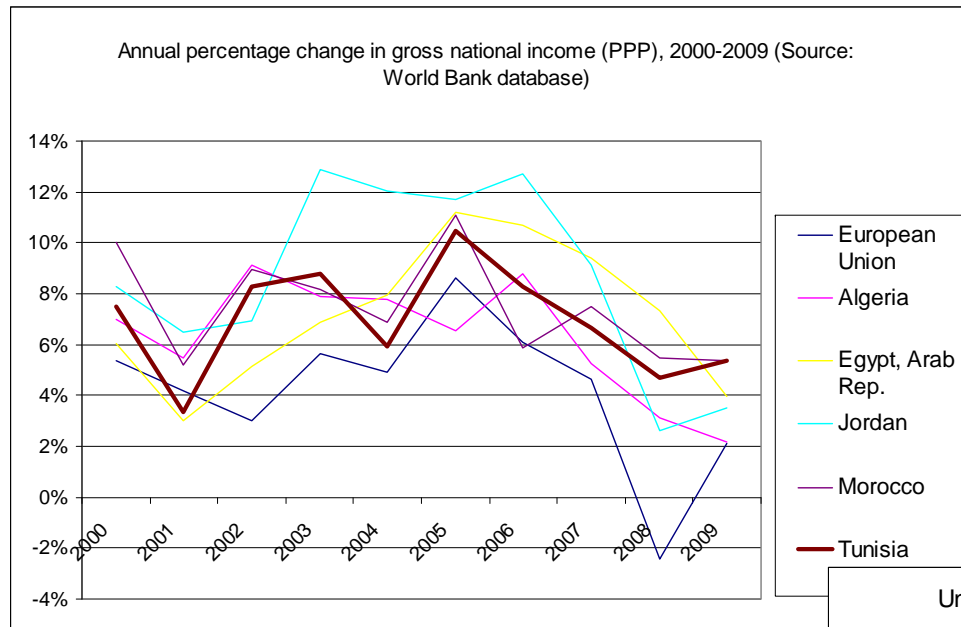
- Tunisia's Main Exports to the EU
(Source: Comext trade database)



The Tunisian ‘model’ before the “Arab Spring”

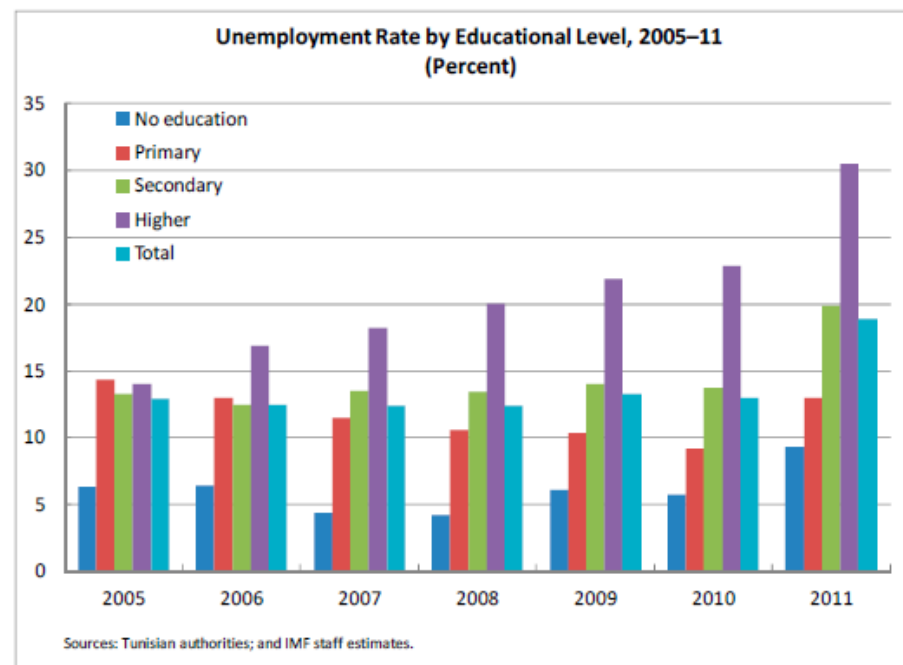
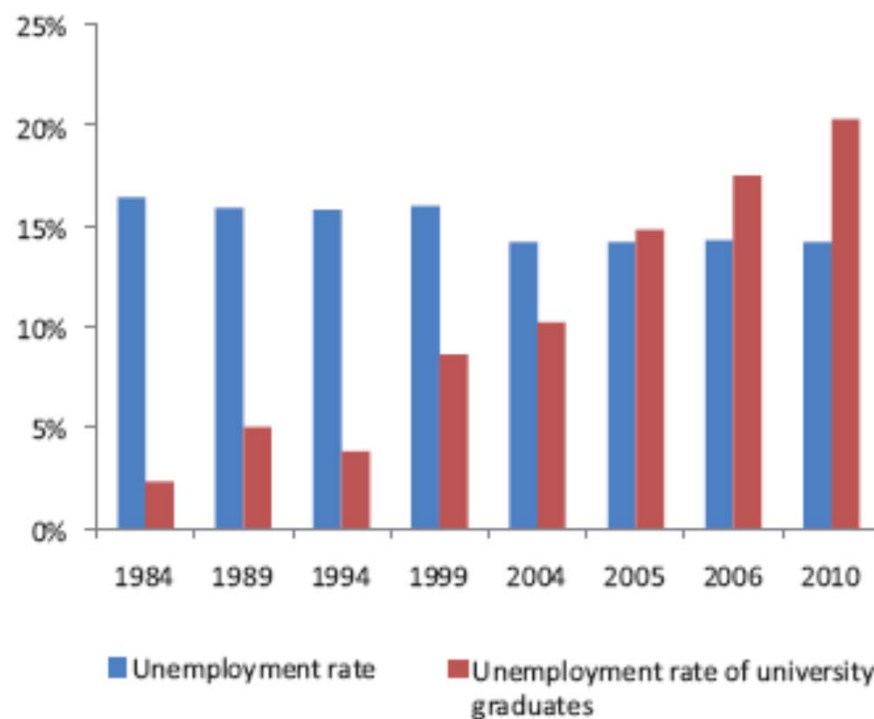
- Industrial upgrading programmes
- Extensive privatisation alongside “strategic industries”
- Politically mediated neo-liberalism
- International liberalisation articulated with authoritarian state – dual economy
- “Exportist model of development”

Economic growth and persistent unemployment



Unemployment in Tunisia, 1984-2010

(Source: African Development Bank and International Monetary Fund)



Regional Distribution of Foreign Enterprises, Tunisia 2008

(Source: Krifa-Schneider 2009)



- Regional uneven development of the “off-shore industrial economy”

Beyond the Border: Economic Externalisation

- Post “Arab Spring”:
 - discursive shift to “privileged partnership”
 - Economic crisis
- “More for More” principle
- 2011 “Jasmin Plan”:
 - Increasing economic competitiveness
 - Enhanced economic liberalisation
 - Dealing with ‘structural causes’ of 2011 revolution: mass unemployment, political control of parts of economy, regional uneven development

Beyond the Border: Economic Externalisation

- Privileged Partnership involving:
 - “progressive integration in the European Union’s Internal Market, though a process of legislative and regulatory approximation ...” (Tunisia-EU Task Force 2011)
- European Union additional aid package to Tunisia in September 2011, amounting to €150 million in addition to the €240m already budgeted for the country.
- Part of G8 Deauville Partnership: tri-partite investment - the World Bank, the African Development Bank and the French development agency (Agence Française de Développement).
- The EU grants combined with World Bank funding of \$500m, African Development Bank funding of \$500m and the Agence Française de Développement allocations of €185m (Tunisia-European Union Task Force (2011)).

Beyond the Border: Economic Externalisation

- Key element of “progressive partnership”: Deep and Comprehensive Free Trade Agreement (DCFTA)
- Late 2011: bilateral negotiations opened across the region
- Progressing at different speeds

Beyond the Border: Economic Externalisation

- DCFTAs grant unrestricted access to Single Market – non-accession economic integration. Key features:
- “free movement of ‘substantially all’ goods, many services and capital. It aims at a high level of integration of these markets. Eliminating tariffs and quotas on goods is relatively easy. However, free movement of some goods and many services requires eliminating numerous nontariff barriers as well, such as technical regulations, sanitary and phytosanitary standards, not to mention ensuring the protection of intellectual property rights and equal conditions of competition” (Wijkman 2011: 5).

Beyond the Border: Economic Externalisation

- “Regulatory approximation” – extension of the EU’s rules beyond its borders:
- “Through progressive approximation of EU rules and practices, DCFTAs require a high degree of commitment to complex and broad-ranging reforms. This requires strong institutional capacity. The reforms can be politically challenging and require the involvement of the business community as well as other interested parties” (CEC 2011: 8).

Beyond the Border: In Whose Interests?

- High potential costs to non-EU states
- “The Southern Mediterranean is seen as a win-win location for EU competitiveness and provides both off-shoring opportunities for EU firms and market opportunities, e.g. in energy and other resource access economies and for industrial outsourcing to maintain competitive advantage. We’ve worked a lot to ensure the win-win potential in these areas to allow EU manufacturers to produce and export easily.” (senior political advisor to European Commissioner, July 2012)

Contested Geo-Economics

- Ennahda's economic policy:
 - Widening and diversification of economic partners away from the somewhat singular focus on the EU
 - diversification of the national economy
 - an economic recovery based on a Keynesian demand management approach

Contested Geo-Economics

- Rached Ghannouchi, leader of Ennahda: “I believe that we must adopt the form of social democracy practiced in Sweden and the other Scandinavian states. Economics must be dominated by social values, and not simply the aggressive forces of the free market” (quoted in Saif and Rumman 2012: 6).

Conclusions

- The EU: quasi-supranational state actor in the production of economic liberalism beyond its borders
- Involves border externalisation and uneven integration of bordering territories
- Raises important questions regarding the relationship between the state and the geo-economics of macro-region making.
- National-level states are not unimportant - they are critical in the process of policy formulation at EU level
- But there are new and emerging spaces of state political-economy beyond nation-states which mediate the interests of EU business in the process of extending the economic territorialisation of the EU.
- The EU can be seen as “a key player as well as a key site in the struggles” shaping “a new articulation between the economic and the political on a global rather than merely national scale” in the attempt to re-regulate processes of European capital accumulation (Jessop 2008: 216).

Conclusions

- This involves a structural commitment to the competitiveness of the EU economy in an increasingly global world and raises a number of important questions:
 - Will liberalisation of trade provide a basis for resolving the underlying structural causes of the “Arab Spring”?
 - Will DCFTAs bring socially inclusive development and create sufficient employment?
 - Or are the logics of beyond the border externalisation more about the geo-economics of macro-region making: market access, off-shoring and quick response management of capital in motion/turnover time of capital in production networks