

**EU-Integration Policy toward Turkey in
Comparison to
the Mediterranean Cooperation
Agreement**

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Abstract

The main purpose of the study is to focus on the economic and political relations between the EU, Turkey, Morocco and the Mediterranean Countries. It examines these relations from a global and pluralistic perspective and investigates them through comparative analysis. The Thesis shows the dynamics and the obstacles in the relations between EU, Turkey and Morocco. In fact, it is always a challenge for countries to stabilize their economic, demographical and political structures. Hence economic and political cooperation between countries help to achieve this goal. Hereafter economic and political relations between EU, Turkey and Morocco are based on such a strategy, which aims to profit from the advantages of international collaboration. Finally consideration of the EU's relations with Turkey and Morocco from an economic and political perspective verifies that these relations are correct, advantageous and of crucial importance for the entire region.

Abstrakt

Das Ziel der Dissertation ist es, sich auf die wirtschaftlichen und politischen Beziehungen zwischen der EU, der Türkei, Marokko und den Ländern des Mittelmeerraums zu konzentrieren. Die Dissertation untersucht diese Beziehungen aus einer globalen und pluralistischen Perspektive und untersucht sie durch vergleichende Analyse. Die Dissertation zeigt die Dynamik und die Hindernisse in den Beziehungen zwischen der EU, der Türkei und Marokko. In der Tat ist es immer wieder eine Herausforderung für die Länder, ihre wirtschaftlichen, demographischen und politischen Strukturen zu stabilisieren. Daher helfen die wirtschaftlichen und politischen Kooperationen zwischen den Ländern, dieses Ziel zu erreichen. Die Berücksichtigung der Beziehungen der EU mit der Türkei und Marokko aus wirtschaftlicher und politischer Sicht stellt schließlich sicher, dass diese Beziehungen richtig, vorteilhaft und von entscheidender Bedeutung für die gesamte Region sind.

Contents

Abbreviations	7
Introduction	9
Section I.....	13
The Theoretical Background of the EU-Integration Policy toward Turkey in Comparison to the Mediterranean Cooperation Agreement	13
1. Introduction to Section I.....	13
2. Problem Definition and the Structure of the Research.....	14
3. Terminology of Theories.....	17
4. Theories	21
4.1. Economic Integration	24
4.2. International Trade	25
4.3. Location Theory	27
4.4. International Relations Theory.....	31
4.5. Development Theory.....	32
5. Methodology	33
6. How these Relations have been designed	35
7. EU Policy towards Turkey and Morocco	38
8. Globalization and EU	42
9. EU Economic and Political Situation in Comparison	44
9.1. FDI Inflows into and Outflows from Developed and Developing Economies in Comparison	53
10. Turkish Economic and Political Situation in Comparison to the EU and Morocco	74
10.1. Ankara Agreement	82
10.2. The Motives behind the Turkish-EU Relationships	83
10.3. Turkish FDI Position in Comparison	91
10.4. Turkish Export and Import Movements	102
11. The Economic and Political Situation of Morocco	105
11.1. FDI in Morocco	108
11.2. FDIs in Morocco in Comparison to other Arab Countries.....	112
11.3. Moroccan Trade in Comparison.....	121
12. EU Political Interests towards Turkey and Morocco in Comparison.....	123
12.1. Policies of the EU and the USA towards Morocco in Comparison	125
12.2. The Neighborhood Policy of the EU towards Mediterranean Countries	127
13. A Comparative Account of these Relations	131
13.1. The Meaning of Hinterlands for the EU.....	140
13.2. FDI Inflows to Turkey and Morocco	142
13.3. Export-Import in Turkey and Morocco	144
Section II	152
Customs Union with Turkey	152
1. Objective of this Section	152
2. Concept of the Customs Union	152
3. Theory of Customs Union	153
4. Effects of the Customs Union	156
4.1. Static Effects of the Customs Union	158

4.1.1. Specialization Effect	158
4.1.2. Consumption Structure Effect.....	158
4.1.3. Distribution Effect.....	159
4.1.4. Trade Creation and Trade Diversion	159
4.1.5. Welfare Effect	159
4.1.6. Term of Trade Effect.....	159
4.2. Dynamic Effects of the Customs Union.....	159
4.2.1. External Effect.....	160
4.2.2. Polarization Effect.....	160
4.2.3. Investment Effect	160
4.2.4. Competition Effect	160
5. The Customs Union between the EU and Turkey	161
5.1. Contractual Basis of the Customs Union with Turkey.....	162
5.2. The Aim of the Customs Union for the EU	163
5.3. The 12 Year List.....	164
5.4. The 22 Year List.....	164
5.5. Proponents of the Customs Union in Turkey and their Opponents.....	166
5.6. Existing Problems in Practice	167
6. The Effects of the Customs Union between Turkey and EU	168
6.1. Export and Import	168
6.2. Foreign Direct Investment in Turkey	174
6.3. Financial Assistance during Accession Process of Turkey into the EU	177
7. Current Situation of Turkey	181
7.1. The Accession Negotiations between Turkey and the EU	182
Section III.....	185
EU-Mediterranean Cooperation (The Projects of the MEDA Program).....	185
The Objective of Section III.....	185
1. Theoretical and Methodological Viewpoint of this Section.....	186
2. The Outcome of Section III.....	188
3. Neighborhood Policy of the EU as a Constitutional Objective.....	188
4. The Target of Maghreb Countries in the Mediterranean Partnership	189
5. The Barcelona Process	189
6. The Financing of the Barcelona Process	190
7. The Allocation of Funds.....	191
8. The Mediterranean and Development Cooperation Policy of the European Union.....	191
8.1. Development Assistance Policy of the EU	191
8.2. EU Population Change and Migration Policy in Comparison	193
8.3. The motives Behinds the EU's Economic Policy in MEDA Projects.....	197
8.4. Realization of the MEDA Projects.....	198
8.5. Morocco and the MEDA Program	198
9. Implementing the MEDA–Projects and their Meaning.....	199
9.1. Economic Factors	199
9.2. Political Factors.....	199
9.3. Implementation of the MEDA Projects.....	200
9.4. Types of Projects.....	201
9.5. Financial Allocation of MEDA Funds	202
9.6. Implementation of the MEDA Programs	203

Resumee	205
Section IV	207
Comparative Analysis in Research.....	207
1. The Terminology of Comparison	208
2. Development of Comparative Theory	208
3. Common Application Areas	210
4. Difficulties of Comparative Analysis	211
5. Comparative Analysis in Practice	211
Concluding Remarks	215
Section V: Agreements, Country Facts and MEDA Projects.....	222
I. Ankara Agreement	222
II. Barcelona Declaration and Barcelona Process	234
III. Country Facts	253
a. The Republic of Turkey (Türkiye Cumhuriyeti)	253
b. Kingdom of Morocco (Al Mamlakah al Maghribiyah).....	258
IV. Projects with Maghreb- countries (Morocco)	263
a. Projects in/for Morocco	263
Bibliography.....	296

Abbreviations

AD: Anno Domini

AGCC: Arab Gulf Cooperation Council

AKP: Adalet ve Kalkınma Partisi (Party of Justice and Development)

ANAP: Anavatan Partisi (Motherland Party)

BC: Before Christ

SICA: Sistema de la Integración Centroamericana

CAP: Common Agriculture Policy

CEE: Central and Eastern Europe

CHP: Cumhuriyet Halk Partisi (The Republican People's Party)

DEİK: Dış Ekonomik İlişkiler Kurulu (Turkish Foreign Economic Relations Board)

DP: Demokrat Parti (The Democratic Party)

EEC: European Economic Community

EC: European Community

EIB: European Investment Bank

ECB: European Central Bank

EMA: Euro-Mediterranean Agreement

EPU: European Payments Union

EU: European Union

EUROSTAT: Statistical Office of the European Union

FDI: Foreign Direct Investments

GCC: Gulf Cooperation Council

GDP: Gross Domestic Product

GFCF: Gross Fixed Capital Formation

GNI: gross national income

GNP: Gross National Product

IMF: International Monetary Fund

X: Export

LDC: Less Developed Country

M: Import

MEDA: Mésures d'accompagnement financiers et techniques

MENA: Middle East and North African Countries

MERCOSUR: Mercado Común del Sur

NAFTA: The North American Free Trade Agreement

NATO: North Atlantic Treaty Organization

OECD: Organization for Economic Co-operation and Development

ODA: Official Development Assistance

TUIK: Türkiye İstatistik Kurumu (Turkish Statistic Institute)

TNC: Transnational Companies (Multinational Companies)

UAE: United Arab Emirates

UK: United Kingdom

UN: United Nations

UNCTAD: United Nations Conference on Trade and Development

USA: United States of America

USD: United States Dollar

WB: World Bank

WTO: World Trade Organization

Introduction

This study is an attempt to bring light into relations between the EU, Turkey and the Mediterranean countries and for the first time to bring these relations into context to one another and investigate them through various theories and perspectives in an innovative way. The main purpose of the study is to focus on the economic and political relations between the EU, Turkey, Morocco and the Mediterranean Countries. It examines these relations from a global and pluralistic perspective and investigates them through comparative analysis.

Macro-level data are used in all chapters of the study. So it provides an empirical analysis about these complex historical relations. Statistical indicators play a fundamental role in economic and political research. They can describe economic and political developments more concretely and empirically. For that reason in this study statistical facts have been respectively applied for each part of the thesis. The indicators are referenced in UNCTAD, Eurostat and academic publications. The statistics have been selected from the indicators of various economic sectors and from facts based on numerous social categories: agriculture, external and internal trade, FDI, population and social indicators. In order to make the research project more factual, focus themes have been limited and their contents reduced. The focus subjects of this project are the EU 27, Turkey and Morocco. However, statistics from other Mediterranean countries and their hinterlands (in particular some Arab countries) have been used because of their importance for complementary research themes.

This thesis includes a main section, three subdivisions and a complementary annex. As the main part of this thesis, Section I takes a key position in this study. The other three subdivisions and the Annex are related to Section I, and all sections share the same common properties. They all focus on relations between EU, Turkey and the Mediterranean countries.

The primary focus of the study lies on the current situation of these relations and on how and why they should be further improved.

The key and fundamental hypotheses of the study are analyzed in the first section, entitled “The Theoretical Background of the EU Integration Policy toward Turkey in Comparison to the Mediterranean Cooperation Agreement”.

Here, a comparative analysis of the EU policy towards Turkey and the Mediterranean countries, from a pluralist perspective is presented. Different theories are used to analyze the theoretical background of these relations. Economic and political indicators of the EU, Turkey and Morocco have been applied to build the basis of research objectives. The following components have been evaluated as economic indicators of this study: FDI inflows, exports and imports; additionally, the following economic agreements have been evaluated; the Customs Union between the EU and Turkey and the Free Trade Agreement between Morocco and EU.

Furthermore, the Barcelona Process with Morocco as well as MEDA¹ Projects and the membership negotiations of Turkey with the European Union have been examined. It is hypothesized that the EU needs to develop economic and political relations with these countries. In other words, EU relations with Turkey and other Mediterranean countries have many obligatory grounds for all sides. Another particularity of this section of the thesis is that it focuses on the integration policy of the EU and its sensibilities, especially in the light of cultural and historical reality and complementary arguments.

It concludes that supporting economic and political reforms in Turkey and in other Mediterranean countries will bring more stability for the EU as well as for all participating countries. Moreover, economic and political stability can make these countries important partners for the future of the EU and for their hinterlands.

The second section of this thesis can be considered as a subdivision of the previous one. It focuses on the Customs Union between the EU and Turkey, with special emphasis on three main issues: export, import and FDIs.

¹ MEDA: (Mésures d’accompagnement financiers et techniques) is a financing instrument of the European Union for the implementation of the Euro–Mediterranean cooperation.

Source:http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/mediterranean_partner_countries/r15006_fr.htm /29.05.2011

Here, the topics of how the background for the theoretical and practical evolution processes of the custom union have developed and how their role and importance in relations between the EU and Turkey have been designed are also discussed: The Customs Union is a concrete step towards Turkey's entrance into the EU. The Customs Union accelerates the convergence between both sides, not only economically but also politically. In conclusion, the Customs Union with Turkey represents a positive step for both sides in mutually maximizing their economic and political relations.

The third subdivision explores the effect of MEDA Projects and their importance for the EU and for the Mediterranean countries. It investigates the project of MEDA and its economic and political effects on development and reform processes in the involved countries. The significant Barcelona process and the projects of the MEDA Programs have been put in the foreground.

The central question of this section is: „Why do EU relations with Mediterranean countries play such an important role and which concrete benefits do MEDA projects have for the EU-Mediterranean partnership?“ In the context of this question, the projects of the Barcelona process have been taken under special consideration to illustrate the current position of these relations. By way of analyzing the MEDA projects, it is possible to see the matter more precisely. The conclusion of this part is that the EU's neighborhood policy towards the Mediterranean countries has a significant impact on the economic and political future of these countries as well as on the European Union itself. Therefore it is worthwhile to build collaboration through MEDA in the Mediterranean countries.

The fourth and final section analyses the background of comparative analysis in research and its role and importance for investigation of the relations between Turkey, EU and Morocco. In particular, it focuses on the importance of this method for the analysis of countries. Through this analysis, it is easier to work out the economic and political differences and similarities of countries. These differences and similarities should be the focus of concentrated research efforts.

The purpose of this section is to stress the role and relevance of comparative analysis in the investigation of relations between the EU, Turkey and Mediterranean countries.

The conclusion is that comparative analysis is very relevant for the investigation of relations between the EU, Turkey and Mediterranean countries, and it can even be considered the best method.

The appendix provides the documents of the Ankara Agreement and the Barcelona Declaration), country facts for Turkey and Morocco and an ordered list of all MEDA projects, which have been realized with Morocco in the period of 1995 to 2006.

These indicators have been selected from different sources. They provide more detailed empirical information on Turkey, the EU and Morocco and the background of their relations. Furthermore, these selected indicators provide information for the verification of our research intention.

Annex I presents the original text of the Ankara Agreement. Annex II documents the origin of Barcelona Process through the original text of “the Barcelona Declaration”, which was signed in 1995. The text of these agreements can give more concrete information about the background of these intercontinental economic and political relations.

Annex III contains country facts. It includes the main facts on Turkey and Morocco. These facts cover the basic statistics of Turkey and Morocco which must be considered while evaluating the economic and political developments of both countries. Hence, a broad-spectrum of facts on the focused countries can be found here, and gives a good view on the current situation of these countries.

Annex IV contains a list of MEDA projects, which have been realized with Morocco. It is important to know which kind of projects are in progress and which position they have as well in which area they are being implemented. These detailed lists of projects provide more wide-range information about the background and the functions of these projects.

Section I

The Theoretical Background of the EU-Integration Policy toward Turkey in Comparison to the Mediterranean Cooperation Agreement

1. Introduction to Section I

Through their process of unification, European countries are trying to create co-operation for developing their relationships with one another and with the rest of the world, not only regionally, but also globally. This means their neighbors' policies and relationships take on a special meaning. In other words, internal and external effects encourage the EU to create relations with other regions and countries.

The fundamental objectives of the EU are to improve the economic and social condition of its member countries citizens. Therefore economic integration has been realized; free movement of goods, services, money and people, the customs union, single market and monetary union.

The strategy of the European Union in trying to reach these goals has two main aims. The first one is to complete internal integration in the current member countries with all institutions as well as to create a constructive and expedient growth in its enlargement area, and second to develop their relationship with the rest of the world. For the realization of this second aim, bi-and multilateral as well as partnership agreements are in power to create regional partnerships as well as global collaborations. Therefore the European Union extension to Turkey and its co-operation with Mediterranean partner countries take on considerable meaning.

Theoretical topics in regard to these relationships and practical consequences are also brought up for discussion because of the developments in these relationships.

The principal interest of this part is to look at the relations of the European Union with Turkey and with the Barcelona process partner countries (especially Morocco as focus in the MEDA) with a constructive critical view as through a magnifying glass.

In order to define the borders of research interest, this investigation should result in the following findings: how economic and political integration and the co-operation policy of the European Union affects the economic and political positions of Turkey and Morocco, and which theories and perspectives form these relations. On the other hand, it should become clear why it is important for the European Union to integrate or co-operate with these countries.

2. Problem Definition and the Structure of the Research

In monitoring the efforts of the European Union to enlarge its integration and cooperation area, integration with Turkey and cooperation with the Mediterranean countries, many challenging questions arise in summarizing the state of research on this topic: There is some research on the integration of Turkey into the European Union as well as on the co-operation of the European Union with Mediterranean countries. However, they are not good enough to show the connections in their political and economic backgrounds.

These relations should be brought under one roof by researching them according to different theories and perspectives. And as a consequence, they should be compared with each other through different economic and political indicators and facts. This means our main perspective here is to apply the method of comparison to find answers to our research interests.

Consequently, these relations are brought into a long-term realistic perspective, supported by empirical facts and by different theoretical schools. Finally it should provide an idea of how these relations are designed and how they could be further developed and improved. In addition, the following diagram (Diagram I) should give a more systematized overview of the structure of this dissertation.

Diagram I: The Structure of Research

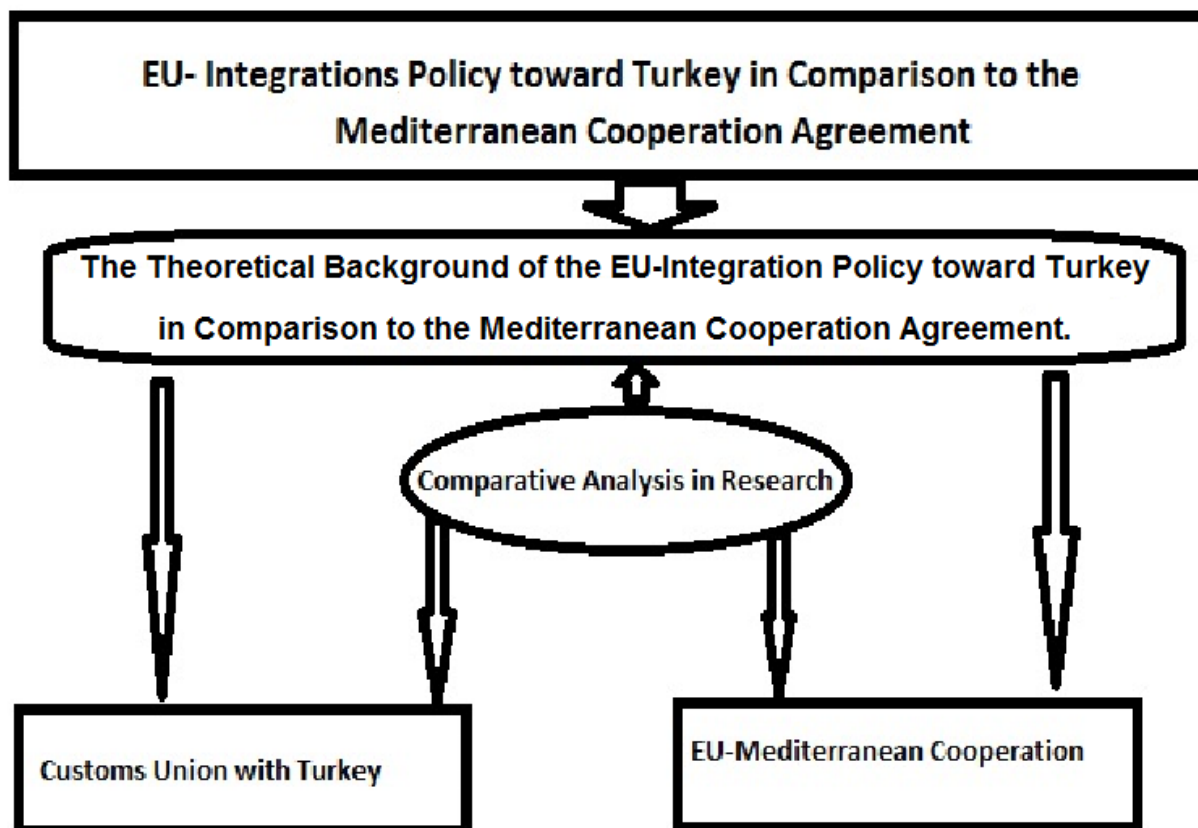


Diagram I presents the construction of this study. As can be seen, the study has been constructed on basis of a main section, “The Theoretical Background of the EU-Integration Policy toward Turkey in Comparison to the Mediterranean Cooperation Agreement”. The other three subsections serve as the pillars of the main section. While Section II (Custom Union with Turkey) focuses on the relations between EU and Turkey, the Section III, (EU–Mediterranean Cooperation) focuses on EU–Morocco and other MEDA relations. Finally the Section IV (Comparative Analysis in Research) plays a central role in connecting the sections of the entire thesis with one another.

Diagram II: The Research Question

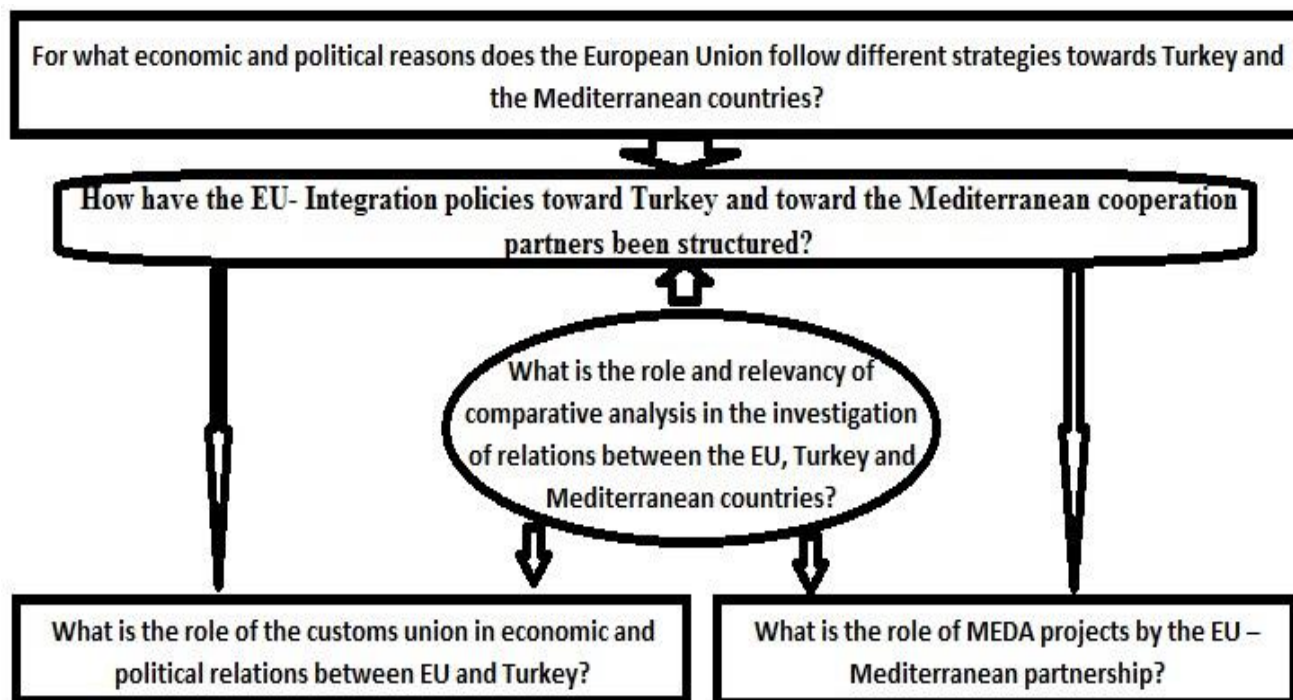


Diagram II demonstrates how the research questions have been associated with one another to reach the main objective of research. As we have stated, the main research question of this study is “For what economic and political reasons does the European Union follow different strategies towards Turkey and the Mediterranean countries?” And the research question of Section I is: “How have the EU-Integration policies toward Turkey and toward the Mediterranean cooperation partners been structured?” When we consider the whole work within the framework this basic question of the study, the research objective will be clarified. All other questions are sub-questions of this study. While the importance of the Customs Union between the EU and Turkey has been considered throughout (What is the role of the Customs Union in economic and political relations between EU and Turkey?), the role and the position of Morocco and other MEDA Partners have also been reflected throughout (What is the role of MEDA projects in the EU–Mediterranean Partnership?). And finally the methodical relevancy and effectiveness of comparative analyses for this study have been correlated throughout, (What is the role and relevancy of comparative analysis in the investigation of relations between the EU, Turkey and Mediterranean countries?).

To conclude: the last question of this thesis is connected as well as correlated with the other sub-research questions and with the main research objectives.

3. Terminology of Theories

In Turkey, the history of political evolution and establishment of the rule of democracy is based on some exceptional facts. The Republican People's Party (CHP-Cumhuriyet Halk Partisi) governed Turkey as a single-party regime from the establishment of the republic in 1923 until 1950. Nevertheless in 1946 a new political party, named Democratic Party (DP-Demokrat Parti) was established. The DP won power in free elections: in 1950, 1954 and 1957, respectively.

In 1949 Turkey became a member of the Council of Europe. The transformation of the Turkish economic and political system was shaken and broken up by the social and political development of the 1960s. In May 1960, the military took over all the governmental institutes in a military coup. Despite strong militarization of Turkish politics through coups, Turkey became a candidate for the European Economic Community (EEC) in 1963 through the Ankara Agreement. This process was slowed down by the next military coup in 1971. Two years later, the military government handed power over to the democratically elected civil parliament and following that, Turkey joined the OECD and the OSCE in 1973. However, in 1980, the military took over power once again. The current Turkish constitution is still based on the form implemented by a commission of the military authorities in 1980.

On 14 April 1987, Turkey applied to become a member country of the EU. Turkey signed a Customs Union Agreement with the EU in 1995. On 11 December 1999, Turkey was officially granted the status as a candidate country to the EU. Finally, on October 2005, Turkey's membership negotiations with the European Union officially began and Turkey's membership process became a major argument in the heated discussion for the ongoing enlargement process of the EU. In other words, whenever positive steps were taken on Turkey's full EU membership into EU, contra debates also gained momentum.

However, the main goal of the EU has been to keep Turkey as a partner for stability and long term cooperation in its region². In the course of time this cooperation has reached an advanced level, as the integration process developed.

Through the membership process, the EU has targeted the integration of Turkey into the economic and political system of the Union.

Therefore it is important to discuss the terms of integration. "Political integration is a process to transfer the political skills of the nation-state to the international level and thus reduce the exclusive sovereignty of the state. It should be constituted by institutional and political rules rather than economic interdependence and the emergence of a European identity should become apparent."³

Recently, there has been a growing interest in the definition of the term integration. The term integration comes from Latin (L. integratus, pp. of integrare, to make whole, renew) and it means "to put or bring (parts) together into a whole; unify; to remove the legal and social barriers imposing segregation upon (racial groups)". The final goal of integration is to combine two or more things in order to make an effective system⁴.

In inter-governmental and international relations, integration is the formation of common laws, institutions, taking over all responsibilities between community social and governmental institutions. The goal of integration is to create a stable community for the welfare and prosperity of its members⁵.

According to Karl W. Deutsch, integration is a way to guarantee a secure community. In such a community conflicts can be solved without violence.⁶

² Pflüger, T., Europäische Geopolitik: Die Türkei und die Aufnahme von Beitrittsverhandlungen (European geopolitics: Turkey and the accession negotiations), p.158, in: Welt-Macht EU, Pflüger T., Wagner J., (Hrsg.), Hamburg, 2006.

³ Schimmelfennig Frank, Internationale Politik(international politics), Stuttgart 2010, p.289

⁴ Logman, Dictionary of Contemporary English, London, 2006, p.127, Webster's New World Dictionary of the American Language, New York, 1960, p.759

⁵ Lukas, A., Regionale Wirtschaftsgemeinschaften im internationalen System (Regional economic communities in the international system), Saarbrücker Politikwissenschaft, Band 6, Frankfurt am Main 1985, p.12

⁶Karl, W. Deutsch, The Analysis of International Relations, New Jersey, 1971, p.171

More generally, the integration process between nations connects or links together all economic and political institutions of all members to secure a favorable position for all of them.

Integrated countries are a guarantee of peace and cooperation for all members of the union. It means an alliance of integration can only be based on peaceful action. War and other kinds of harmful clashes have no place between integrated countries.

An alternative to integration is cooperation. Action in international and inter-regional relations is inevitable. Therefore where integration is not possible, cooperation plays an alternative roll. In following this argument, we bring the EU cooperation with Mediterranean countries in the framework of the Barcelona Process into the foreground.

The Barcelona Process started in 1995 with the Barcelona EURO-Mediterranean Conference. It was organized by the EU to make its relations with the countries in the Northern African/southern Mediterranean area stronger, especially in the Mashriq and Maghreb regions. The partnership aimed at the building of a Union for the Mediterranean countries.

In the Barcelona Declaration, the EURO-Mediterranean partners established three main objectives of the Partnership:⁷

1. Definition of a common area of peace and stability through the corroboration of political and security dialogues.
2. Construction of a zone of shared prosperity through an economic and financial partnership and the gradual establishment of a free trade area.
3. Rapprochement between peoples through social, cultural and human partnership aimed at encouraging understanding between cultures and exchanges between civil societies.

The Barcelona Process target is to create long term cooperation between the EU and the Mediterranean countries. In following this target, we give more attention to the meaning and importance of cooperation in these relations.

⁷ Herrmann P., Tausch A., (Editors), Dar Al Islam. The Mediterranean, the World System and the Wider Europe: The Chain of Peripheries and the New Wider Europe, New York, 2005.

The term cooperation also comes from Latin (cooperatus, pp. of cooperare, to work together)⁸ Cooperation is the process of working and acting together, which can be undertaken by regional and international partners. In other words, cooperation means to work with someone else in order to achieve something which both sides want or to help someone willingly when they ask to help. Institutions of partner countries cooperate with one another to maximize their interests or to protect their favorable positions. Cooperation is the alternative to working separately in competition.⁹ Cooperation, more formally spoken is how the mechanism of a system works together to achieve common or global priorities.

Cooperation is in some cases forced by some situations. Countries cooperate to support their global interests. They might cooperate even though they have almost nothing in common, historically, culturally, politically or even economically. That's why EU cooperation with Mediterranean countries is a kind of "obligatorily cooperation".

EU cooperates with MEDA countries for its mutual interests and priorities. Therefore in cases in which these countries have a comparative advantage over the EU, cooperation takes on a secondary role. In other words, competitions, economic and political priorities of the EU define its relations with these countries.

In comparison to other Mediterranean countries, EU cooperation with Morocco is more intensive and has more priorities. For that reason the cooperation of the EU with Morocco can be described as a kind of "particular cooperation" or a kind of "privileged partnership".

Drawing on an earlier work by Balassa, there are many common points as well as differences between integration and cooperation of countries: "The difference is qualitative as well as quantitative. Whereas cooperation includes actions aimed at lessening discrimination, the process of economic integration comprises measures that entail the suppression of some forms of discrimination. For example, international agreements on trade policies belong to the area of international cooperation, while the removal of trade barriers is an act of economic integration."¹⁰

⁸ Webster's New World Dictionary of the American Language, New York, 1960, p.325

⁹ Logman Active Study Dictionary, Essex, 1998, p.353

¹⁰ Balassa, B., The Theory of Economic Integration, London, 1961. p.389-391

As mentioned above, the main goal of Integration or cooperation is to secure the economic and political interests of member countries. Peace and stability are the main elements of integration.

In the globalization process, trade is the main goal of international relations. In the organization of trade processes, economic and political relations play an important role. For that reason cooperation is an obligation. Countries cannot work or trade with each other without peaceful relations.

Gilpin stressed Kant's argument that trade and war cannot be lead with the same country. No country can carry on both at the same time.¹¹ C. Monstesquieu says: "Peace is a consequence of free trade and free trade brings peace"¹². John S. Mill sees free trade as a guarantee for peace.¹³ Following these perspectives, neo-liberals see a solution for all problems in the free trade and market system.

The market is also the main theoretical, historical, social, economic and political foundation of neo-liberal policy. ¹⁴ For neo-liberals, the free market policy can solve all problems of civilizations. A central question that needs to be addressed in this context is: in which manner can such policy works?

4. Theories

In this main section, different theoretical representations are used as reference. First a theoretical basis for these theories is demonstrated to create a foundation for understanding these relations.

¹¹ Gilpin R., The political economy of international relations, Princeton, 1987, p.56

¹² Own translation: „Baris serbest ticaretin bir sonucudur ve serbest ticaret baris getirir.”

¹³ C. Monstesquieu and Mill in: Akman M. Sait, Ticarete korumaciligin siyasi ekonomisi: liberal bir yaklasim (A liberal point of view on trade protectionism), Yeni Türkiye Dergisi, Januar-Februar, 1999, Vol:5, No:25, p.12-14

¹⁴ Peters E. D., Neoliberalismus und Exportorientierte Industrialisierung (Neoliberalism and export oriented industrialization), in: Fischer, K., Maral-Hanak, I., Hödl, G., Parnreiter, C. (Hrsg.), Entwicklung und Unterentwicklung, eine Einführung in Probleme, Theorien und Strategien (Development and underdevelopment, an introduction to issues, theories and strategies), Wien, 2004. p.138

According to Kreisky, theoretical works and discourses can be taken as guidance for our own works, but we must never take them as absolute models, because they can discourage as well as set limits to our research ambitions and they can weaken the originality of our works.¹⁵

Feyerabend emphasizes the role of theories in undertaking research with this description¹⁶: “A problem has been phrased and now we would like to solve it. To solve it means to invent a theory that is relevant.”¹⁷ Following him, the research topics of the project are systematically organized as well as formulated.

The agreements between the European Union, Turkey and Morocco are examined in a comparative way according to the given theories, and their model representations are demonstrated.

The main goal is to see these relationships as a positive perspective for the economic and political future of the respective countries and the EU. Within this framework, we investigate why it is important to support these relations through a wide-ranging perspective and to study how these relations can be further improved.

Therefore we select different perspectives and harmonize them, which could help us to find concrete steps as well as current gaps in these relations. Moreover these perspectives allow us to make tangible distinctions between various details of this subject.

Krugman and Obstfeld consider “international trade...a force not only for prosperity but also for world peace”¹⁸. The question is here: How fair and realistic are the EU rules of trade for third countries and/or Mediterranean-partners countries?

¹⁵ Kreisky Eva, “Durch die Eiswüste der Abstraktion“? Begriffs-und Theoriearbeit in der Politikforschung, Reader, Universität Wien, 2013, p.5

¹⁶ Own translation: „Man hat ein Problem formuliert, und jetzt möchte man es lösen. Es lösen heißt eine Theorie erfinden, die relevant ist. “

¹⁷ Feyerabend, P., Wider den Methodenzwang, Skizze einer anarchistischen, Erkenntnistheorie (Against Method constraint, sketch an anarchist, epistemology), Frankfurt am Main, 1977. p.242.

¹⁸ Krugman, P., and Obstfeld, M., International economics, The theory and policy, Second edition, New York 1991, p.5, Fischer, K., Hödl, G., Parnreiter, C., „Entwicklung–eine Karotte, viele Esel? (Development-a carrot, many donkeys?), in: Fischer, K., Maral-Hanak, I., Hödl, G., Parnreiter, C. (Hrsg.), (Hrsg.), Entwicklung und Unterentwicklung, eine Einführung in Probleme, Theorien und Strategien, Wien, 2004. p.15-16

From these questions, various criticisms arise from many economic and political scientists, which are also brought up for discussion here.

Drawing on various works by many economists, the current economic decisions of the European Union are molded by neo-liberal concepts and routed by Krueger and her colleagues.

According to their concept, the only solution for the implementation of growth and the elimination of poverty has to be sought in the regulations of the World Trade Organization, World Bank, International Monetary Fund and their neo-liberal models. On the other hand, others criticize this view and even hold it to be one of the reasons for continuing inequality and poverty in the world¹⁹. Following some other arguments, “not only the internal lack of development, but also the effects of colonialism and integration into the world market are causes for underdevelopment.”²⁰

Some economists criticize the increasing neo-liberal tendencies in the European Union. On the other hand, they also believe that the integration system of the European Union and its policy towards other countries have some advantages for the democratization of world politics and for the implementation of integration policies and for co-operation with other countries.²¹

¹⁹ Boratav, K., “Eleştirisel iktisatçıların gözünden: iktisat ve Türkiye, oturma-1/ Ankara-Yuvarlak masa toplantısı” (according to alternative economists; the EU-Turkey relationships), **Iktisat Dergisi (monthly business magazine from Turkey)**, Vol./No. 461-462/ May, June 2005, Istanbul, p.19

²⁰ Kolland, F., „Zwischen Fortschrittsoptimismus und kritischer Gesellschaftsanalyse, die klassischen Entwicklungstheorien (Between optimism and critical analysis of society, the classical theories of development)“, in: Fischer, K., Maral-Hanak, I., Hödl, G., Parnreiter, C. (Hrsg.), *Entwicklung und Unterentwicklung, eine Einführung in Probleme, Theorien und Strategien (Development and underdevelopment, an introduction to issues, theories and strategies)*, Wien, 2004.p.95

²¹ Altvater, E., “Görüş: Avrupa İslam kültürüne çok şey borçlu” (View: Europa to owe many things to the islamic culture), **Iktisat Dergisi (monthly business magazine from Turkey)**, Vol./No.454, October 2004,p.39

4.1. Economic Integration

Economic integration is a term used to describe how different aspects of economic systems are integrated. The bases of this theory were written by Béla Balassa. While the economic union increases, the barriers of trade between markets decrease.

It could be argued that the most integrated economies are the European Union and the Euro zone.

Integration has an economic and a political target. In this thesis, we aim at both targets to find answers to research interests.

At the center of political integration the safety of economic and political values of countries or regional and global peace is located. Balassa formulates economic integration accordingly: "These are a free-trade area, customs union, common market, economic union, and complete economic integration²²".

Rodrik argues, „Under current political configurations and economic realities, deep integration is a utopia."²³ Nevertheless, it could be accepted that European integration is a better designed, and/or organized kind of integration in comparison to other integration models.

The customs union theory and free trade area theory have a special role in these relations because of the customs union agreement of the EU with Turkey and also because of the free trade area established with the Mediterranean countries.

The customs union theory was developed at the beginning of the 1950s by Viner (1950), Meade (1955), and Lipsey (1957). It is the most developed sub-range of the neo-classical integration theory.

Trade creation and trade diversion effects of the customs union are still a fundamental phenomenon, which economists attempt to make visible with different models and theories to measure their effects on involved countries²⁴.

²² Balassa, B., *The Theory of Economic Integration* (Routledge Revivals), London, 2012. p.2

²³ Rodrik D., *Feasible Globalizations*, NBER Working Paper No. 9129, Cambridge, September 2002, p.24

²⁴ Vanek J., *General Equilibrium of International Discrimination, the Case of Customs Unions*, Cambridge, 1965. p.2.

Therefore this phenomenon should be investigated through statistics and graphics representation.

4.2. International Trade

Economic relations between countries are mostly concerned with the physical international products market.

Monetary relations are only of secondary importance. Monetary relations in particular consider financial flows and monetary movements²⁵.

International trade has many dimensions, “as cross-border trade increases, the circulation of other trade goods increases also; so also increases the demand for supply chain, logistics, raw materials, parts, finished goods, packages, and documents around the world.”²⁶

International trade can be examined according to two theories: First, the international trade theory, which examines the structure and motives behind trade between countries as well as the problems: trade balance and price differences etc. Second, the international trade policy, which investigates the political effect and the role of governments in foreign trade.

In recent years, there has been a great deal of interest in the neo-classic theses. Our definition attempts to capture the essence of discussion on this subject. In the chapter “International Trade Theory” this is analyzed according to its evaluation from the classics until today’s neo-liberalism. These analyses serve the aims of the research questions in this section.

International trade evaluation and its improvement process are especially relevant, according to the classic school of Adam Smith’s theory of absolute advantages, David Ricardo’s theory of comparative and Joan S. Mill’s conceptions.

²⁵ Krugman, P., Obstfeld, M., International economics, The theory and policy, second edition, New York 1991.

²⁶ Cavusgil, S. T., Knight G., Riesenberger, John R. International Business Strategy, Management, and the New Realities, New Jersey, 2008, p.416

The so-called classic school of national economy originated in 1776 with Adam Smith's most important work, "An Inquiry into the Nature and Causes of the Wealth of Nations". It founded economics as a science on its own. It was not until near the end of the 19th century that it was overshadowed by other schools: the historic school of national economy, neo-classicism, Marxism, and later Keynesianism.

Mercantilists (from the 16th to late-18th centuries) only considered foreign trade, Physiocrats (18th century) looked only at agriculture, but Smith took into consideration the economy as a whole including industry, agriculture, and foreign trade. For him the entire economic development is a connected process.

In the economic sciences, neo-classicism is understood to be a system of theories which came up in the second half of the 19th century and which replaced the classic national economy founded by Adam Smith.

In the course of history, neoclassicism dominated economic thinking until the late 1930s, when Keynesianism took over the dominating role for several decades.

Marginalism is one of the important arguments of this theory. The main proponents of this theory are Walras, Jevons, Menger, and Marshall.

The neo-classic theses are as follows²⁷:

- Economic agents always try to make optimal decisions.
- Economic expectations are calculable and they use all possible information to maximize their profit.
- Consequently, economic processes balance themselves.

Modern economic theories are greatly influenced by neoliberalism. Modern economic perspectives are either rather critical of the neoclassical school or considered to be developed out of it.

Economic relations of the EU with involved countries and economic developments in the EU as well as in other countries can be described through the following theories. In other words, it can be studied how economic improvements are designed and effected in Turkey and in Morocco.

In particular, the following theories will be discussed:

²⁷ Dornbusch Rudrigger, Fischer Stanley, Macroeconomic, Massachusetts, 1998, p.7-8.

Foreign trade and external economic relations: Heckscher–Ohlin’s factor endowment. It states: “A capital-abundant country will export the capital-intensive good, while the labor-abundant country will export the labor-intensive good.”²⁸ The Stolper-Samuelson theorem is a basic theorem in trade theory.

It describes the relation between the relative prices of output goods and relative factor rewards, in particular, real wages and real return to capital. Krugman’s economics of scale is described as a production process in which an increase in the number of units produced causes a decrease in the average fixed costs of each unit. Internal economic movements, especially economic crises, instability and public-private sector relations as well as economic growth were analyzed by John M. Keynes. Keynesian economics promote a mixed economy, in which both the state and the private sector play an important role, in contrast to laissez-faire economics, in which economic agents are free to act as they wish.

Finally, the Harrod-Domar model is used in development economics to explain an economy's growth rate in terms of the level of saving and productivity.

4.3. Location Theory

Location theory is concerned with the geographic location of economic activities and the reasons which influence on its decision making processes. Current FDI²⁹ inflows and outflows between the European Union and Turkey and Morocco can be investigated according to the formulation of Dunning. Dunning defined the main types of foreign Investment as follows:³⁰

1. Natural resource seekers (physical resources, search for plentiful, cheap and well-motivated unskilled or semiskilled labor, acquired technological capability, management or marketing expertise and organizational skills.
2. Market seekers
3. Efficiency seekers (economies of scale, scope, and risk diversification)

²⁸ Krugman, P.R., Obstfeld, M., International Economics, Theory and Policy, 8.Edition, New York, 2009, p.81.

²⁹ FDI: Foreign Direct Investment

³⁰ Dunning, J. H., Multinational Enterprises and the Global Economy, Boston, 1992, p.56-61.

4. Strategic asset or capability seekers (long term strategic objectives)
5. Other motives for multinational enterprise activities can be caused by economic instability in a country.

Foreign trade and FDI (Foreign Direct Investments) have affected the economic development of Turkey and Morocco.

The reasons for considering cooperation policies are the four liberties. The free movement of goods, the free movement of services, freedom of establishment, and the free movement of persons, including free movement of workers, and the movement of capital. This will be compared in the Mediterranean countries and in Turkey's integration policy.

This thesis will show that there is a significantly different EU policy towards countries of the Southern Mediterranean countries and towards Turkey.

Foreign direct investments are investments abroad by a domestic investor. Unlike portfolio investment, FDIs aim at direct influence on and control of business abroad; they influence not only capital flows, but also knowledge and technology.

Direct investment is also part of international capital flows. According to the International Monetary Fund, a direct investor must have at least 10% investment holdings abroad. Taking the control aspect into account, a stake of 25% or more is usually expected.

Foreign direct investment (FDI) refers to long term economic participation by a firm in another country. It usually building a new location, involves participation in management, joint-venture, transfer of technology, share the market and "Know-how".

There are two types of FDIs: inward foreign direct investment (inflow) and outward foreign direct investment (outflow), resulting in a net FDI inflow (positive or negative)³¹. Moreover, the capital movements from one country to another through FDI have two main definitions.

³¹ Dunning, J. H., *Multinational Enterprises and the Global Economy*, Boston, 1992, p.50-65.

According to Feenstra, Taylor, and Alan, if a foreign company acquires 10% or more of a USA firm, then that is counted as an FDI inflow to the United States, and if a USA company acquires 10% or more of a foreign firm then that is counted as outflow from the United States.³² “International economics uses the same fundamental methods of analysis as other branches of economics, because the motives and behaviour of individuals are the same in international trade as they are in domestic transactions.”³³

FDI history goes back to the 19th century. Firms try to maximize their gain through investments abroad. In particular, after the Second World War, this ambition has become a significant tendency worldwide.

The following criteria influence FDI decisions:

- Market access conditions
- Business opportunities
- Economic and political stability
- Local taxation systems, subventions, charges
- Trade experience
- Infrastructure: Communication, transport
- Investment climate
- Privilege for FDI: real estate, capital transfer opportunities
- Other: Security, education, language, legislation, nature reserve etc.

In fact, these criteria exist mostly in developed countries. Therefore, most FDI flows go to these countries, while developing countries get a meager part of foreign investments.

As can be seen in Table 1, the global economic crises have a negative impact on FDI, and there is a notable difference between FDI inflows to developed and developing countries. There is a parallel between economic crisis and FDI flows. However in comparison to short-term financial flows, the FDI flows are constant. They do not react immediately to economic crisis.

³² Feenstra Robert C., Taylor M. Alan, International Economics, New York, 2007, p.146-150

³³ Krugman Paul, R, Obstfeld Maurice, International Economics, Theory and Policy, New York, 2009, p.3.

Nevertheless, there can be an impact from the consequences of crises. In case of a global economic crisis they move away from the crisis area and some of them even become insolvent and terminate their investment. The most important economic crises between the years 1990-2000 are chronically listed as follows:³⁴

1. **Nordic Banking Crisis (1990):** Banks in Sweden and Finland.
2. **Japan Crisis (1991):** The Japan crisis was a severe economic crisis that occurred in the early 1990s resulting of the bursting of a real estate price bubble and the economic situation of the country throughout nearly 15 years, respectively.
3. **Tequila Crisis (1994/1995):** Currency crisis in Mexico and its consequences in its region.
4. **Asian Crisis (1997/1998):** The financial and economic crisis in East Asia.
5. **Russian (Ruble) Crisis (1998/99):** Refers to the massive capital outflow triggered by the economic crisis in Russia.
6. **Crisis in Argentina (1998-2002):** The term refers to the last major economic crisis in Argentina, the effects of which were felt until the year 2005.
7. **Dotcom Bubble (2000):** In March 2000, a bubble burst in many industrialized countries, in particular, it hit the NASDAQ, and stock exchange indexes.

³⁴ Bradley Bill, Ferguson Niall, Krugman Paul, Roubini Nouriel, Soros George, Wells Robin, The Crisis and how to deal with it. In The New York Review of Books. Volume 56, Number 10th, 11. Juni 2009, Roubini, Nouriel, Setser Brad, Bailouts or Bail-ins? Responding to Financial Crises in Emerging Economies. Institute for International Economics, Washington D.C. 2004, Plumpe Werner, Wirtschaftskrisen–Geschichte und Gegenwart, München 2010, Seppmann Werner, Krise ohne Widerstand? Kulturmaschinen, Berlin, 2010

Table 1: World FDI Inflows (Billion US Dollar) 1990-2000

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Developed	81	70	63	60	57	62	57	57	70	77	80
Developing	18	25	34	37	41	34	40	39	27	21	19

Source: Türkiye Yatırım Bankası 2003 Raporu (Development Bank of Turkey, Report 2003) Number: GA-03-1-1, p.22.

FDI decisions depend on local and international economic and political decisions, like governmental supports, political and economic stability etc. This fact can be seen in the next parts of this study.

It is nowadays established beyond any doubt that economic decisions also depend on political decisions, especially in case of developing countries. The economic situations in the guest land as well as in the homeland influence the decisions of investors.

4.4. International Relations Theory

Trade and political interests of countries have been always at the heart of international relations. Therefore, in order to describe mutual benefits of these relations, the political interests of Turkey and Morocco, respectively, towards the EU as well the interests of the EU towards these countries are investigated through the international relations theory.

The political part of the relations is examined through the international relation theory. In particular, the neo-functionalism theory can be applied here. Neo-functionalism is derived from the observation of early European integration.

Founders of neofunctionalism are E.B. Haas (The Uniting Of Europe, 1958) and Leon Lindberg (The Political Dynamics of European Economic Integration, 1963). Inspired by functionalism, neo-functionalism was developed in a time of political-scientific change to the analysis of the political behavior, apart from the analysis of institutions

and constitutions³⁵. This basic model was adapted from functionalism especially by Haas. He particularly developed neo-functionalism in the case of European Union integration and regional cooperation³⁶. According to functionalism (David Mitrany, A Working Peace System), development of co-operation begins in technocratic co-operation, increasing confidence by increasing co-operation experiences, and spreading to other fields. In addition, integration is not only a purely technocratic orientation strategy here, but also contains elements of politics.

4.5. Development Theory

The relationship between the European Union and the Mediterranean countries is examined through the development theory, particularly in the framework of the center-periphery model.

The development theory examines the causes of lower level economic development in the developing countries. This theory is divided into the modernization and dependency theory and the imperialism theory.

According to Todaro and Smith, the problems of developing countries can be listed as follows³⁷:

- ✓ Lower levels of living and productivity
- ✓ Lower levels of human capital
- ✓ Higher levels of inequality and absolute poverty
- ✓ Higher population growth rate
- ✓ Greater social fractionalization
- ✓ Larger rural populations with rapid rural-to-urban migration

³⁵ Rosamond Ben, Theories of European Integration, New York, 2000, p. 54

³⁶ Chrysoschoou, Dimitris N., Theorizing European Integration, London, 2001, p. 53

³⁷ Todaro, Michael, P, Smith Stephen C, Economic Development, Essex, 2009, p.39-41.

- ✓ Lower levels of industrialization and manufactured exports
- ✓ Adverse geography
- ✓ Underdeveloped financial and other markets
- ✓ Lingering colonial impacts such as poor institutions and varying degrees of external dependence (economic, political, cultural, and environmental).

5. Methodology

This study applies a “pluralistic” perspective, meaning the research questions are examined from as many methodological perspectives and theories as possible. Different theoretical perspectives are combined and harmonized in a pluralistic and comparative view to obtain a realistic long-term perspective.

The following reasons demonstrate why a theoretical and methodical pluralistic consideration is applied in this dissertation, and why this consideration should supply a special originality to the thesis:

- Our research project focuses on three different main research objects in a deductive view (European Union, Turkey and Morocco), which have many differences in their economic and political situations; nevertheless they have many important common economic and political interests, too.
- In our investigation, advantages and disadvantages of membership in the EU are analyzed (Turkey) as well as advantages and disadvantages in a so called “ring of friends” partnership (Morocco).
- We do not only analyze these relations with a neo-classical economic view but also with a constructive critical and social political perspective. Therefore we need theoretically and methodically pluralistic perspectives.
- We do not ask whether these relations are necessary or not. We regard these relations as an important opportunity. We try to contribute some ideas to the designation and improvement of these relations.

- As primary literature, we have selected agreements and important documents of the European Union and of Turkey and Morocco, which either formed the rule of the EU or were signed between the EU and focused countries. This literature represents a common profile of these relations and their structure as well as their theoretical backgrounds and future perspectives.
- As a consequence of this investigation, we examine how these relations are designed and how effective these relations are for the economic and political situation of the EU and these countries. Here, in particular, a comparative analysis is applied.

Comparative analysis is a multiparadigmatic and pluralistic method in research.³⁸ According to Lueger “Kann man auf drei Arten Informationen zum Phänomen liefern, nämlich interne, externe und vergleichbare Daten“³⁹ (Information to the phenomena can be found in three ways, internal, external, and through comparative data.). This statement supports the perspective which is used in this project.

The following quotation⁴⁰ of Feyerabend also brings light into our perspective, “How can a theory be proven or its basis improved if it is so constructed that every possible event is described in it and every possible difficulty can be explained with its help? The only possibility for examination would be the comparison with another, equally complex...”⁴¹

³⁸ Berg-Schlosser, Müller-Rommer, (Hrsg.), Vergleichende Politikwissenschaft (Comparative Political Studies) 4.Auflage, Marburg, 1987, p.56.

³⁹ Lueger ,M., Grundlagen qualitative Forschung: Methodologie (Organisierung–Methoden- Basic qualitative research: Methodology-organization-Methods), Wien, 2000. p.231.

⁴⁰ “Denn wie kann man wohl eine Theorie prüfen oder ihre Grundsätze verbessern, die so gebaut ist, dass sich jedes denkbare Ereignis in ihr beschreiben und jede denkbare Schwierigkeiten mit ihrer Hilfe erklären lässt? Die einzige Möglichkeit der Prüfung einer solchen Theorie wäre der Vergleich mit einer anderen, ebenso umfassenden...”

⁴¹ Feyerabend, P., Wider den Methodenzwang Skizze einer anarchistischen, Erkenntnistheorie (Against Method Constraint, Sketch of an Anarchist, Epistemology), Frankfurt am Main, 1977, p.67

In this thesis, both quantitative and qualitative methods are combined and applied. The context of the following views: “examination” designates testing for quantitative elements and “exploration” describes the methodic analysis of qualitative research.⁴² The advantage of quantitative methods lies in the fact that the results of measurements with statistic methods (average value, variance, etc.) can be processed further. Basis of the quantitatively aligned empirical social research is the modern science theory. In particular, it refers here to the critical rationalism of Popper and his followers.

6. How these Relations have been designed

In this dissertation, theories have been applied and classified step by step where they are required and relevant. (See Table 2)

For International Investments, the Location Theory has been applied; The International Trade Theory (in particular customs union and free trade area) has been used for exports and imports. In addition it is applied to examine the background of the relations between Turkey and Morocco and with the EU.

For instance; FDI and export-import as well as the effects of the customs union and free trade agreements are described using statistic and graphic illustrations.

Foreign trade and external economic relations of these countries and their analysis are taken into account according to the Heckscher-Ohlin's factor endowment, Stolper-Samuelson, and Krugman's economy of scale theories.

On the other hand, internal economic phenomena, especially economic crises, instability and public-private sector relations, as well as economic growth, can best be described through Keynesian perspectives and the Harrod–Dommar Model.

The arguments of political analysis of this thesis are examined through the International Relation Theory. The Development Theory will be used for the political analysis of Morocco.

⁴² Brümsemeister, Thomas, *Qualitative Forschung (Qualitative Research)*, Wiesbaden, 2000, p. 54.

The Development Theory runs counter to the arguments of neo-classic economic and political perspectives. It examines the causes of lower level economic development in developing countries.

Therefore, in order to find out why these countries have a lower economic level, the arguments of Development Theory have been applied. However, we are not arguing that the EU has an imperial or colonial target in Mediterranean partnership relations.

We argue that these countries have some problems of under-development, which exist now and also existed before the establishment of the EU and that these problems still affect their economic and political stability.

Table 2: The Structure of EU und Turkish and Moroccan Relations According to Different Theories

Targets Theories	Economic	Political	Turkey	Morocco	EU
Economic integration	Customs- Free trade		Customs Union	Free trade area	integration / cooperation
Int. trade	Export Import		Economic integration	Economic cooperation	integration / cooperation
Location theory	FDI		FDI	FDI	Eco potential / Benefits
Int. relations theory	Stability and eco. Partner	Reforms and Values of EU	Political integration	Political cooperation	integration / cooperation
Development theory	Stability	Stability	Stability and integration	Rehabilitation Cooperation	integration / cooperation

Table 2 demonstrates the structure of EU-Turkish and EU-Moroccan relationships, showing how these relations have been planned and implemented in the long run according to the theories which are given in Table 2.

In Table 2, these relationships have certain economic and political purposes, and to achieve these aims, strategies have been built with various economic and political instruments. The table can be summarized briefly as follows:

The instruments of the economic integration of EU are customs union and free trade. Therefore the EU signed a customs union with Turkey and created a free trade area with Barcelona Process Partners, for example, Morocco.

For the Theory of International Trade, the main elements of economic activities are exports and imports. They have been applied in this study to explain the economic policy of EU towards Turkey and Morocco.

The Location Theory explains the motives behind the inflows and outflows of FDIs, as well as the goals and importance of FDI linking countries to one another. The main target of FDIs streams is mutual gain.

The International Relationships Theory helps to explain the political aspects of these relations. The main objective of the EU here is to maintain Turkey and Morocco as politically stable neighbor countries.

Thus, the EU aims to integrate Turkey into the EU and to support Morocco in becoming a strong, stable political cooperation partner. Both Mediterranean countries can profit from the political values of the EU: democracy, respect for human rights and internal as well as external political stability.

The EU targets the integration of Turkey into its system. Therefore, as a first step, the Economic Integration Theory and the Theory of the Customs Union are applied. For the Cooperation with Morocco, the “free trade system” theory is applied which is also a part of the economic integration theory.

The EU economic policy to integrate Turkey and to cooperate with Morocco is based on the International Trade Theory. The FDI policy of the EU is based on the Location Theory, the EU political approach towards these countries is based on the International Relations Theory.

The reasons why the EU supports projects and seeks to find associations between these countries are based on the Development Theory, although short term advantages and high costs of these relations also occur.

7. EU Policy towards Turkey and Morocco

A clear, logical, systematic build-up requires a logically perfect arrangement with primary and secondary aims. A systematic introduction to each section is required.

The economic and political pictures of Turkey and Morocco are defined by descriptive and empirical views, in order to see the improvements and the economic and political changes in the structure of these countries in connection to their relations with the EU.

In the light of Table 3, one can see the structure of these relations according to the different intentions of the EU, with regard to Turkey and Morocco.

At first, the role of the European Union and its economic and political reasons that force EU to develop relations with these countries have to be defined.

Therefore internal integration and enlargement politics of the European Union and the economic and political picture of European Union countries have been analyzed according to relevant theories.

The economic situation of Turkey and of Morocco within the framework of their relations with the European Union has been classified. Consequently the reasons for the economic and political interests of the European Union towards Turkey and Morocco can be clarified, so that the importance of these relations is more visible.

In particular, the economic and political perspectives of those European Union countries which still have strong relations with Morocco and other Mediterranean countries have been investigated in detail. Here, in particular, changes of economic indicators and economic developments in Turkey and Morocco after the year 1995 are considered.

In the case of Turkey, the focus is on the customs union; for Morocco and the Barcelona Process it is on the free trade area agreement. These processes are compared to one another. The aim is to clarify the reasons for which the European Union is following a complete integration policy towards Turkey and a cooperation policy towards Morocco.

The political situations of Turkey and of Morocco are defined by their relations with the European Union and a comparison with each other becomes possible.

Table 3: The Structure of EU und Turkish and Moroccan Relations According to Goals and Benefits

Goals of EU	EU	Turkey	Morocco
Economic advantages	X-M	X-M	X-M
Economic advantages	FDI	FDI	FDI
Political advantages	Enlargement	Memberships process	Barcelona Process
Economic integration	Customs Union	Customs Union	Free trade area
Internal eco/political uniting and stability	Internal integration	Memberships eco/political supports	MEDA projects
Uniting and protecting European eco-nomical area	Economic priorities	Economic crises	Economic underdevelopment
External eco/political stability	Political neighbors	Political problems	Political & ex- colonial problems
Keeping internal eco/political stability	Fighting against illegal migration	Supporting Turkish economic and politic structure	Migration and borders security
Extension to eco/political areas	Creating eco/political potentials	A member of EU / or a privileged partner	Rings of friends

Table 3 demonstrates the goals and benefits of these relations for the EU. From the data in Table 3, it can be concluded that the structure of the relationship between the EU and Turkey and those between the EU and Morocco are based on the following goals and benefits: EU has various economic and political targets. Economically, the EU aims to be a global “economic power”. Due to this fact, the EU tries to enlarge its export–import and FDI volume by cooperating with Turkey and Morocco. Export, import and FDI volumes are the instruments to reach a respectable international trade volume with its eastern and southern neighbors.

The EU also has political goals to enlarge and strengthen its relations with Turkey and with Morocco. To reach these goals, the EU began the membership process with Turkey and the Barcelona process with Morocco and other Mediterranean countries as economic and political partners.

For internal economic and political unity and stability as well as for internal integration of the EU region, stability in neighbor countries are crucially important.

Economic priorities of the EU play an important part in these relations. Turkey has a significant advantage in its efforts to build a global and stable economic and political structure. Joining the EU will bring Turkey closer to achieving this goal. On the other side, being a partner of the EU has an extraordinary meaning for Morocco. Morocco suffers under long-term economic underdevelopment problems. To eliminate infrastructure weaknesses, Morocco needs EU support.

Economic and political stability is also dependent on the political situation of EU neighbor states. Therefore, the EU tries to force Turkey to realize political reform for more democracy and minority rights to solve its political problems. In the light of most recent developments in Turkey, controversial problems have been arisen and are still to be resolved in the future.

On the other hand, the EU takes a similar political stand to stabilize political and ex-colonial complications of Morocco and other MEDA Projects members.

For the EU, stability in neighborhood relations and other external policies of the Union have special importance. Economic and political instabilities in neighboring and Mediterranean countries are of great concern to the EU. Through adapting Copenhagen and Maastricht criteria, the relation between EU and Turkey has already reached a respectable level. The EU is attempting to reach these goals through the Barcelona Process with Morocco and other partner countries.

Morocco also has another important relevance for EU policy in the Mediterranean area. In the course of history, Morocco experienced an enforced colonial relationship with some EU members, particularly France and Spain. This ex-colonial history effects not only these countries themselves, but also members of the EU, for example with regard to immigration and smuggling (products as well humans) into the EU.

Preserving internal economic and political stability of the EU also depends partly on the situation of its neighbor countries. Therefore, the EU tries to regulate immigration into EU through the framework of “Fighting against illegal migration”.

Thus, the EU tries to develop relations with Turkey according to European values and political norms as well as to support and cooperate with Morocco and other partner countries to prevent irregular migration into the EU and to maintain Border Security of the EU.

Accordingly, the EU tries to achieve all above mentioned aims and to propagate the general goal, “Extension to eco/political areas and creating eco/political potentials”. To reach these goals, the EU pursues “A member of EU or a Privileged Partner” process with Turkey and a “Ring of Friends” process with Morocco and other Barcelona Process Partner countries.

Therefore to maintain internal and external stability in the EU, Union members have to fight against so called illegal migration and try to secure the Union's borders. To reach these targets, the EU tries to build economic and political agreements, which are based on the Union values and policy with these countries.

Finally, the EU has the economic and political potential to reach all these goals and to extend its economic and political area of influence.

In this sense, the EU conducts accession negotiations with Turkey and cooperation efforts with Morocco to establish a stable and sustainable partnership and obviously it will attempt to reach the ultimate goals. The admission process of a country in the EU does not need a certain waiting time, but depends on the fulfillment of the Copenhagen, Maastricht and other economic and political norms and conditions of EU regulations. Turkey is waiting to become a member of EU. This will depend on how the country overcomes the obstacles of the membership process. These obstacles are seemingly not as easy as they were for other candidate countries. The Turkish geographic position includes many advantages; however, for membership into EU it apparently presents some disadvantages, too, such as problems on the borders of Turkey with Iran, Iraq, Syria, hence immigrations streams from these countries etc.

Table 4: Waiting Times of Selected the EU Members and Applicants

	Date of Application	Date of Admission	Waiting Time/years
Greece	1959 respectively 1975	1981	22 or 6
United Kingdom	1961	1973	12
Denmark	1961	1973	12
Bulgaria	1995	2007	12
Romania	1995	2007	12
Hungary	1994	2004	10
Poland	1994	2004	10
Portugal	1977	1986	9
Spain	1977	1986	9
Austria	1989	1995	6
Sweden	1991	1995	4
Finland	1992	1995	3
Turkey	1959 respectively 1987	Negotiating	Open

Source: Armagan Emre Cakir (Editor), Fifty Years of EU-Turkey Relations, a Sisyphean Story, New York, 2011, p.2

8. Globalization and EU

The increasing tendency of globalization in the economic and political world of today is yet another motive for the EU to develop its relationship with Turkey and the Mediterranean countries. Globalization encourages the EU to act not only inside but also outside the Union's economic and political area. While these countries are neighbors of the EU, cooperation with them differs greatly.

The main goal of the EU is to modernize Mediterranean countries in order to develop economic and political relations with them. Mediterranean countries suffer under lack of economic and political structure as well as infrastructural problems. Primarily, they have problems in connection with poverty and immigration.

Poverty has many dimensions: food, health, water, education and the resources to survive and secure a better life⁴³. These countries suffer under all of these problems at the same time. According to modernization theorists, poorer nations are poor because they have deficiencies in capital, technology, and modern social organization and values⁴⁴.

The first goal of the EU is to create stability in these countries. Political and economic stability may encourage economic growth and modernization.

Another goal of the EU is to maintain its historical relations with these countries. The end of World War II and the end of colonization ushered in a new era of globalization. The old powers were willing to use international technical and financial assistance to control the new situation⁴⁵.

In the globalization process, the relation between social and economic change is the main challenge of every country. This challenge takes an important place in EU relationships with its neighbors and other countries.

Globalization encourages modernization in every field. The bridge across the Great Dichotomy between modern and traditional societies is the Grand Process of Modernization. This modernization process has some characteristic features⁴⁶:

Modernization is a revolutionary, complex, systematic, global, lengthy, phased, homogenizing, progressive process.

EU countries have become a de facto board of management for the world economy, protecting their interests and imposing their will on the south⁴⁷.

⁴³ Pronk, Jan, Collateral damage or calculated default? The millennium development goals and the politics of globalisation, in: Globalisation, Poverty and Conflict, Edit by, Max Spoor, London, 2004, p.24

⁴⁴ Hite Amy Bellone Roberts, J. Timmons, Development and Globalization: Recurring Themes, in: The Globalization and Development, Oxford, 2007, p.8.

⁴⁵ Pronk, Jan, Collateral Damage or Calculated Default? The Millennium Development Goals and the Politics of Globalisation, in: Globalisation, Poverty and Conflict, Edit:Max Spoor, London, 2004, p.17

⁴⁶ Huntington Samuel, The change to Change: Development, and Politics (1971) and Political Order in Changing Societies (1968), in: The Globalization and Development, Oxford, 2007, p.58

⁴⁷ Mc Michael Philip, Globalization: Myths and Realities (1996), in: The Globalization and Development, Oxford, 2007, p. 225

The question is how the tension between globalization and the pressures for socialization of risk can be eased.

Globalization and modernizing, in particular, the integration of low-wage economies into the global economy through direct investment and trade, is leading to downward pressure on wages, social protection, and environmental standards.

This process has many consequences. The challenge is to find more satisfactory ways in which mainstream politicians can respond to the undertow of politics and concern about the loss of social cohesion and identity without undermining the quest for global economic rules and disciplines.

The final goal of the EU in developing these relations is to be an influential “global player” economically and politically. Otherwise, the EU cannot defend its current advantageous position against global pressure.

9. EU Economic and Political Situation in Comparison

To define the European Union as a center of these relations, it is important to describe its role more precisely. For that reason, the EU is put in the foreground in considering the economic and political backgrounds of these relations. The EU's role in the integration processes with Turkey and in the cooperation and collaboration with the Mediterranean countries present the central topic of these relations. Consequently the main target of the European Union is based on the concept of the “Ring of Friends”⁴⁸.

The European Union puts its neighborhood politics in the foreground, both in their internal⁴⁹ and in their external relations. In other words, the European Union is a sub-global organization, based on a fully integrated regional union⁵⁰.

⁴⁸ Verheugen, G., Towards a wider Europe: the new Agenda, Bratislava, 2004

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/04/141&format=HTML&aged=0&language=EN&guiLanguage=en> /19 March 2004

⁴⁹ Draft Treaty Establishing a Constitution for Europe, as Approved by the Intergovernmental Conference on 18 June 2004, Luxembourg

⁵⁰ Jones, S.W. The Logic of International Relations, New York, 1991.p.542

In this sense, the economic and political interweavement area of the European Union is becoming stronger and stronger in these countries.

The European Union, after establishment of full internal integration, attempts to accomplish its institutional goals in the global and sub-global, as well as in the regional range.

Jacob Viner shares Adam Smith's opinion about international economic co-operation: "Neighborhoods have never in international relations been a guarantee of peace, and often have been a deterrent to, neighborly feelings, and often this has not only been a fact but one too freely acknowledged. The adage that good fences make good neighbors was frequently in effect applied to peoples as well as to individuals. In the eighteenth century, and later, it was a stereotype in the literature on international relations."⁵¹

This view demonstrates that collaboration can mutually increase the level of neighborhood. In addition, the globalization process has changed the meaning and rules of neighborhood. Thus, the meaning of the integration and cooperation policy of the European Union for Turkey and the Mediterranean countries plays a central role. The customs union as well as the membership negotiations with Turkey and MEDA programs and the free trade area agreement with Morocco are concrete steps in these relations. In other words, these steps show improvements in these developments and provide information on the relationships.

These relations and their concrete developments are designed by the foreign policy of the EU as well as effected by its relations with these countries. For the economic situation of the European Union, we look at the economic picture of the EU-15 according to certain points of consideration. These facts about the EU-15 give us a basis for seeing the economic picture of the EU.

The export and import facts as well as the FDI values of the EU-15 are available. Earlier agreements, especially bi-and multilateral ones with Morocco and the Barcelona Process and most other agreements were signed for the EU by one or more members of the EU-15.

⁵¹ Viner, J., *The Customs Union Issue*, New York, 1950, p. 19.

Until now, the EU shows a representation, which in comparison to other unions and country groups has many advantage and improvements. All kinds of unions have more than one target.

Their strategy is based on long-term economic and political goals. As can be seen in the following table (Table 5)⁵², in comparison to other unions and country groups, the EU represents a well-integrated model of economic and political union. The EU heads all other unions and groups in four liberties: free movement of goods and services, capital and workers. At the same time, the EU is characterized by the better organized international institutions as well better coordination of its monetary and financial units. On the other hand, as shown in Table 5, through free movement of goods, and services the EU, NAFTA and CARICOM all have a rating of 4. It means, the free movement of goods and services is progressing better than the free movement of workers.

⁵² **EU:** The European economic and political Union officially founded in 1993 and has 27 members. Turkey is a candidate member of the EU. Source: <http://europa.eu/>

NAFTA: The North American Free Trade Agreement is a trade block founded in 1994. Members: The USA, Canada and Mexico. Source: <http://www.nafta-sec-alena.org/> **MERCOSUR:** Mercado Común del Sur is a Southern Common Market founded in 1991. Full Members: Argentina, Brazil, Venezuela, Paraguay and Uruguay. Associate members: Chile, Bolivia, Peru, Colombia and Ecuador. Source: <http://www.mercosur.int/> **ANDEAN GROUP:** Grupo Andino is a trade bloc bases on a free trade area and founded in 1969. Members: Bolivia, Chile, Colombia, Ecuador and Peru. **CACM or SICA:** Sistema de la Integración Centroamericana- Central American Integration System founded in 1993. Priorities are: Regional peace, political freedom, democracy and economic development. Members: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and Belize. Source: <http://www.sica.int/> **CARICOM:** The Caribbean Community for economic integration and cooperation founded in 1973. Members: Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago. Source: <http://caricom.org/>

Table 5: EU in Comparison with other Unions

Parameter	EU	NAFTA	MERCOSUR	ANDEAN GROUP	CACM	CARICOM
Free movement of goods, and services	4	4	2	3	2	4
Movement of capital	4	4	1	3	0	3
Free movement of workers	3	2	1	1	1	2
International institutes	5	3	2	3	2	2
Monetary coordination	3	1	0	0	0	2
Fiscal coordination	1	0	0	0	0	0
Average	3.3	2.3	1	1.7	0.8	2.2

Source: Karluk Ridvan, Avrupa Birliği ve Türkiye (EU and Turkey), IMKB Yayını, İstanbul 1996, p.28

Notice: 5: Very good 4: good, 3 satisfying: 2: poor 1: very poor 0: very poor

All kinds of unions have more than one target. Their strategy is based on long-term economic and political goals. If we look at the parameters for free movement of capital, the EU and NAFTA provide a very good capital circulation system. Although there is a common policy of economic and political integration of EU members, there are still some limitations and lack of integration. Nevertheless, in comparison with other groups of countries, the EU is still the leading and best organized Union.

The EU has a very favorable position in comparison with other unions for the competence of International Institutions. In comparison to the EU, other regional groups have a poor position with regard to this common policy. Monetary coordination of each of these countries is generally insubstantial.

We can diagnose this fact as a consequence of monetary policy in individual countries.

Monetary movements of countries depend on the economic decision makers of a government. Governments as political actors play a significant role by influencing economic decisions and especially the monetary policies of central banks (such as interest rates, currency circulations etc.).

As a result, money circulation can influence the economic situation of a country positively or negatively. While every single country's currency will be regulated by its central bank, in EU, the ECB acts as a coordinator and upper regulator over its member's central banks. In other words, it is hard to fix a functioning common monetary policy. In fact, monetary decisions are very irregular and fragile. They can change anytime in any country due to global as well as national economic and political crises or some other factors such as expectations and speculations.

Fiscal coordination relates to financial matters that are managed by the government, like money circulation, taxes, debts etc. And the monetary coordination is concerned with a country's money and to the systems that a country uses for controlling its money supply and other monetary parameters like interest and exchange rate structures, credits rates, saving and investments etc.⁵³

The targets of monetary and fiscal coordination are keeping control of the monetary activities and inflation in order to keep the currency and fiscus stable in an economy. The EU as a supranational organization tries to influence and coordinate the monetary and fiscal policy of members through the ECB. However, as in the case of the fiscal and currency crises in Greece, Spain, Italy and Hungary, the ECB was not able to manage the crises in time. Therefore well-coordinated collaboration with member countries is needed. During the Euro crises in Greece and Spain, Germany and France were the most important financiers of EU. However, popular criticism arose in Germany and other states against the EU policy for rescuing Euro in crisis zones. Such criticisms can force the EU to change its rescue policy towards crisis-prone countries.

⁵³ Longman, Dictionary of Contemporary English, New Edition, Essex, 2003, p.601,1061

We would propose that the ECB and other economic authorities of the EU commission draft a common monetary policy against possible economic crises which could stabilize European economy patterns. However, it seems that individual countries are not willing to give up any power.

How the EU will overcome this challenge remains to be seen.

The value of fiscal coordination (Table 5) is just one point for the EU, it proves that the fiscal coordination between member countries of EU is very poor and all other groups have an even poorer rating; NAFTA, MERCOSUR, ANDEAN GROUP, CACM and CARICOM have zero points.

As in the case of monetary coordination, it is also relatively difficult to manage the fiscal coordination, as the parameters of fiscal policy (interest rate, debt, credits etc.) are very changeable and depend on various multidimensional actions as well as decisions. Table 5 indicates that the EU and other unions have a strong structure. However in spite of this well-coordinated structure, they have a number of problems in financial and monetary coordination.

Currency-and financial crises arise from time to time, and they make this situation more difficult to overcome. In the case of the EU, there should be a common fiscal and tax policy to resolve the situation and the ECB should increase its role in this process.

In comparison to other countries and unions, the EU's economy is dominated by services and, to a less significant extent, manufacturing, while its agricultural and food processing sectors show a unimportant share of economic activity (Table 6).

Table 6: Main Characteristic of EU's Economy

Country/ Region	GDP, \$ billion	Agriculture, %	Processed food %	Mining %	Manufacturing %	Services, %
South Africa	139.1	4.2	7	5	28.8	55.1
Mexico	388.8	7.3	9.5	3.8	34.2	45.2
Chile	76.1	8.7	12	3.9	23.5	52
MERCOSUR	1,134.7	7.9	10.1	1.3	34.3	46.2
Turkey	192.4	11.4	8.3	0.8	26.6	52.8
Egypt	70.2	13.2	4.6	3.8	27.5	50.8
EU	7,958	2.8	5.5	0.4	29.1	62.3

Source: Francois, J., F., McQuenn M., Wignaraja G., EU Developing Country FTAs: Overview and Analysis, World Development, Vol. 33, No. 10, 2005, pp.1545-1565

The main characteristic of the EU's economy in comparison with MERCOSUR and given individual countries shows many significant elements for the stable structure of the EU's economic system.

The value of gross domestic product (GDP)⁵⁴ shows the economic performance of a country. According to this table MERCOSUR is the closest and most similar regional block to the EU.

Table 6 indicates that in comparison to the EU, the share of agricultural and manufactured goods in GDP is significantly higher for MERCOSUR.

To consider the matter from an economic-historical point of view, the agriculture and manufacturing sectors have always played an import role in any economy. However, the share of services is a sign of high economic level. For example, in all developed countries the percentage of services is significantly high. In the EU this value was around 62% in 2005.

In MERCOSUR and in Turkey, agriculture and manufacturing are still important economic indicators. The ratio of services shows an increasing tendency, but remains far below the level of the EU. This share stays continuously lower than a 10% share of GDP.

⁵⁴ **GDP**-Gross Domestic Product defines production based on the geographical location of production. Source: Dornbusch Rudrigger, Fischer Stanley, Macroeconomic, Massachusetts, 1998, p.79.

In 2005, Turkey's national income (GDP) was US\$ 192.4 billion. The distribution in % of GDP according to economic sectors is as follows; 11.4% agriculture, 8.3% processed food, 0.8% mining, 26.6% Manufacture and 52.8% Services.

In Egypt, 13.2% of its national income consists of agriculture. Agriculture remains an important source of revenue in this country. As has been mentioned, Egypt is an important partner of the Barcelona Process. Partner countries of this pact have signed several agreements with EU. One of these agreements regulates the import and export of agricultural products with EU. For this reason, Egypt is not allowed to export these products to EU member countries although it has a comparative advantage in the production of agricultural goods. The Common Agriculture Policy of the EU, in short CAP, limits all processed agriculture products from third world countries into the EU.

As can be seen in Table 7, the government quality of the EU-15 is higher than in other countries. The EU target is to support candidate countries in reaching the same standards.

Table 7: Government Quality of the EU

Country	Country2	Control on corruption	Government efficiency	Political stability	Quality of legality	Quality of justice	Transparency
EU-15	Average	1,70	1,67	1,15	1,57	1,58	1,42
	St.deviation	0,52	0,43	0,31	0,26	0,42	0,20
Bulgaria		-0,17	-0,06	0,56	0,62	0,05	0,56
Estonia		0,66	0,78	0,98	1,35	0,8	1,05
Hungary		0,6	0,78	1,08	1,21	0,9	1,17
Poland		0,39	0,61	0,71	0,67	0,65	1,11
Romania		-0,34	-0,33	0,42	0,04	-0,12	0,38
Turkey		-0,38	-0,2	-0,61	0,08	0	-0,47

Source: Dervis Kemal, Gros Daniel, Emersa Michael, Ülgen Sinan, Modern Türkiye'nin Avrupa Dėisiimi (The European Transformation of Modern Turkey), Istanbul, 2004, p, 123.

Note: The higher number symbolizes higher quality: 2=very good, 1=good, 0=poor

Table 7 shows parallel structures: If one value for a country shows a high level, we can assume that other factors will also show a higher level.

The fact is, that if the governmental system can work well in a country, the parameters of government quality will also be better.

In contrast, through lack of governmental efficiency, the opposite situation will occur. This case can be observed in Romania: control of corruption in Romania is $-0,34$. All other elements show a parallel rating; they are mostly minus (-) or zero (0). The figures for Bulgaria, Estonia, Hungary, Poland and Turkey show the same tendency. Another significance of Table 7 is that the parameters of government quality confirm that these parameters are related to one another. In other words if control of corruption in a county is high, then other parameters will show a positive tendency. The quality of any parameter effects the quality of the others like a domino effect.

Turkey as a member candidate of the EU has also some significant lacks in governmental efficiency. Government Quality for Turkey has been ranked as follows: Control of corruption $-0,38$; Government efficiency $-0,2$; Political stability $-0,61$; Quality of legality $0,08$; Quality of justice 0 and Transparency $-0,47$. In other words Turkey significantly lags behind the EU-15 average.

Despite the huge economic potential of Turkey there are some economic and political structural problems to be solved. Here, except for the quality of legality, all other values are below zero. Since, these parameters depend on the political situation in Turkey, they can vary according to which party is ruling. In other words government quality of Turkey depends on internal and external economic and political developments. EU, IMF, WB and USA are the main external factors that effect the government quality of Turkey.

9.1. FDI Inflows into and Outflows from Developed and Developing Economies in Comparison

Market economy in any country has three main components; production, distribution, consumption. If one of these elements is not successful, the market economy falls into economic crisis.

That is why firms try to trade globally, in order to distribute their products as well as they can; furthermore they try to produce more profitable products.

Foreign direct investments as well as exports and imports are purely profit oriented economic activities.

FDI inflows and outflows are important not only for home countries but also for host countries. A home country is the country from which an investor comes; a host country is the country in which he invests. Every country tries to attract more imports of goods and expertise as well as to realize more export of their own products and know-how. This target can be realized by FDI inflow/outflow.

FDI inflow shows the following advantages for host countries⁵⁵:

- Increase of technological knowledge and Know-how
- Innovative and more dynamic production facilities
- More efficiency than non-multinational firms
- Job creation effect and contribution to higher qualifications on the labor market
- Higher wages than domestic firms (wage spillovers)

The effects of FDI inflow in developing countries have not been as high as expected. The following reasons show why this kind of investment gives an advantage primarily to firms of the homeland⁵⁶: (Table 8)⁵⁷

- Employing local labor force with low wages, and using advanced technology for most of the production in the host country.
- Cooperation with local firms for low production costs and other cost reducing measures
- Investment in capital intensive sectors

Furthermore, multinational companies apply the latest technologies and production methods. That's why they need mostly qualified labor from their own country and the

⁵⁵ Lipsey; Robert E., Measuring the Impacts of FDI, p.2-5. and Lipsey R.E., Home and Host Country effects of FDI, NBER Working Paper Series, p.19.

⁵⁶ Bayraktar Fulya, Dünyada ve Türkiye'de doğrudan yabancı sermaye yatırımlar (FDI in Turkey and in the world), Türkiye Kalkınma Bankası A. S., Genel Arastirmalar, Ankara 2003,. p. 43.

⁵⁷ A slash (/) between dates representing years, for instance, 1994/95, shows a financial year. Use of a dash (–) between years representing years, for example 1994–1995, signifies the full period involved, including the beginning and end years.

most important parts of fabrication use modern machines. In this sense, FDIs in developing countries take recourse mostly to a marginal quantity of the local labor force. Table 8 lists the employment in various high-ranking multinational firms. Multinational firms employ a significant number of employees from other countries. These employees can be classified into two categories. The first category represents experts and highly qualified employees, for example many US firms employ IT-Experts from India and Poland. The second category is unqualified employees employed in multinational firms in the host country. Legal preconditions for employing foreigners and local government policy also have effects on the number of local and foreign employees in a multinational company. The inflow of qualified and skilled employees is an important phenomenon related to FDIs. Some governments even encourage these skilled labor inflows from abroad. For example, the USA and some European Union countries have installed special visa programs in order to attract more skilled employee such as IT-experts and certain other branches.

Table 8: Employment in the most Important Multinational Firms

Firm Name	Origin	Branch	Employee	
			Foreigners ⁵⁸	Total
General Electric	USA	Electronic	130.000	293.000
General Motors	USA	Motor Vehicle	-	396.000
Royal Dutch/ Shell	Holland/ UK	Petroleum	61.000	102.000
Ford Motor	USA	Motor Vehicle	171.276	435.175
Exxon	USA	Computer	-	179.000
Toyota	Japan	Petroleum	113.216	183.879
IBM	USA	Motor Vehicle	149.934	291.067
BP AMOCO	UK	Foods	78.950	98.900
Daimler Chrysler	Germany	Motor Vehicle	208.502	441.502
Nestle SA	Switzerland	Foods	225.665	231.881
Volkswagen	Germany	Motor Vehicle	142.481	297.916
Unilever	Holland/ UK	Foods	240.845	265.103
Suez Lyonnaise DE	France	Mix	126.500	201.000
Wal-Mart Stores	USA	Export Import	-	910.000
ABB	Switzerland	Electronic Eq.	154.263	162.793
Mobil Corp.	USA	Petroleum	22.100	41.500
Diageo Plc.	UK	Drinks	65.393	77.029
Honda Motor	Japan	Motor Vehicle	-	112.200
Siemens AG	Germany	Electronics	222.000	416.000
Sony Corp.	Japan	Electronics	102.468	173.000
Renault SA	France	Motor Vehicle	92.854	138.321
News Corp.	Australia	Media- Press	-	50.000
BMW AG	Germany	Motor Vehicle	53.107	119.913
Mitsubishi Corp	Japan	Motor Vehicle	3.668	11.650
Nissan Motor	Japan	Motor Vehicle	-	131.260

Source: Seyidoglu Halil., Uluslararası İktisat, Theory, Politika ve Uygulama (International Trade), Istanbul 2003, p.733, UNCTAD, World Investment Report 2000.

As indicated in Table 8, the most important source of FDIs are multinational companies. Almost all of these companies have their headquarters in developed countries.

The investment choices of multinational companies are influenced by the economic policy and political decisions of their home countries.

⁵⁸ Foreign citizens employed in firms investing abroad

The economic and political situation and governmental decisions of target countries are crucial in order to attract FDIs. Here, especially tax rates, legal and political conditions dominate decisions.

However the headquarters of these multinational companies almost always remain in the respective country of origin. Consequently, capital, Know-how and sustainable investments reside in the country of origin. They invest in developing countries mostly for secondary production and supplement markets and build flexible structural production facilities which they can quickly move in case of political or economic crises. This means they do not permanently transfer their Know-how, capital and qualified personal to the host country. In fact, they can move out of their host country at any time. Therefore it is not a sign of sustainable investment in developing countries. Finally, the target country will be just a temporary location for FDIs from developed countries. The most important point is that the establishment of economic and political stability in developing countries can extend the positive effects of FDIs. Furthermore local companies can benefit from the Know-how and capital accumulation of foreign companies. For example, new technology and economic mobility, model for local companies etc. can be considered to be such long-term benefits. Principally, developing countries suffer from economic deficits in many significant fields, which can be partly or even completely eliminated by the capital and Know-how transfer through FDIs. That's why developing countries should undertake more tangible measures to attract FDIs in their country. For instance, in comparison to Turkey, Morocco has more deficits by attracting FDIs than Turkey. However the Moroccan trade policy is inefficient and ineffective.

Many studies prove that home as well as host countries benefit from FDIs. If the spillover effect is positive for the host country, than it is a clear win for it.

A study (Erdilek 2002) has proved that foreign-owned Turkish plants had higher productivity than domestically-owned plants in the period of 1993-1995. Moreover some evidence has been found for productivity and knowledge spillovers to domestic firms in Turkey.

According to a study by Haddad and Harrison, “for Morocco, the output per worker was higher in the period of 1985-1989, and deviations from best-practice frontiers were smaller in foreign-owned firms than in domestically-owned firms in 12 out of 18 industries, and in all eight of the industries in which the differences were statistically significant.”⁵⁹

Spillover effects⁶⁰ of FDIs are significantly important. They are externalities of economic activities that can also influence those who are not directly involved in a common economic activity. For instance, local small companies and entire populations of host countries, etc. can profit from spillover effects. Spillover effects are an advantage for host country firms and citizens who automatically profit from the investments of foreign firms in the host land.

However, the main winners of FDIs are home countries. In fact, a bigger part of profit and accumulative turnover is transferred to the headquarters of firms in their homelands. Furthermore, most benefits of FDI go to home countries. These benefits can be listed as follows:

- New economic resources such as profit, cost-effective assets and other advantages of new market
- Low-cost labor force and low priced raw material
- Expansion of firm
- Image and credibility for investing firm
- Internationalizing of firms etc.

Foreign inward and outward investments can be represented in different categories and volumes. To measure their dimensions and effects, there are many different methods and point of views. According to Lipsey there are two main ways to measure FDI⁶¹:

1. Quantity of capital which flows from the home country to the host country. The home countries have strong representatives in the host countries, for example

⁵⁹ Lipsey R.E., Home and Host Country Effects of FDI, NBER Working Paper Series, p.38-37-43.

⁶⁰ Toprak Elif, Neo Fonksiyonalizmden Yapısalcılığa, Entegrasyon Kuramları Işığında, Türkiye-Avrupa Birliği Uyumu, Avrupa Çalışmaları Dergisi, Ankara, 2007, Cilt: 7, No:1, p.69-89

⁶¹ Lipsey R.E., Home and Host Country Effects of FDI, NBER Working Paper Series, May 24 to 25, 2002, p.2.

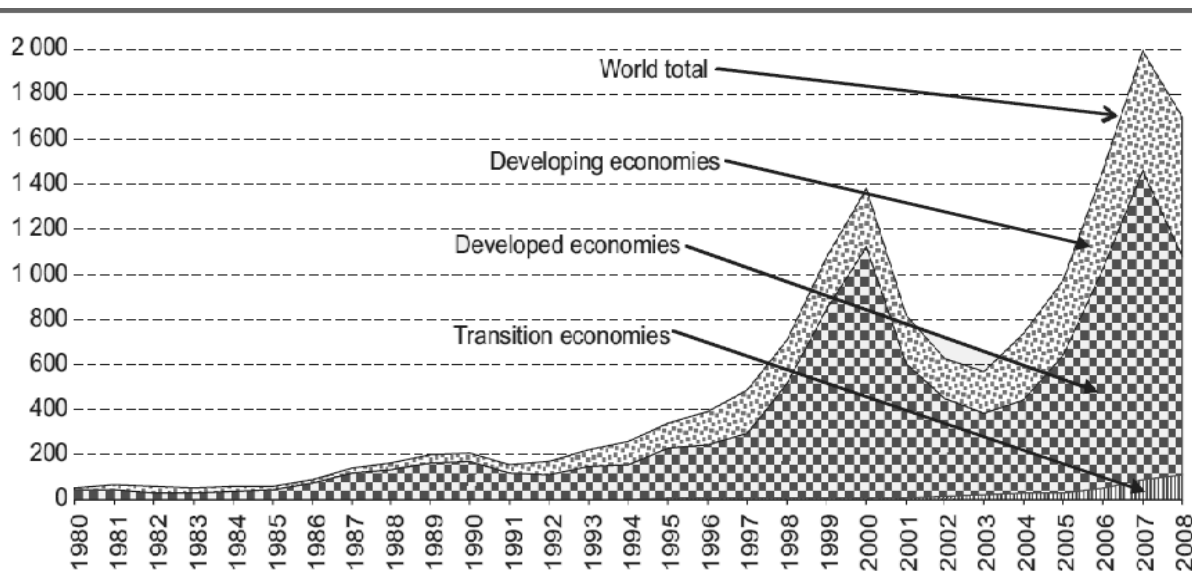
as Holding, own firm office and branches in the host country or hold a certain share of voting rights in a host country firm.

2. Economic activities or operations, which are carried out in a host country by firms controlled or partly controlled by firms in an another country; for example, production, employment, sales, the purchase and use of intermediate goods and fixed capital, and the carrying out of research.

In this part of the study, recent FDI inwards and outwards of developed and developing economies have been investigated, taking into consideration their reflections as well as the correlation between the EU, Turkey and Morocco.

According to various UNCTAD statistics, the EU and other leading developed economies continually show an increase. Turkey and Morocco show a tendency parallel to that of developed countries. Both countries have borders to the EU. Turkey also has borders with Asian countries while Morocco has borders to African countries.

Figure 1: FDI Inflows, Global and by Groups of Economies, 1980–2008 (Billion \$)



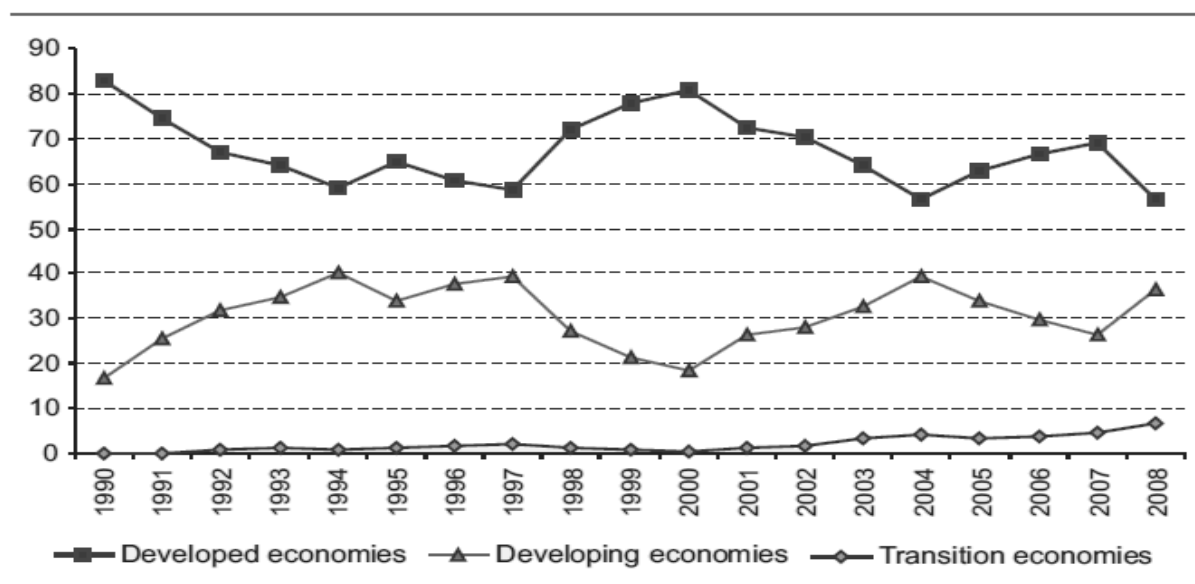
Source: UNCTAD FDI/TNC database (www.unctad.org/fdistatistics): United Nations Conference on Trade and Development, World Investment Report 2009, Transnational Corporations, Agricultural Production and Development, United Nations, New York and Geneva, 2009, p. 37

Figure 1 demonstrates the share of world total FDI inflows (global and by groups of economies) between 1980 and 2008 in billions of U.S. Dollars. It can be seen that transition economies like former East-bloc countries (changed from a centrally planned to a free market economy) show only a small share of FDI inflows. Developed countries represent so to speak the “lion’s share” of FDIs. On the other hand, the developing countries show a weaker position.

Another significance of this figure is that it shows considerably increasing FDI inflows worldwide from 1980 until 2008. In 2000, this tendency reached a peak, in 2003 however, it fell due to the stock market downturn of 2002 and its negative effects on the global economy until mid of 2003, but FDIs reached an even higher level again in 2007.

According to descriptions of the UNCTAD World Investment Report 2009, the global financial and economic crisis has had a dampening effect on foreign direct investments. Turmoil in the financial markets and the worldwide economic downturn progressively affected global FDIs in 2008 and in the first half of 2009. After uninterrupted growth in FDI activities in the period 2003–2007, global FDI inflows fell by 14% in 2008, from a record high of \$1,979 billion in 2007. In the first half of 2009, FDI flows fell at an accelerated rate.

Figure 2: Shares of the three Major Groups of Economies in Global FDI Inflows, 1990–2008 (%)

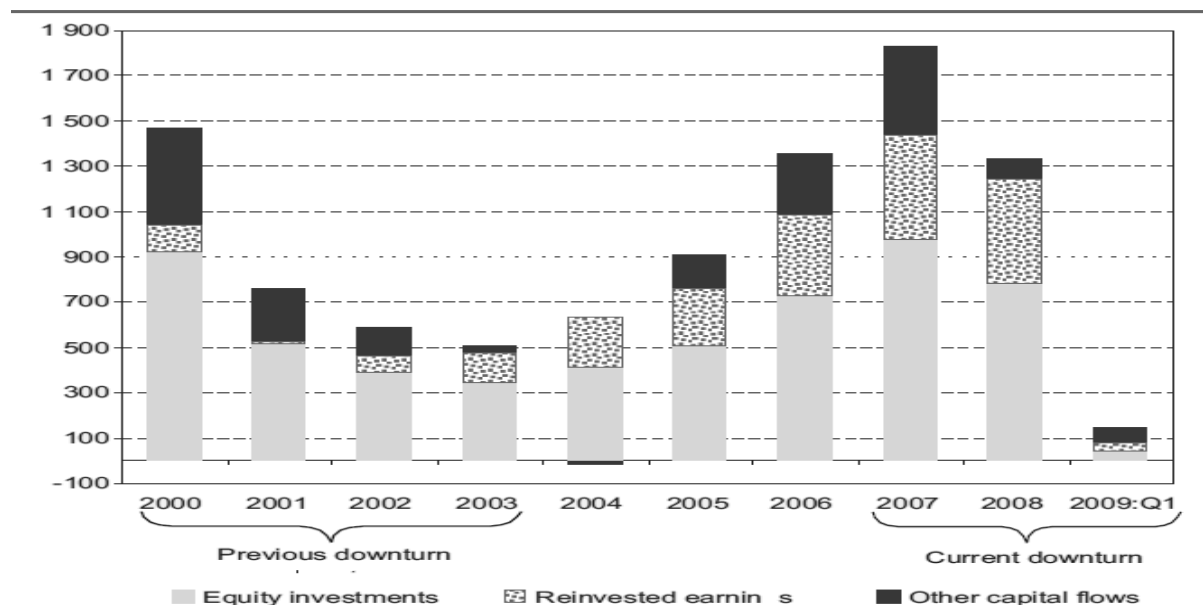


Source: World Investment Report 2009, p.37: (UNCTAD FDI/TNC database (www.unctad.org/fdistatistics) and UNCTAD secretariat estimates)

Figure 2 illustrates the shares of the three major groups of economies, namely developed economies, developing economies and transition economies, in total FDI inflows from 1990 until 2008 as a percentage (%).

In addition to Figure 2, the UNCTAD World Investment Report 2009 through various statistics acknowledged that developing and transition economies saw FDI inflows rise in 2008 to record levels. The combined share was 43%, close to the record share attained in 1982 and 2004, which demonstrates the increasing importance of these economies as hosts for FDIs (UNCTAD 2009, Figure 2).

Figure 3: Global FDI Inflows by Component, 2000–2009 (Billions of Dollars)

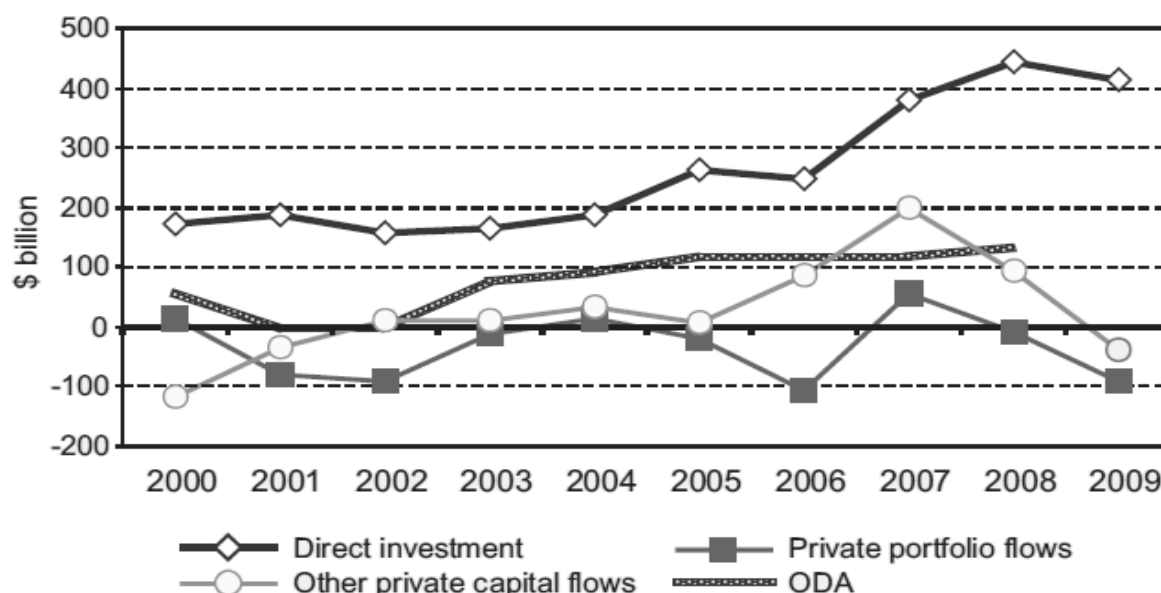


Source: UNCTAD FDI/TNC database (www.unctad.org/fdistatistics) and UNCTAD Secretariat estimates. World Investment Report 2009, p.38

Figure 3 illustrates global FDI inflows between 2000 and 2009. It classifies these FDI inflows in three main groups, namely equity investments, reinvested earnings and other capital flows.

It shows the significant change of FDI inflows from 2000 to 2009. According to the UNCTAD World Investment Report 2009, the downturn by the FDI flows in 2001 and in 2009 show a similar characteristic. However, the proportionate decline in equity investments today against reinvested earnings and other capital flows is larger than that registered during the previous downturn. (UNCTAD 2009, Figure 3).

Figure 4: Net Capital Inflows to Developing Countries, 2000–2009 (Billions of dollars)



Source: IMF, 2008, UNCTAD World Investment Report 2009, p.38.

Figure 4 provides details for the net capital flows to developing countries between 2000 and 2009. As can be observed, direct investments are the most important capital inflow to developing countries.

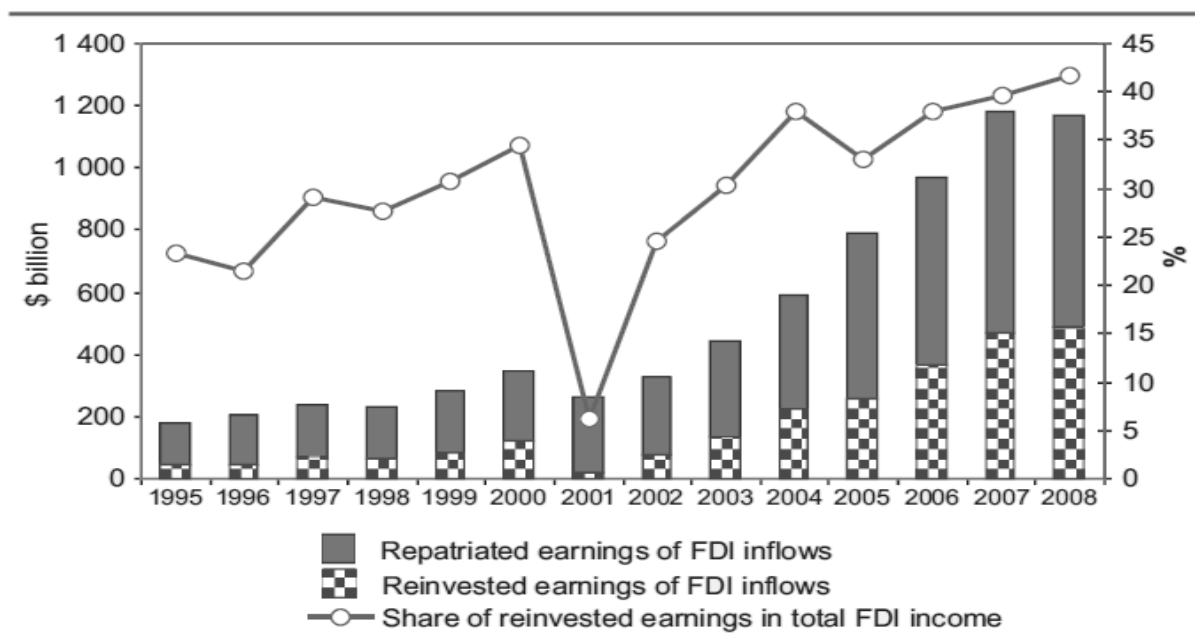
While direct investments reached around 450 billion dollars, private portfolio flows, other private capital flows and ODA⁶² remain below 200 billion dollars and even fell in some years to under 100 billion dollars. It is also significant that the direct investments show an increasing tendency, whereas the private portfolio flows and other private capital flows appear to be volatile. As described in the UNCTAD World Investment Report 2009, low-cost production in China and India could replace higher cost production from other countries.

Therefore, China and India could increase their worldwide exports. FDIs in China and India show a growing tendency. Many firms from industrialized countries produce in China and India; this is a secondary FDI inflow in this region.

⁶² ODA: Official Development Assistance

As a consequence of China's low-priced production policy, the country receives over \$60 billion in FDI inflow.⁶³ In comparison to China, MENA countries and former East-bloc countries receive very low FDI inflows. In five MENA countries, the FDI inflows reached \$8.3 billion in 2006, and in 7 former East bloc countries, it was \$18 billion.⁶⁴

Figure 5: Worldwide Income on FDI and Reinvested Earnings, 1995–2008



Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics). World Investment Report 2009, p.39.

Figure 5 demonstrates the worldwide income on FDIs and reinvested earnings in U.S. Dollars as well as in (%) percent, between 1995 and 2008.

⁶³ Abraham Filip, Konings Jozef, Sloodmaekers Veerle, FDI Dpillovers in the Chinese Manufacturing Sector: Evidence of Firm Heterogeneity, Centre for Economic Policy Research, Discussion Paper Nr. 6573, November 2007, p.2

⁶⁴ Bénassy-Quéré Agnes, Fontagné Lionel, Lahrière-Révil Amina, Mena Countries in the Competition for FDI: Designing an Exchange Rate Strategy, UEI Working Paper RSC No. 2001/41, p.3,
Notice: Five MENA countries: Algeria, Egypt, Israel, Morocco, and Tunisia. Seven East Block countries: Bulgaria, The Czech Republic, Hungary, Poland, Romania, Slovenia, and Slovakia.

The share of reinvested earnings in total FDI income generally shows an increasing tendency. However, global FDIs fell sharply.⁶⁵ Economic crises generally have negative effects on FDI decisions. This can have an impact on economies as well as on FDI inflows for years. The main reasons of the global FDIs decrease in 2001 are:

- The dotcom bubble (2000)
- The Argentina economic crisis (1999-2002)
- The economic crisis in Turkey (2001)
- The global repercussions of 11 September (9/11)

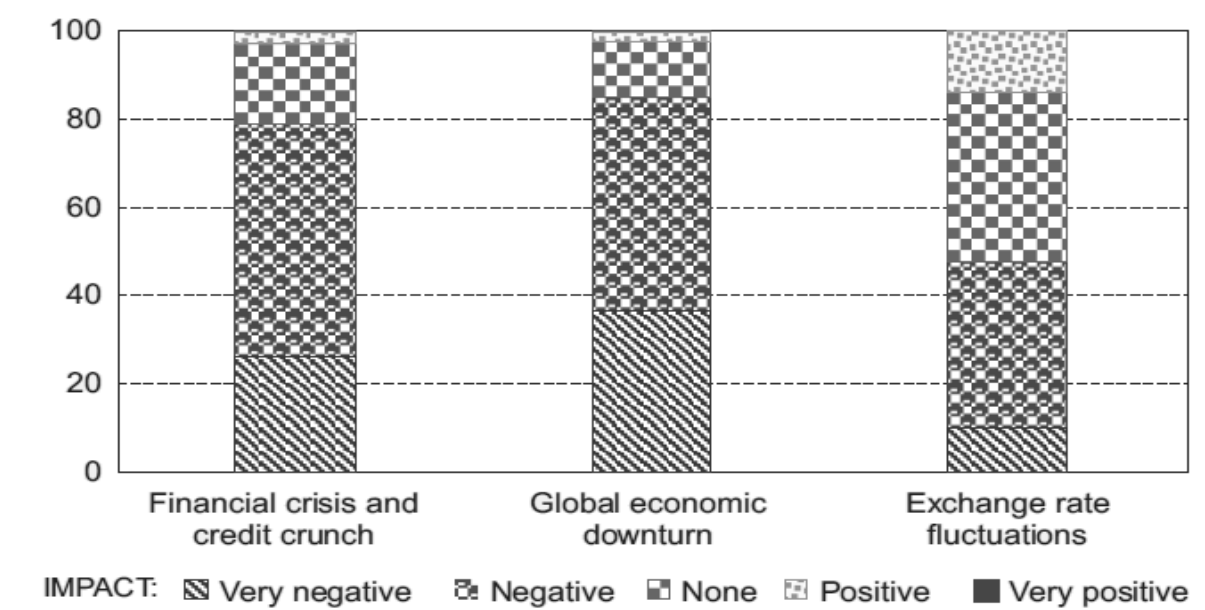
In 2001 Turkey fell into a deep economic crisis. The overvalued currency, budget problems, high inflation, high interest rates, escapes from the domestic money, and devaluation were the main reason for the crisis. As a consequence of the economic crisis, many companies went bankrupt and there was little confidence in the economic stability of Turkey. To overcome these problems, Turkey signed a standby agreement with the IMF and Kemal Dervis resigned his position in the World Bank and became Turkish minister of economy.

While in this year the amount of repatriated earnings of FDI inflows worldwide remained constant, reinvested earnings of FDI income in Turkey shrunk nearly down to zero. After this short interruption, both repatriated earnings of FDI inflows as well as reinvested earnings of FDI inflows showed a strong increase.

⁶⁵ UNCTAD, Global FDI Flows continue to fall

http://unctad.org/en/pages/PressReleaseArchive.aspx?ReferenceDocId=4022&Product_x0020_Taxonomy=1566;
08.04.2013

Figure 6: Impact of Various Aspects of the Crisis on Company Investment Plans (%)



Source: UNCTAD, 2009b. World Investment Report 2009, p.40.

Figure 6 articulates the impact of various aspects of the crisis on company investments. While financial crises and credit crunches as well as exchange rate fluctuations also have a negative impact on FDI decisions, the critical essential handicap for FDI decisions is “the global economic downturn”. The reason is that other kinds of negative developments are mostly temporary or challengeable, but a global economic downturn affects the whole economy for a long period of time. According to an UNCTAD survey of firms, 85% of firms reported that the economic downturn had a “negative” or “very negative” impact on their planned investment expenditures, and 79% and 47% reported “negative” or “very negative” impacts and volatile exchange rates from the financial crisis.

Table 9: World Economic Growth and Growth Prospects, 2008–2010

Source	Region/economy	GDP Annual Growth Rate (%)		
		2008	2009	2010
IMF	World	3.1	-1.4	2.5
	Advanced economies	0.8	-3.8	0.6
	Developed- emerging economies	0.6	1.5	4.7
World Bank		1.9	-1.7	2.3
	High income countries	0.8	-2.9	1.6
	Developed countries	5.8	2.1	4.4
UN	World	2.5	1	non-applicable
	Developed economies	1.2	-0.5	---
	Developing economies	5.9	4.6	---
	Transition economies	6.9	4.8	---
OECD	OECD Countries	0.8	-4.1	0.7

Source: UNCTAD-World Investment Report 2009, p.39-41

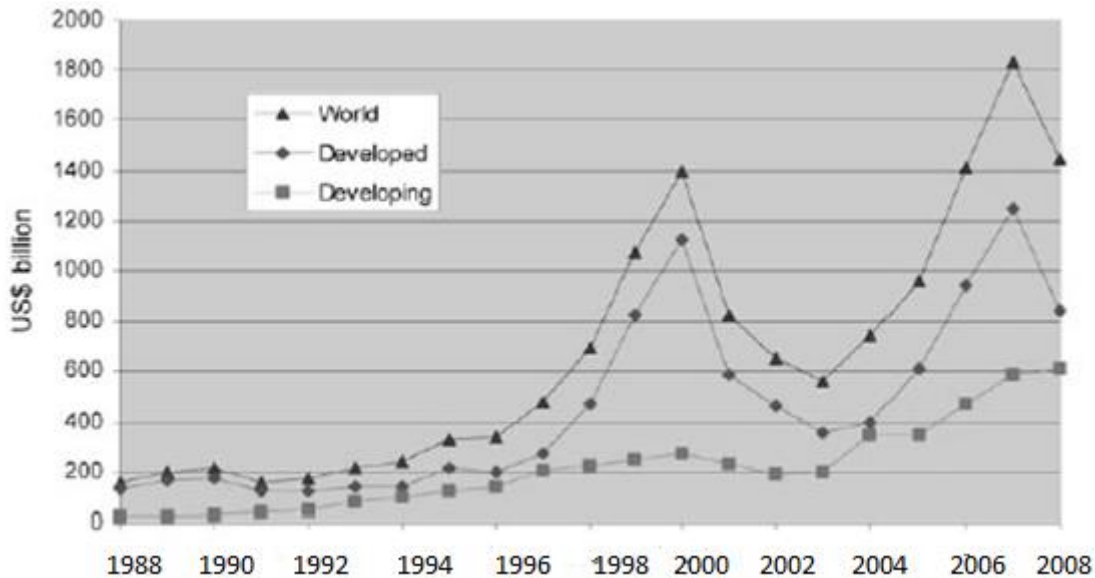
Table 9 represents the world economic growth and growth prospects, from 2008 to 2010 in (%) percent. They show differing results in measuring the GDP annual growth rate (%). While the UN categorizes the countries according to three economic groups: developed economies, developing economies and transition economies, IMF, OECD and WB apply other but nearly similar definitions.⁶⁶

As a consequence of the global economic crisis in 2009, the GDP annual growth rate is comparatively negative or low. The main cause of global economic crises in 2009 was the banking crisis in the U.S., in particular, the insolvency of Lehman Brothers. The UNCTAD World Investment Report 2009 forecasted for the first time in 60 years a decline in world output in 2009.

⁶⁶ World Bank: How we Classify Countries, <http://data.worldbank.org/about/country-classifications/08.04.2013>

The Organization for Economic Co-operation and Development, the United Nations and the World Bank point to similar negative trends (UNCTAD 2009, Table 9).⁶⁷

Figure 7: FDI Inflows into Developed and Developing Countries (1988-2008)

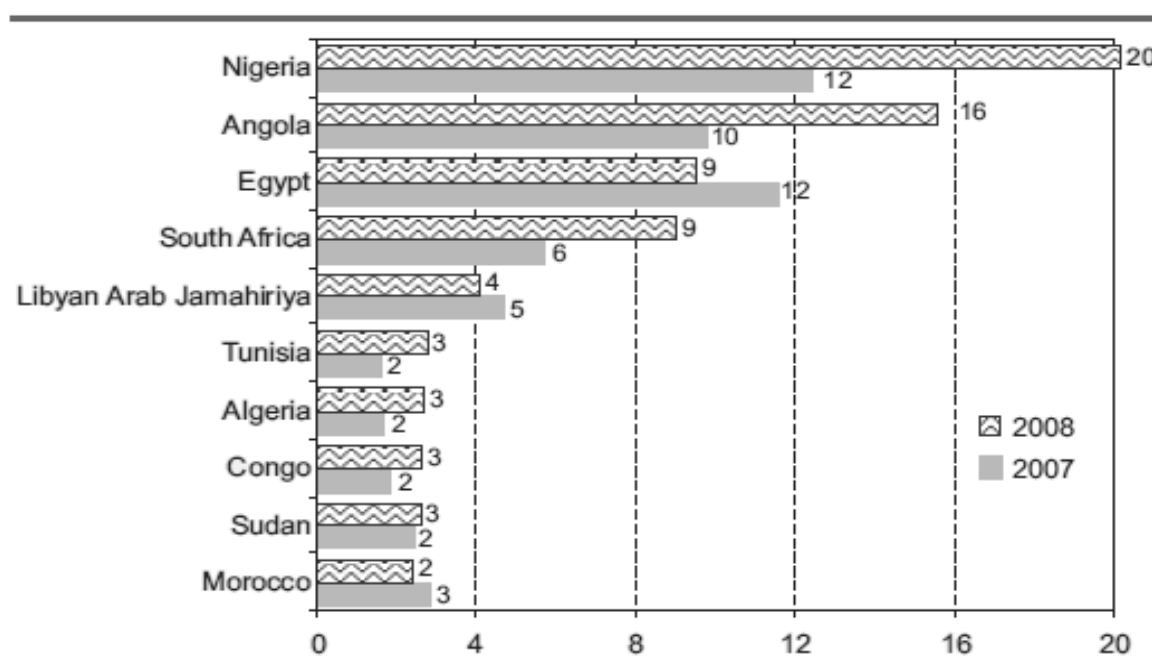


Source: Chen Chunlai, Inflow of Foreign Direct Investment, p.327, <http://epress.anu.edu.au/wp-content/uploads/2011/06/ch152.pdf>/26.09.2010

Figure 7 illustrates the volume of FDI inflows into developed and developing countries from 1988 to 2008 in billions of US dollars. According to the UNCTAD World Investment Report 2009, in 2008, inward FDI flows into developed countries declined, whereas those to developing countries and transition economies continued to increase, though at a slower rate than in 2007. Despite the financial crisis, which did not break out until the autumn, developing and transition economies attracted record FDI flows in 2008. As a result, the share of these economies in global FDI inflows increased (Figure 7).

⁶⁷ Data for more recent years can be found in following sections.

Figure 8: Africa: Top 10 Recipients of FDI Inflows, 2007–2008 (Billions of Dollars)



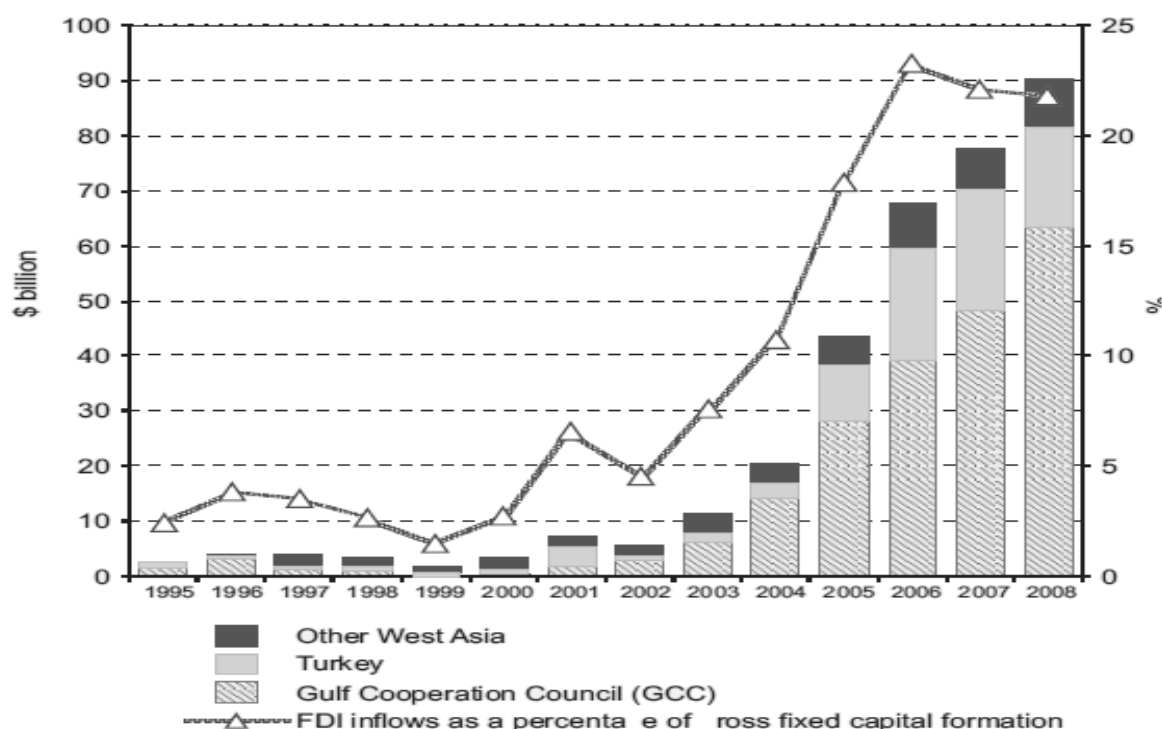
Source: UNCTAD, FDI: World Investment Report 2009, P.79:

Figure 8 indicates the African top 10 recipients of FDI inflows in billions of US dollars. Interestingly, one conclusion drawn from this graph is that with the exception of Egypt, all other North African Countries--in other words, the Barcelona Process partners of the EU, including Morocco, have a lower degree of FDI inflow.

According to Figure 8: Morocco is an important FDI receiver country in Africa. The top 10 recipient countries in the continent accounted for nearly 82% of the total FDI inflows to that region in 2008.

Each of the top 10 attracted inflows in excess of \$1 billion, and in 4 of them (Angola, Egypt, Nigeria and South Africa), inflows were higher than \$9 billion in 2008. Nigeria was the largest FDI recipient in Africa in 2007 and 2008.

Figure 9: West Asia:⁶⁸ FDI Inflows, by Value and as a Percentage of Gross Fixed Capital Formation, 1995–2008



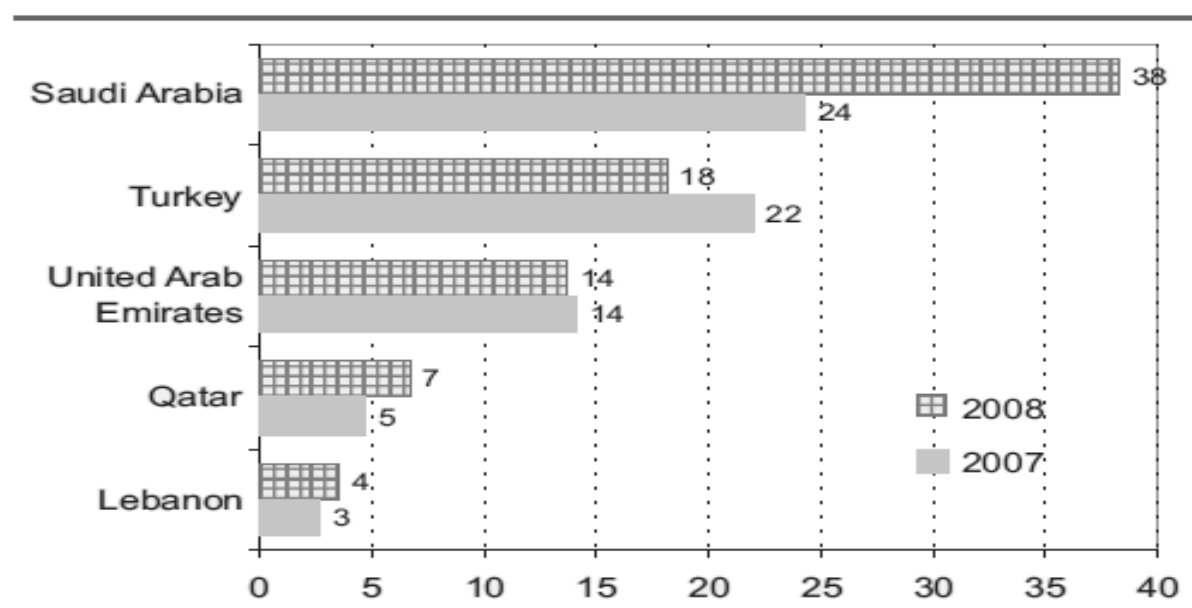
Source: World Investment Report 2009, P.91: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).

Figure 9 shows the FDI inflows to West Asian countries, by value (in US Dollars) and as a percentage (%) of gross fixed capital formation from 1995 to 2008. The graph illustrates that Turkey and the Gulf Cooperation Council member countries are in a leading position. Their percentage of FDI inflows represents an increasing tendency. GCC or AGCC (Arab Gulf Cooperation Council) has six member countries, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE.

According to the analyses of the world investment Report 2009 FDI inflows in West Asia have been concentrated on Saudi Arabia, Turkey and the United Arab Emirates, particularly since 2003. They received \$60 billion in 2007, increasing to \$70 billion in 2008.

⁶⁸ West Asia is a geographic term using to describe Middle East countries: Turkey, Iran, Iraq, Yemen, Israel, Syria and Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE.

Table 10: West Asia: Top 5 Recipients of FDI Inflows, 2007–2008 (Billions of Dollars)



Source: World Investment Report 2009, p.90-92.: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).

Turkey ranked second of West Asian top 5 recipients of FDI inflows in 2007 and 2008. Turkey's FDI realized inflows in 2008 were 18 billion US dollars.

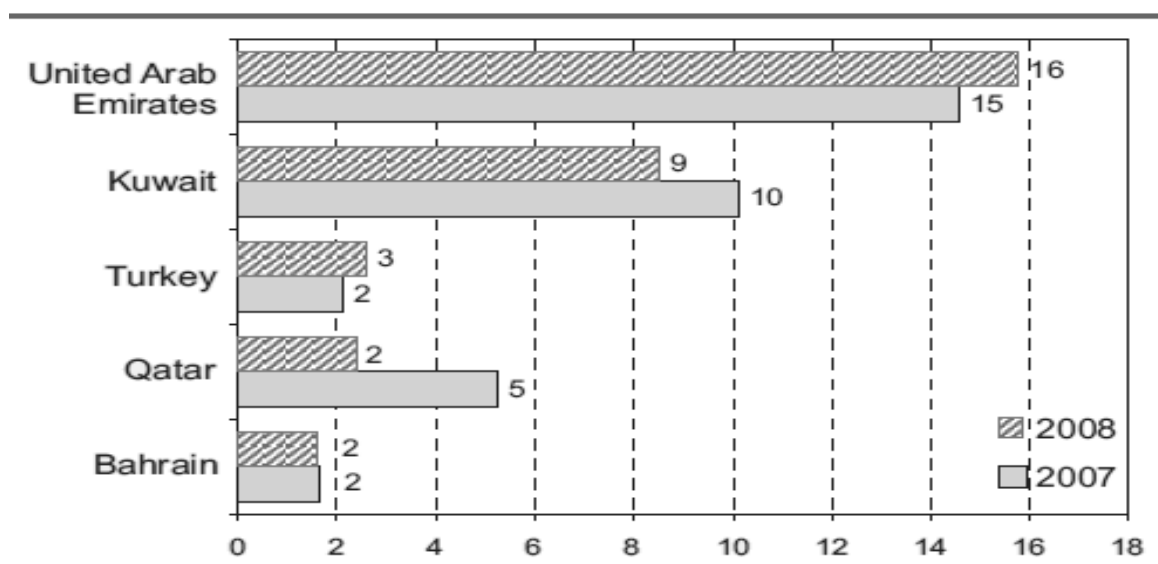
In comparison to previous years, FDI inflows were lower. The reason can be found in characteristics of the Turkish economy as well as in external and internal liabilities. Turkey is economically and politically a European oriented country, and its trade with West Asian and other Eastern economies is significantly lower than with EU and OECD countries.

According to the UNCTAD calculations and analyses, the overall increase of FDI inflows in 2008 was largely due to soaring flows in Saudi Arabia, which rose by 57% to \$38 billion. As analyzed in the UNCTAD World Investment Report 2009; the petrochemical and refining industry in that country accounted for most of the growth in inflows, which amounted to \$12 billion (a 57% increase over the previous year),

and there was a fourfold rise in the real estate sector, where inflows reached \$7.9 billion.⁶⁹

According to UNCTD calculations, Saudi Arabia attracted 42% of total inflows to the region, consolidating its position as the region's top FDI recipient. In Turkey, the second largest recipient in the region, inflows declined by 17% to \$18 billion, after they reached reaching an exceptionally high level in 2007 due to a number of cross-border Mergers & Acquisitions mega deals in the financial industry. (UNCTAD 2009, Figure 10).

Table 11: West Asia; Top 5 Sources of FDI Outflows, 2007-2008 (Billions of Dollars)



Source: World Investment Report 2009, p.93-94.: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).

Figure 11 illustrates the West Asian top 5 sources of FDI outflows from 2007 to 2008 in Billions of US dollars. While Turkish FDI profile in this group stayed insignificant, the United Arab Emirates is the most important country in this group. In 2008, its FDI outflows increased from \$15 to \$16 billion dollars, a \$1 billion positive difference.

⁶⁹ World Investment Report 2009, p.90-92.: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).

Moreover, the United Arab Emirates are the most important investor in the Middle East region. However, Turkish investors go mostly to Europe and Russia.

Table 10: FDI Inflows in Agriculture in Morocco and in Selected Major Host Countries: Ratios of FDI Inflows to GCF and of FDI Stock to GDP, in Agriculture and in the Entire Economy, 2007 (%)

	FDI Inflows in GCF		FDI Stock in GDP	
	Agriculture	Economy	Agriculture	Economy
Country	2005-2007	2007	2007	2007
Average of dev. country	1.1	13.1	---	29.7
Malaysia	21.9	20.6	---	41.0
Cambodia	19.1	51.9	---	44.2
Guyana	15.1	57.9	---	117.4
Honduras	9.2	21.8	---	34.3
Costa Rica	8.1	33.1	---	34.0
Fiji	6.7	45.8	---	44.1
Tanzania	6.1	17.7	---	41.0
Laos	5.7	19.6	---	28.3
Mozambique	5.5	23.1	---	41.5
Ecuador	4.9	2.0	---	33.2
Chile	4.0	38.4	19.7	60.7
Brazil	3.9	14.8	---	23.2
Vietnam	1.5	25.5	17.6	56.6
China	0.5	6.0	18.6	9.7
Morocco	0.1	12.2	14.6	52.6
Namibia	---	35.3	16.4	43.6

Source: World Investment Report 2009, p.150: UNCTAD, based on UNCTAD, FDI/TNC

Table 10 provides details of FDI inflows in agriculture in Morocco with comparison to selected major host countries: ratios of FDI inflows to GCF and of FDI stock to GDP, in agriculture and in the entire economy from 2007 as percentage (%) of total quantity. All these countries have a developing economy and a significant part of their economy depends on agriculture.

The UNCTAD statistics demonstrate that the ratio of FDI to gross capital formation (GCF) in agriculture in developing countries (Morocco and others) is small, (1.1%), compared with a ratio of 12.7% for total FDI inflows to total GCF of developing countries in 2007.

Nevertheless, there are several developing countries, in which the share of FDI relative to domestic agricultural investment is much higher than the average for all developing countries.

China and Vietnam are examples for countries that have included agriculture among their priority areas for attracting FDI and which also do so, unlike some other developing countries.

10. Turkish Economic and Political Situation in Comparison to the EU and Morocco

In comparison to the EU member countries and Morocco, Turkish economic and political structures show some specific characteristics and they need to be considered in a comparative way.

Kruger compared the economic structure of the most unstable countries with each other and came to the conclusion: "To be sure, some countries--including Turkey, most of Latin America, Thailand, and China--attained independence earlier or never were colonies. But their economic structures were very similar to the former colonial countries."⁷⁰

In fact, the Turkish economic structure has many differences as well as several significant similarities to Morocco and other Mediterranean countries. However the volume of the Turkish economy as well as its economic relationships with the EU required a specific consideration.

⁷⁰ Krueger, A.O., *Economic Policy Reform in Developing Countries*; The Kuznets Memorial Lectures at the Economic Growth Center Yale University, Massachusetts, 1992, p.5

After the Second World War the relationship between European countries and Turkey entered a new period. This period was based on increasing economic and political cooperation. After the founding of EU, this cooperation aimed at integrating Turkey into the EU. After the establishment of the EEC, Turkey applied to be a close partner of the European economic and political integration area, because the modern republic of Turkey was west-oriented and because of Turkish rivalry with Greece.

Comparing Turkey with Morocco and/or with other the Mediterranean countries, the year 1995, when Turkey took concrete steps in its relations with the European Union, can be accepted as the turning point.

The establishment of the Mediterranean Partnerships through the Barcelona process and the decision for the customs union with Turkey were also turning points in these relations.

Turkey had already been geographically, economically and politically an important topic for the European Union for a long time. After 1995, Turkish economic and political views were oriented more strongly towards the European Union. The Mediterranean partnership has become a controversial topic for the economic and political goals of the European Union. Turkey is also a Mediterranean country and has in common with those countries much of their economic, cultural, political and historical background.

Here, both the importance of the European Union for Turkey and that of Turkey for the European Union are remarkable. Furthermore, different indicators of Turkey and Morocco give us more information on economic and political relations with the European Union. This means they describe the main character of the economic and political views of the focused countries. These are; macroeconomic performances, foreign trade and FDI performance and their political and economic performance in comparison with the EU and with one another. Moreover agreements signed between the EU and Turkey and Morocco contribute more progress to these relations. For example, the Ankara Agreement is an important turning point in Turkish and EU relations.

Table 11: Macroeconomic Indicators of Turkey

		2005	2006	2007	2008	2009
GDP per capita	US \$	4.900	7.270	8.890	9.950	10.180
GNP	Billion \$	357,8	530,9	657,1	755,0	791,7
GDP growth	%	7.4	6,9	4,5	3,5	4,0
Inflation rate	%	8.2	9,6	8,8	11,0	6,5
Unemployment	%	10,2	9,9	9,9	10,1	10,0

Source: Bavarian State Bank Economic Report on Turkey, 2009.

The macroeconomic indicators of Turkey from 2005 to 2009 in Table 11 give a general overview of the Turkish economic position. It should be mentioned that Turkey has an area of 783,562.38 km² and a relatively young population of over 70 million and that it is an important economic and political partner for its neighbors.⁷¹

On the following pages, five main indicators of the Turkish economy from 2005 to 2009 have been taken for a comparative analysis.

As can be seen, GDP per capita shows a stable increasing trend. The purchasing power of money and the rate of GDP per capita in a country are the main indications of an effective and long-term economic growth.

The unemployment rate in Turkey is still a main concern. However, the inflation rate of Turkey since 2005, except for 2008, is one digit and in 2009, it dropped to 6.5%. This positive development is a sign of the stabilization of Turkish economy.

In 2009, the inflation rate fell by 4.5%⁷² in comparison to the previous year, and the GDP per capita increased by around 0.230 US dollars. However, the unemployment rate has risen to almost 10% since begin of the AKP government (Table 12), and recent unrests in Istanbul pose another obstacle for economic and political stability of Turkey.

⁷¹ Demography and Labor Force, [http://www.invest.gov.tr/en-](http://www.invest.gov.tr/en-US/investmentguide/investorsguide/Pages/DemographyAndLaborForces.aspx)

US/investmentguide/investorsguide/Pages/DemographyAndLaborForces.aspx /09.04.2013

⁷² Inflation in 2008 was 11% and in 2009 was 6,5 (11-6,5=4,5)

Table 12: Unemployment Rates in Turkey 2000-2012

Years	Unemployment (%)
2000	6.5
2001	6.6
2002	10.3
2003	10.5
2004	10.8
2005	10.6
2006	10.2
2007	10.3
2008	11.0
2009	14.3
2010	11.9
2011	9.8
2012	10.1

Source: TUIK (Turkish Statistics Institute) Yearbook-2013

Since 1956 the Turkish economic authorities has worked with the IMF since 1956 in order to overcome budget deficits and provide confidence for international investors. This long-term cooperation with the IMF makes the Turkish economic and political situation more well-known to western countries.⁷³

Turkey tries to meet EU standards, which are based on the Copenhagen Criteria. These Criteria are as follows: ⁷⁴

- **Political criteria:** Stable institutions, guarantee of democracy, rule of law, the protection of human rights and respect for and protection of minorities
- **Economic criterion:** A functioning market economy and capacity to cope with competitive pressure and market forces within the Union

⁷³ Halil Seyidoglu, Uluslararası İktisat (International Economics), Bursa, 2008, p.256

⁷⁴ Europäischer Rat Kopenhagen, Schlussfolgerungen des Vorsitzes Schlussfolgerungen des Vorsitzes, Kopenhagen, 21./22. Juni 1993

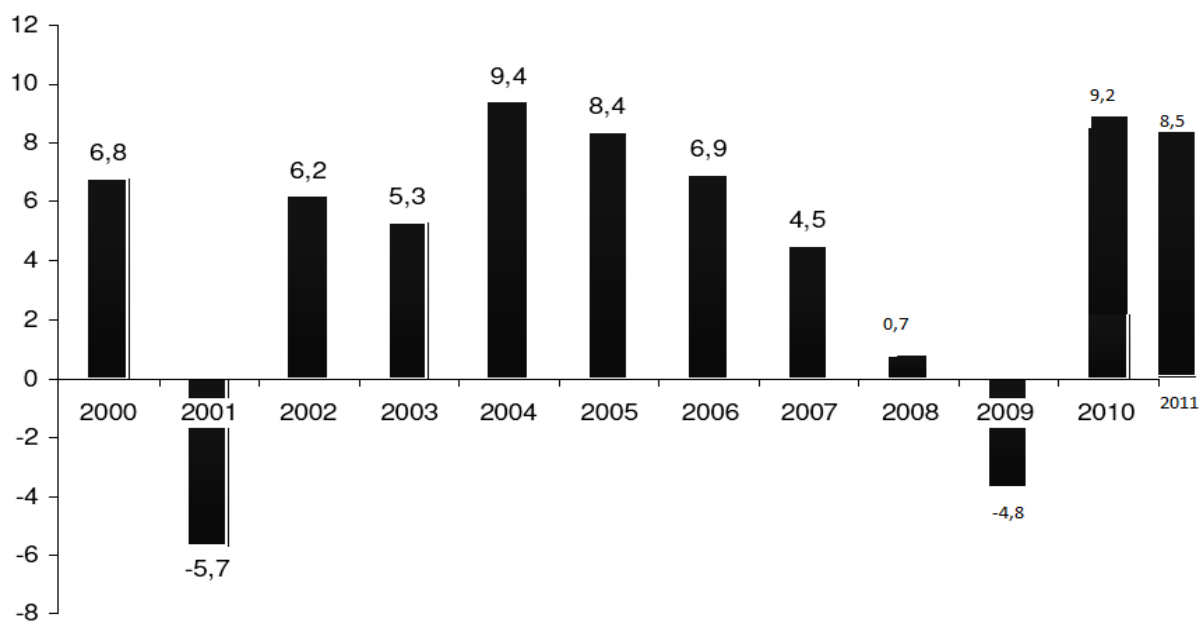
http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/de/ec/72924.pdf, 17.06.2007

- **Acquis criterion:** The ability to assume the obligations of membership including adherence to the aims of political, economic and monetary union endorsement.

On the other hand Turkey has strived to become a full member of the EU since the Ankara Agreement in September 1963. However, the relation of the pro-EU government by the AKPs to the EU is currently problematic, a result of hard-line policies against the opposition. Demonstrations overshadow its pro-EU policy. The government has squashed such demonstrations with force. This is contraproductive to EU requirements for freedom of speech and freedom of opinion.

Figure 12 illustrates Turkish GDP growth from 2000 to 2010 as (%) percentage.

Figure 12: Turkey-GDP Growth 2000-2011

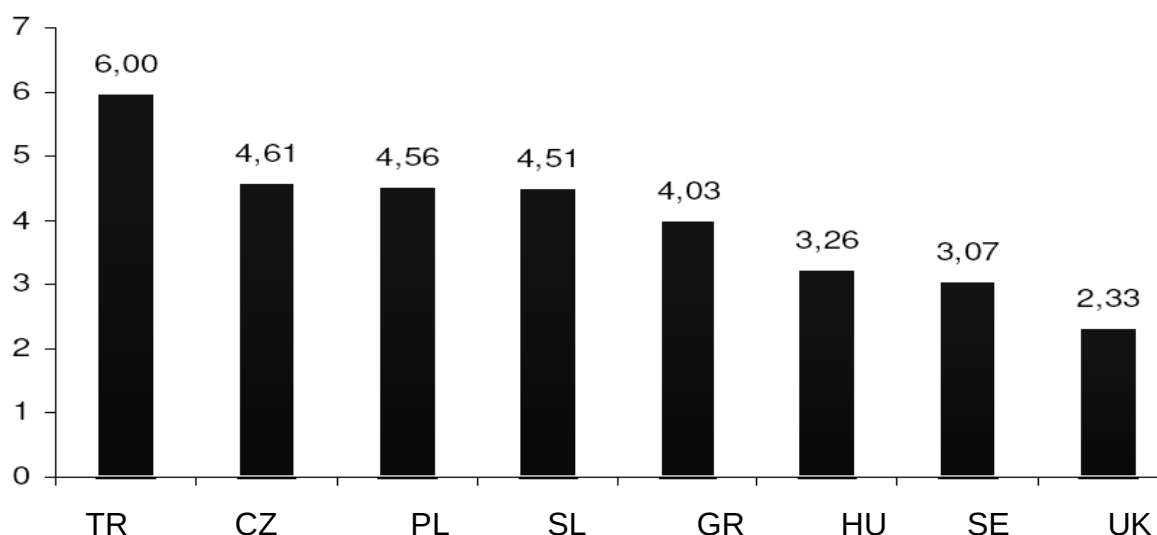


Source: Çatalcalı Sevil, Türkiye Ekonomisi ve Dış Ticareti (Turkish Economy and Foreign Trade), Türk Dünyası Eğitim Programı EAD Genel Müdürlüğü, Ankara, 2012, p.5

External economic and political problems can have an effect on the Turkish economy. Consequently, economic growth and recession often depend on the national and global economic and political developments in the states around Turkey.

The effects of the global economic recession affected the Turkish economy between 2008 and 2009; consequently Turkish economic growth in 2008 was 0,7 % and in 2009 -4,8%. Nevertheless the Turkish economy has recovered again; hence in Turkish economic growth was 9,2% in 2010 and 8,5% in 2011. The period 2002-2007 is also called the “golden time” of the (Party of Justness and Development) AKP-government. During this stabile period, Turkish economic authorities stopped taking further credits from the IMF for the first time, and the AKP Government handed over all economic measures against possible crises exclusively to Turkish economic authorities. As is well known, the IMF has played a central role in Turkey in managing crises and financial deficits etc. The GDP increased in 2011 by 17.8% to approximately \$724,089 at current prices, and by 8.5% to approximately \$642,36 at constant prices. In 2011, Turkey became the second country with a 8,5% growth rate after China.⁷⁵ The Turkish economy has now become the sixteenth biggest economy among 30 OECD countries. Figure 13 presents the average GDP Growth per country in % comparison between 2002 and 2008.

Figure 13: GDP (Growth in %) Country Comparison 202–2008 (Average)



Source: Deutsche Bank: Report on Turkey, <http://www.ihk-bonn.de/Tuerkei/21.07.2009>, Eurostat,

⁷⁵ Turkish Economy, Output and Growth

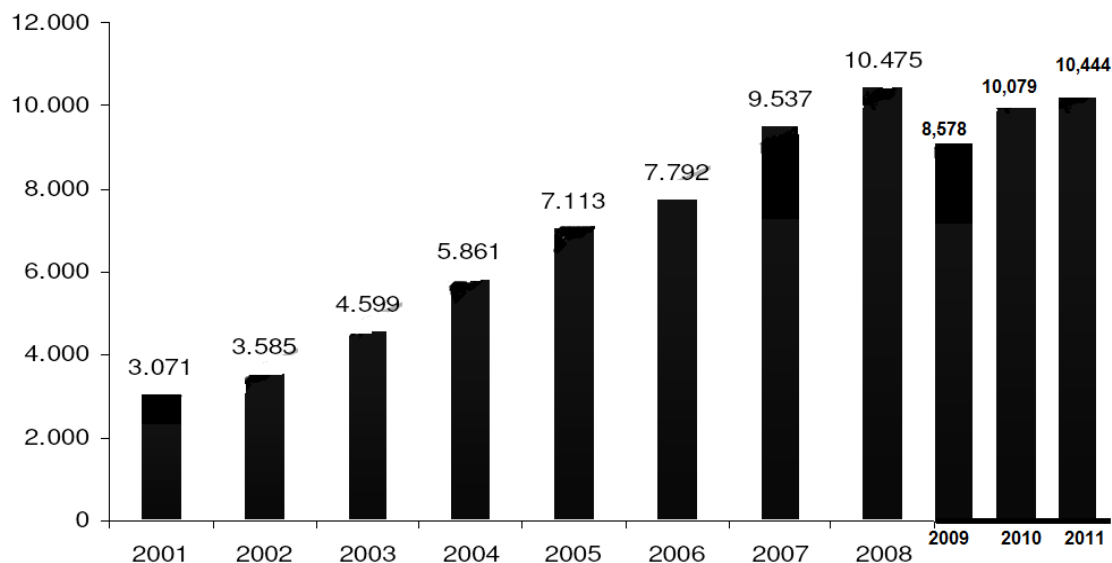
<http://www.hazine.org.tr/en/index.php/turkish-economy/output-growth/14.04.2013>

Here Turkey (TR) ranks first with an average GDP growth of around 6.0%.

Figure 14 documents the Turkish GDP per capita in US \$ from 2001 to 2011.

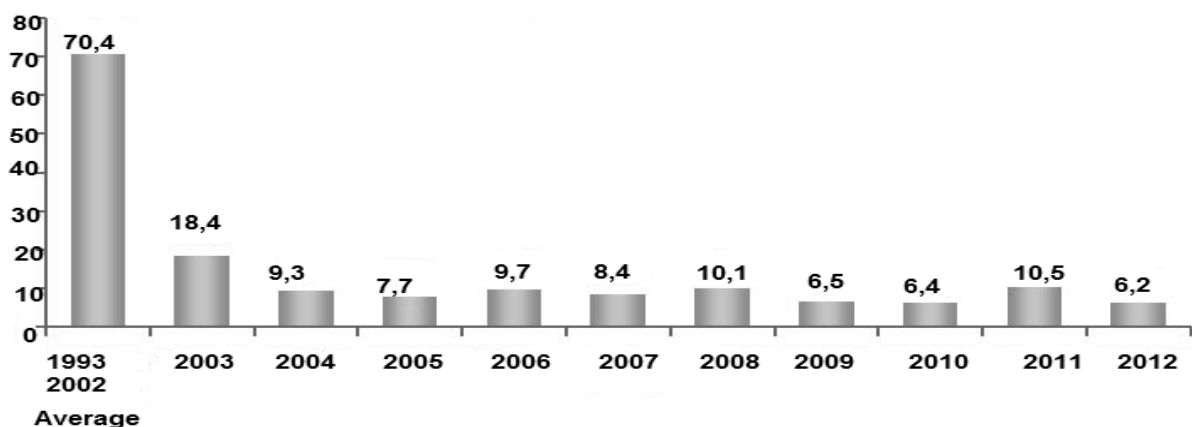
The graph shows a gradual increase in Turkish GDP per capita until 2008. To compare Figure 13 with Figure 14, it can be observed that, although economic growth declined in 2009, GDP per capita stayed relatively stable.

Figure 14: Turkey GDP per Capita in US \$ 2001-2011



Source: Deutsche Bank Research; IHK Eurostat, IHK <http://www.ihk-bonn.de/Tuerkei/21.07.2009>, Hazine Kontrolörleri Derneği aylık yayinlari, Ankara, 2013

Figure 15: Turkish Inflation-Rates 1993-2002 and 2003-2012

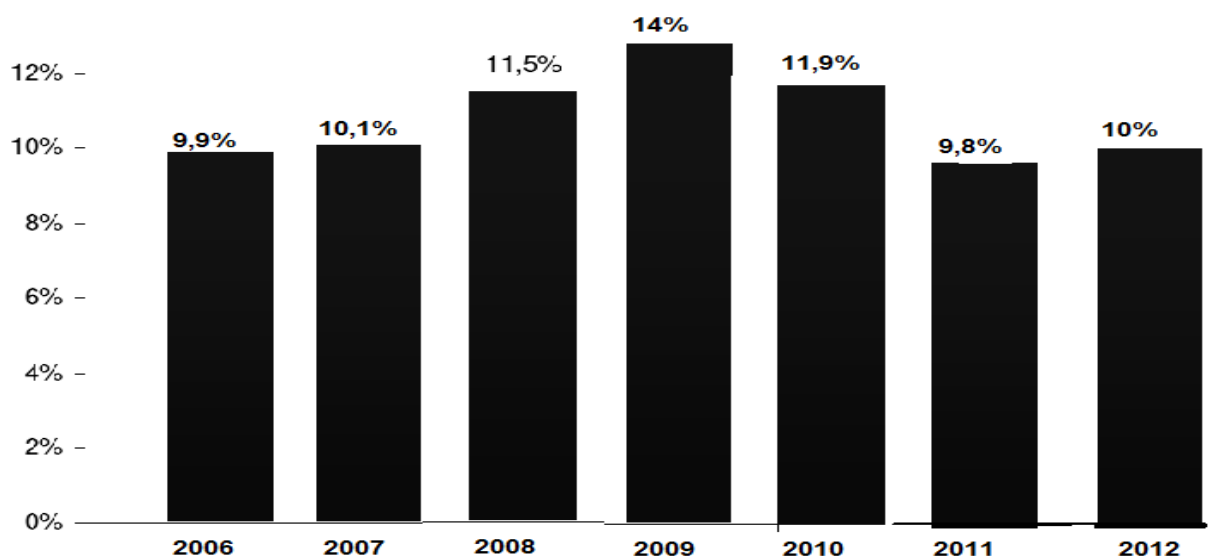


Source: Association of Treasury Controllers, Ankara, Turkey, May 2013.

<http://www.hazine.org.tr/en/index.php/turkish-economy/inflation>

Figure 15 describes the Turkish inflation rates from 1993-2002 and 2003-2012. Two main points emerge from the data of this graph: First, the Turkish economy had chronic inflation between 1993 and 2002. During this period, the inflation rate was very high, at an average of 70%. Second, since 2003 this rate has sharply declined. To summarize, for a long period of time, high inflation was a chronic problem of the Turkish economy. While the inflation rate in 1998 was 82.1%, a record level, the Turkish government reduced it in 2004 to one digit (9.3%) with the aid from the IMF. As we have already stressed in previous statements, this positive economic indicator was achieved by the AKP Government. Since 2002 the AKP has constantly won the election by gaining a mighty majority of votes to rule Turkey as a single party needing no coalition. This confidence in the AKP made it possible to realize the AKPs economic and political targets.

Figure 16: Unemployment Rates in Turkey from 2006 to 2012



Source: GTAI (Germany Trade and Invest); Deutsche Bank Research; IHK Eurostat, IHK <http://www.ihk-bonn.de/Tuerkei/> 21.07.2009, TUIK (Turkish Statistical Institute) Ankara, Yearbook 2012.

Figure 16 demonstrates Turkish unemployment rates from 2006 to 2009 as a (%) percentage.

Despite the AKP's successful economic policy shown in declining inflation rates, foreign credits and increasing the GDP growth rate, the high unemployment rate remains a major problem of the Turkish economy.

It even shows a slightly increasing tendency. This negative correlation between inflation rate and unemployment rate seems to confirm the hypothesis of the Phillips curve Model.

According to Keynesian theory, the government should regulate the economic balance only if it becomes necessary. In fact, Turkish economy often needs governmental intervention and regulation. The Financial and banking sectors in Turkey must be frequently balanced by governmental institutes. The Turkish Central Bank (TCMB) and the Banking Regulation and Supervision Agency (BRSA/BDDK) are acting as legislative regulators in order to manage monetary and financial stability in Turkey.

10.1. Ankara Agreement

The Ankara Agreement constitutes the legal basis for relations between Turkey and the European Union. The main principle of the Ankara Agreement and the goals of this association are defined in articles I, II, and article III:⁷⁶

Article I: "By this Agreement an Association is established between the European Economic Community and Turkey.", Article II: "The aim of this Agreement is to promote the continuous and balanced strengthening of trade and economic relations between the Parties, while taking into full account the need to ensure an accelerated development of the Turkish economy and to improve the level of employment and living conditions of the Turkish people", and Article III:

⁷⁶ Official Journal of the European Communities, No L 361/1., Agreement

Establishing an Association between the European Economic Community and Turkey, (signed at Ankara, 12 September 1963), 31.12.77, http://www.abmaliye.gov.tr/sites/default/files/2-a%20Ankara%20Agreement_0.pdf/21.05.2007

“The Contracting Parties shall take all appropriate measures, whether general or particular, to ensure the fulfillment of the obligations arising from this Agreement. They shall refrain from any measures liable to jeopardize the attainment of the objectives of this Agreement.”

With this agreement, the EU and Turkey emphasized and highlighted their common interests in order to strengthen their economic and political relations in a more intensive and effective manner.

10.2. The Motives behind the Turkish-EU Relationships

International as well as interregional relations are based on the mutual economic and political interests of countries. According to Barry Buzan, “only military security is not enough for keeping stability. The political, economic, social and environment security have the same importance for stability in a country.”⁷⁷

The membership of Turkey takes up a central place in this case. Therefore the first target of the EU is to keep Turkey as part of the Western alliance⁷⁸. For that reason EU relations with Turkey have progressed until now, although with many problems.

Turkey’s geopolitical location is suitable to establish the country as a pivotal land as well a transit passageway for international oil and gas trade, passing through the “Eurasia energy corridor”.

Turkey’s accession would increase economic, political and even cultural diversity within the EU, which might cause its structure and common policies to become more heterogeneous and multicultural.⁷⁹

⁷⁷ Buzan Barry, *People, states and fear: An Agenda for International Security Studies in the Post-Cold War Era*, London, 1991, p.126

⁷⁸ Zucconi Mario, *The United States and Europe’s Turkish Connection: Europe’s Turn to Manage it*”, in: *European Union and Turkey: Reflections on the Prospects for Membership*, Edit. Neuwahl Nanette, Kabaalioglu Haluk, Marmara University Publications, No:730, Istanbul, 2006, p.144

⁷⁹ Vassalio Francesca, Arikan Harun, *Turkey’s EU Membership: Implications for the Futur Direction of the Integration Process*, in: *European Union and Turkey: Reflections on the Prospects for Membership*, Edit. Neuwahl Nanette, Kabaalioglu Haluk, Marmara University Publications, No:730, Istanbul, 2006, p.80

Turkey's role is quite crucial in the promotion of stability, primarily because Turkey is one of the few countries in its region with long-term ties to the West and with a relatively stable system in comparison to the rest of the region⁸⁰.

Table 13: Marshall Plan Assistance (in Million USD)

Country	1948/ 49	%	1949/ 50	%	1950/ 51	%	Cumulative	%
Austria	232	0,05	166	0,05	70	0,02	468	0,04
Belgium	195	0,04	222	0,06	360	0,09	777	0,06
Denmark	103	0,02	87	0,02	195	0,05	385	0,03
France	1085	0,22	691	0,12	520	0,13	2296	0,18
Germany	510	0,10	438	0,11	500	0,12	1448	0,11
Greece	175	0,04	156	0,04	45	0,01	376	0,03
Iceland	6	0,00	22	0,00	15	0,00	43	0,003
Ireland	88	0,02	45	0,00	0	0	133	0,01
Italy	594	0,12	405	0,11	205	0,05	1204	0,10
Netherland	471	0,10	302	0,08	355	0,09	1128	0,09
Norway	82	0,02	90	0,02	200	0,05	372	0,03
Portugal	0	0	0	0	70	0,02	70	0,005
Sweden	39	0,00	48	0,01	260	0,06	347	0,03
Switzerland	0	0	0	0	250	0,06	250	0,02
Turkey	28	0,00	59	0,01	50	0,01	137	0,01
UK	1316	0,27	921	0,25	1060	0,26	3297	0,26
Total	4,924	1,00	3,652	1,00	4,155	1,00	12,731	1,00

Note: For simplicity the figures (% of total given amount) have been rounded.

Source: Manfred Knapp: Deutschland und der Marshallplan. In: Hans-Jürgen Schröder (Hrsg.): Marshallplan und Westdeutscher Wiederaufstieg. Stuttgart, 1990, s. 35-75, The German Marshal Fund of the United States, Washington, 1984, p. 46.

In the new epoch after the Second World War, the political systems were transformed into new alliances. Ideologically, most countries assembled around two main groups. On the one side, liberal countries, which lead by the USA, UK and some western European countries, on the other side, a communist bloc, which were under the command of the USSR (Union of Soviet Socialist Republics) with its allies like China and Cuba.

⁸⁰ Eralp Atila, Turkey in the Enlargement Progress: From Luxembourg to Helsinki, Perception, Vol.5, No:2, 2000, www.mfa.gov.tr/grupa/percept/V-2/eralp.html/10.06.2009

In spite of various geographical economic and political differences, anti-communist alliances acted together. The Marshall Plan from the USA aid was offered either in the form of grants or in the form of loans.⁸¹ Table 13 illustrates the allocation of Marshall Plan assistance for the support of population and governments of European Countries, including Turkey.

The allocation of Marshall Plan resources was realized according to countries' strategic positions and exigencies. Receivers of this reconstruction program were awarded different levels of support, according to the importance of their position.

The Marshall Plan was in operation for four years starting in April 1948. According to a statement by De Long and Eichengreen: In first year, half of all Marshall Aid in Europe was devoted to food; in the course of time, 17% of Marshall Plan dollars were spent on machinery and vehicles and the rest was devoted to imports of industrial materials, semi-finished products and agricultural commodities.⁸² In fact, the Marshall Plan's economic and technical assistances backed the European Countries in an extraordinary way in recovering their destroyed infrastructure.

Although Turkey was not an important receiver of Marshall Plan funding, it was included in this aid program because of its strategic geographic position and the Cold War between the West and the Communist bloc. In other words, Turkey was supported in order to maintain it as a western ally and to prevent the Communist bloc from finding an access to the Mediterranean area. Consequently Turkey as a long-term ally of the USA and Western European Countries, profited from the Marshall Plan, and it could act in its region as an important alliance under the guarantee of NATO protection.

Moreover, Turkey has received political as well as economic support from the USA and from various west European countries on many occasions.

⁸¹ Baier Anton, Der Marshall Plan unter besonderer Berücksichtigung Österreich(The Marshall Plan with particular emphasis Austria), Dissertation, 1949, Wien, p.72

⁸² De Long, J.B., Eichengreen, B., The Marshall Plan: History's most Successful Structural Adjustment Program, Working Paper No:3899, NBER Working Papers Series, Cambridge, November, 1991, p.14 and p.30.

Table 14 indicates the financial support from USA, IMF, World Bank and EPU⁸³ to Turkey in billion USD between 1947 and 1953. The IMF was the second important financial supporter of Turkey. Its financial contribution to Turkey is around 133 million SDR and 35 million US dollars. The economic support from its allies made a significant contribution to the recovery of the Turkish economy.

Table 14: Financial Assistance to Turkey in Million US Dollar (1947-1953)

Country or Organization	Donation	Credit
USA	249,7	125,6
IMF support in USD		35,0
IMF support in SDR (from IMF as SDR)*		133,0
World Bank		59,4
EPU(European Payment Union)		55,0
Total	249,7	408,0

Notice:* 1 SDR=1.5 US dollar (approximately), IMF-International Monetary Fund

Source: Stefanos Yerasimos, *Azgelismislik sürecinde Türkiye-Dünya Savasından 1971'e*(Turkey in the process of underdevelopment from World War II to 1971). Trans: Babür Kuzucu, 6. Edition, Istanbul, 1994, p.181.

Turkey's main priority was integration into the European system by adapting to its norms, economic and political competences, values and by taking part in its institutions. Furthermore, EU target is to integrate Turkey into its system in light of "United in diversity"⁸⁴

⁸³ The European Payments Union (EPU) was an organization in existence from 1950 until 1958 and it was replaced by the European Monetary Agreement. The European Monetary Agreement was an agreement signed in 1955 and administered by the OECD, it provide a multilateral settlement system, which terminated in 1972 and its aims largely replaced by the IMF.

⁸⁴ Dobson Lynn, *United in diversity? Turkey, European Union, and Political Community*, in: Nanette Neuwahl and Haluk Kabaalioglu, eds, *European Union and Turkey: Reflections on the Prospects for Membership*, Istanbul: Turkish European Community Studies Association, 2006, p.198

Turkey's membership in the EU became a matter of the effectiveness of negotiations and progress in the accession process. According to Brewin the Membership of Turkey in the EU is just a question of time⁸⁵.

The following chronology supports Brewin's point of view:

- The Treaty of Rome entitled "any European country" to apply to be a member of the Union.
- The treaty of Ankara in 1963 promises that the question of membership would be considered when Turkey were in a position to fully meet the obligations of treaty of Rom.
- The Copenhagen summit of December 2002 promised that negotiations would be opened "without delay" once Turkey, like other candidates who acceded in May 2004, had sufficiently met the political criteria.
- Membership negotiations were started on 3 October 2005 and some chapters of the negotiation process have already have been completed with success.

Due to the membership process of Turkey into the EU, the Turkish government has made the membership process its first priority. In the course of time, Turkish governments have put EU membership criteria into their governmental programs. The priority always was to reach European standards politically as well as economically.

The following preferences have been part of the policy of the Turkish governments since the beginning of the membership process:⁸⁶

- Speeding the membership of Turkey into EU
- Realizing political and economic reforms to reach EU membership criteria
- Following the liberal economic policy and privatization of public sectors
- Reaching the economic and political standards of the EU
- Building a stable and competitive economic structure.

⁸⁵ Brewin Christopher, Turkey's Right to Date, Marmara University Journal of European Studies, Volume: 12, No: 1-2, Istanbul, 2004, p.208

⁸⁶ 59. Hükümet Programı, Erdogan Hükümeti, 18 Mart 2002 (The Program of Erdogan' Government, 18 March 2002), <http://www.belgenet.com/hukumet/program/59-1.html>/21.06.2007

Since the signing of the Ankara Agreement in 1963, all Turkish governments regardless of their political party took over the mentioned preferences in their programs. As a consequence of these efforts, Turkey was able to become a candidate and finally actually begin negotiations for the entry into the EU as a member state.

Table 15: Maastricht Criteria and Turkey

Parameters	EU	Turkey	Reference Value
Government Debt /GDP	(*) 68,2	55,6	60%
Inflation	2,2	8,86	4,1%
Government deficit to GDP	1,0	-2,8	3%
Long term interest rate	-0,2	-7,2	6,6%

Note: (*) Estimation. The reference values represent the maximum borders

Source: TCMB, Finansal Istikrar Raporu ve Ödemeler Dengesi Raporları (Financial Stability Report and Balance of Payments Reports), 2007, The Economist, Dec. 8, 2007

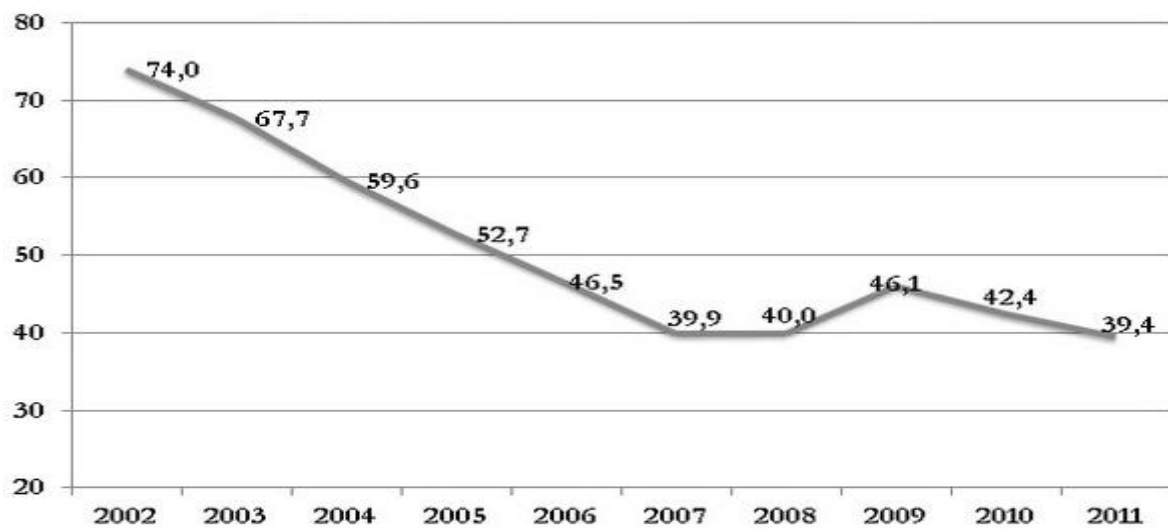
Table 15 compares the Maastricht Criteria and the Turkish economic picture with one another. The membership process of a country in the EU bases on certain criterias and qualifications. While the principles of the Copenhagen criteria of 1992 determine the conditions for EU membership, the Maastricht Criteria of 1993 regulate the requirements for participation in the Economic and Monetary Union, of the EU. The Maastricht Treaty was signed on 9-10 December 1991 and came into effect on 1 January 1993.⁸⁷

According to the reference value of the Maastricht Criteria, Turkish economic values, except for the Inflation rate, have an accorded position.

⁸⁷ These preconditions often will be broken after entering into EU. For example although Greece has meet all economic criteria of EU and joined into EU. However in the time of economic crises Greece economic indicators negatively differenced than the criteria of s member country.

Between 2002-2011 Turkish nominal debt stock decreased from 74% to 39.4%. According to the EU-Maastricht Criteria "in the stock of public debt by 60% with a maximum principle", Turkey fulfilled this criteria. Turkey's inflation rate is about 8,86%, the government deficit to GDP of Turkey is -2,8%, the long term interest rate of Turkey is -7,2%. All these indicators confirm that the Turkish economy meets almost all Economic criteria of the EU (See Figure 17 and Figure 18).

Figure 17: Public Debt/GDP (%)



Source: Türkiye'nin Borç Stoku (Turkish Debt Stock) Ankara Strateji Enstitüsü (Ankara Strategic Institute), <http://www.ankarastrateji.org/haber/turkiye-nin-borc-stoku-179/>

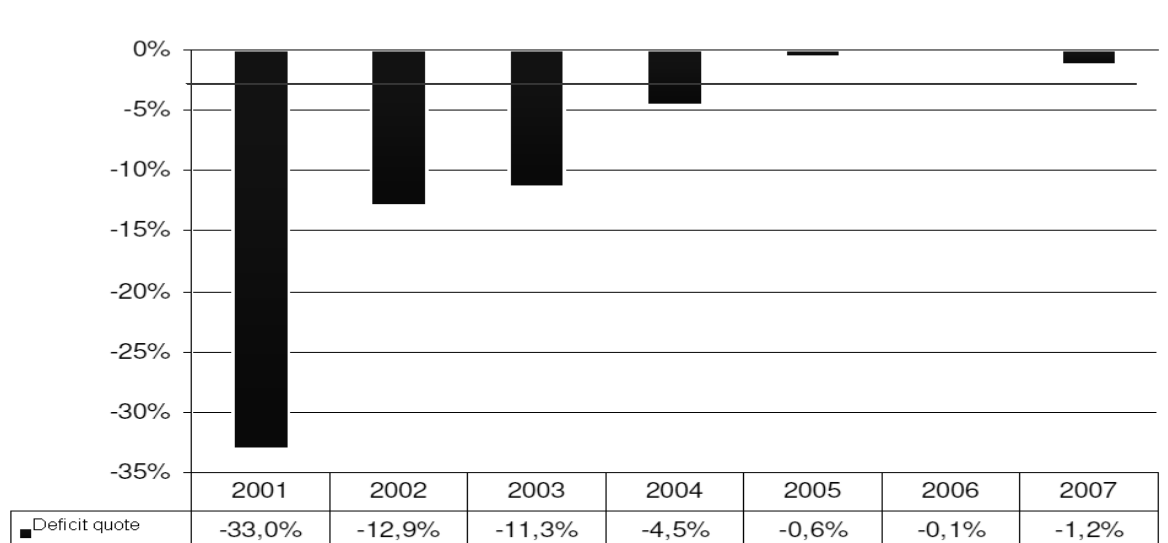
Turkey still needs to bring its legislation (justice and political reforms) in line with European standards. On the other side, according to the Enlargement Strategy Report of the EU (Turkey 2009 progress report), Turkey continues to be a functioning market economy despite some fragile economic and political circumstances in the Turkey.⁸⁸

⁸⁸ Turkey 2009 Progress Report, Sec(2009) 1334, Commission Staff Working Document, Accompanying the Communication from the Commission, to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2009-2010, {Com(2009) 533 Final}, Commission of the European Communities, Brussels, 14.10.2009

The reasons are as follows:

- Turkish business climate has strong entrepreneurship in the cultural and private sectors
- The Customs Union with the EU and some other bilateral agreements with various countries facilitates foreign trade.
- Turkish economy has a strong dynamic potential.
- Turkish population of over 80 million is a huge consumer market.

Figure 18: Turkish Budget Deficit 2001-2007



Source: IHK <http://www.ihk-bonn.de/Tuerkei/> /21.07.2009, and Eurostat Yearbook 2008,

Public debt and budget deficit are closely related. Both are occur as consequences of economics failure of governments. In order to finance public expenditures, governments need internal and external debts. The more a country stabilizes its economy, the lesser will be its public deficit. As can be observed in Figure 18, the budget deficit in Turkey has been significantly reduced. To meet the Maastricht Criteria, the Turkish government has taken many economic measures and the efforts of Turkish government have been successful. As a consequence, the budget deficit, inflation and public debts have been fallen noticeably since 2004.

10.3. Turkish FDI Position in Comparison

Foreign direct investments are significantly important for the transformation of the Turkish economy into a competitive global economy. To attract more FDIs, Turkey has realized many economic improvements such as reformation of the tax system according to international standards, which provide more advantages to investors. These investment friendly economic reforms have enabled privatization in the public sector as well.

The target of Turkey's economic reforms and privatization policy is to realize a sustainable economic growth, increase investments and strengthen the competitive capability of the national market against international competition, to realize more employment opportunities and the creation of innovative technological developments. The final goal of these reforms is to get closer to the EU economic standards.

Turkey in the framework of MAI (Multilateral Agreement on Investments) in articles 59 and 60 gives a guaranty to foreign investors through the following rights⁸⁹:

1. Equality
2. Protection against nationalization
3. Free capital transfer
4. Legal right for foreign firms to own real estate
5. International legitimacy
6. Right to employ foreigners workers

In Table 16 the Turkish FDI distribution has been compared with FDI distribution of countries like USA, China and with the EU-25, the developed and the developing country groups from 1980 to 2004 in Million US Dollars.

⁸⁹ Sülün Dilara, Sermayenin Serbest Dolasimi (Free Movement of Capital), Ankara, 21 January 2006

Table 16: FDI (Million Dollars)

	1980	1990	2000	2001	2002	2003	2004
World	55 108	207 878	1 396 539	825 925	716 128	632 599	648 146
Developed Countries	46 629	172 067	1 134 293	596 305	547 778	442 157	380 022
USA	16 918	48 422	314 007	159 461	71 331	56 834	95 859
EU 25	21 485	97 759	696 295	382 620	420 433	338 678	216 440
Developing Countries	8 455	35 736	253 179	217 845	155 528	166 337	233 227
East-Block	24	75	9 067	11 775	12 821	24 106	34 897
China	57	3 487	40 715	46 878	52 743	53 505	60 630
Turkey	18	684	982	3 266	1 063	1 753	2 733

Source: <http://stats.unctad.org>, World Development Report, 2005, p.378

As one can see, FDIs in Turkey show an increasing trend. FDIs in Turkey have two main characters: purely foreign investments and joint ventures.

The increase of FDI investment in Turkey has a spillover effect on the Turkish economy⁹⁰. According to Erkilek, Turkey has become increasingly open to international trade since 1980. In 2001, exports and imports accounted for 21% and 27% of the DNP,⁹¹ respectively, up from 4% and 11% respectively, in 1980. Nevertheless, Turkey, despite its increasing openness to international trade, shows a fragile business climate. The reasons behind can be found in the poor governance quality of the country.

⁹⁰ Blomström, M., The Economics of International Investment Incentives, Stockholm School of Economics, Stockholm, 2001, p.170-171

⁹¹ “The network economy is a term for today’s global relationship among economic elements characterized by massive connectivity. Network systems contain both positive and negative feedback. For such a network the Analytic Network Process (ANP) approach seems to be very appropriate. The ANP method makes it possible to deal systematically with all kinds of dependence and feedback in the system. Dynamic models try to reflect changes in real or simulated time and take into account that the network model components are constantly evolving. Dynamic models use concepts of state variables, flows, and feedback processes. The Dynamic Network Process (**DNP**) is an extension of ANP that can deal with time dependent priorities in a networked economy.” **Source:** Petr Fiala, An ANP/DNP Analysis of Economic Elements in Today’s World Network Economy, Journal of Systems Science and Systems Engineering, May 2006, Volume 15, Issue 2, pp 131-140

In addition following internal and external economic and political expectations can be counted as the main causes of economic problems of Turkey:⁹²

- Economic and political instability
- Inflation
- Corruption
- Legal lacks
- Global expectations and speculations

The FDI decisions are long term economic choices of investors. To make such decisions, investors analyze the economic and political situation of the host country according to criteria like stability, credibility and global and local confidence in the government's program. In short, FDI inflows into a country are among the signs of economic development of a country.

⁹² Erkilek Asim, A comparative Analysis of Inward and Outward FDI in Turkey, Transnational Corporations, Volume 12, Number 3, UNCTAD/ITE/ITT/35, December 2003, p.82-83.

Table 17: FDI Inflows to Turkey: 1954-1979 (Million US Dollars)

Years	Yearly FDIs	Cumulative FDI
Before 1954	2.8	2.8
1954	2.2	5.0
1955	1.2	6.2
1956	3.4	9.6
1957	1.3	10.9
1958	1.1	12.0
1959	3.4	15.4
1960	1.9	17.3
1961	1.2	18.5
1962	4.2	22.7
1963	4.5	27.2
1964	11.9	39.1
1965	11.6	50.7
1966	9.7	60.4
1967	9.0	69.4
1968	13.9	83.3
1969	13.2	96.5
1970	9.0	105.5
1971	11.7	117.2
1972	12.8	130.0
1973	67.3	197.3
1974	-7.7	189.6
1975	15.1	204.7
1976	8.9	213.6
1977	9.2	222.8
1978	11.7	234.5
1979	-6.4	228.1

Source: Cömert Faruk, Yabancı Sermaye, Dünü, Bugünü ve Geleceği (Foreign Capital and its History), Hazine Dergisi, Number: 12, Ankara, October 1988.

The economies of countries like Turkey are effected decisively by inner political and social developments. Table 17 demonstrates FDI flows into Turkey from 1954 to 1979. They show a consistent upward trend. Except for 1974 and 1979, there is a positive FDI inflow to Turkey. The economic and political situation of Turkey in those years was affected by political developments.

In 1974 Turkey invaded Cyprus. This war had political consequences for Turkish relations with its allies as well as high costs on Turkish economic balances.

As a reaction to Turkey, the USA applied an economic and military embargo against Turkey.

The EEC and the Council of Europe and other international organizations also took a stand against Turkey. The Cyprus problem remains a main obstacle for the EU–Turkey relations.

In 1979 there were some clashes in Turkey, which took place between right and left political activists. Following these turbulent incidents, in 12 September 1980 the Turkish military made a coup and took over complete economic and political responsibility for the country.

Table 18: FDI Inflows to Turkey According to Various Sectors (Million USD)

Years	Manufacturing	%	Agriculture	%	Mining	%	Services	%	Cumulative
1980	88.76	91.51	-	-	-	-	8.24	8.49	97.00
1981	246.54	73.05	0.86	0.25	0.98	0.29	89.13	26.41	337.51
1982	98.54	59.01	1.06	0.63	1.97	1.18	65.43	39.18	167.00
1983	88.93	86.56	0.03	0.03	0.02	0.02	13.76	13.39	102.74
1984	185.92	68.51	5.93	2.19	0.25	0.09	79.26	29.21	271.36
1985	142.89	60.94	6.37	2.72	4.26	1.82	80.97	34.53	234.49
1986	193.47	53.15	16.86	4.63	0.86	0.24	152.81	41.98	364.00
1987	293.91	44.86	13.00	1.98	1.25	0.19	347.08	52.97	655.24
1988	490.68	59.80	27.35	3.33	5.62	0.68	296.87	36.18	820.52
1989	950.13	62.84	9.36	0.62	11.86	0.78	540.59	35.75	1511.94
1990	1214.06	65.23	65.56	3.52	47.09	2.53	534.49	28.72	1861.20
1991	1095.48	55.69	22.41	1.14	39.82	2.02	809.55	41.15	1967.26
1992	1274.28	70.02	33.59	1.85	18.96	1.04	493.13	27.10	1819.96
1993	1568.59	76.02	21.05	1.02	11.37	0.55	462.38	22.41	2063.39
1994	1107.29	74.94	28.27	1.91	6.20	0.42	335.85	22.73	1477.61
1995	1996.48	67.95	31.74	1.08	60.62	2.06	849.48	28.91	2938.32
1996	640.59	16.70	64.10	1.67	8.54	0.22	3123.74	81.41	3836.97
1997	871.81	51.95	12.22	0.73	26.70	1.59	767.48	45.73	1678.21
1998	1016.29	61.84	5.75	0.35	13.73	0.83	609.67	37.01	1647.44
1999	1123.22	66.05	17.19	1.01	6.76	0.40	553.40	32.54	1700.57
2000	1115.20	36.45	59.74	1.95	6.32	0.21	1878.87	61.40	3060.13
2001	1255.88	45.86	134.68	4.92	29.90	1.09	1318.12	48.18	2738.58
Total	17060.94	54.42	577.12	1.84	303.08	0.97	13410.3	42.78	31349.4

Source: Turkish Treasury Ministry 2001 Economic Report, M. Emin Erçakar, Erdal Tanas Karagöl, Seta Analiz, Türkiye’ de Doğrudan Yabancı Yatırımlar (Direct Foreign Investments in Turkey), Sayı: 33, Ankara, January 2011

Table 18 indicates the sectorial distribution of FDI Inflows (1980-2001) to Turkey. The manufacturing sector receives most FDI inflows, followed by the services sector. This means that Turkey has an advantageous position by attracting foreign investors who want to invest in the manufacturing as well as in the labor intensive sectors. From the point of view of sectorial distribution, there is a gradual sectorial balancing progress in FDI inflows to Turkey. With other words, the FDI inflows to Turkey is not focused just on one sector, it shows a changeable character from year to year. While in one period, Turkey receives more FDI in manufacturing, in another period, it receives more FDI in services. For instance, while the manufacturing sector's share in FDI inflows by 1980 is around 91.5%, the share of services in same year is only around 8.5%. In 1990, the share of the manufacturing sector sank to 65.2%, the while the share of services is 28.7%. In 2001, the share of manufacture has decreased to around 45.86%, and the share of services is now in the leading position at 48.18%. Turkey tries to attract more FDI inwards. That's why the government strives to create an investment-friendly climate. In fact, as an EU candidate country, Turkey's attraction for FDI in comparison to leading countries has an advantageous position. Table 19 compares the ranks of the most important FDI inflow countries and Turkey. The Turkish position in this ranking showed an upward trend, but because of long term economic and political obstacles, Turkey still was not able to use its large economic potential to attract more FDI.

Table 19: Most Important FDI Received Countries and Turkey (Billion US Dollar)

2002			2003			2004			2005		
Rang	Country	FDI	Rang	Country	FDI	Rang	Country	FDI	R.	Country	FDI
1	USA	74.4	1	China	53.5	1	USA	122.4	1	UK	165
2	Germany	53.5	2	USA	53.1	2	China	60.6	2	USA	99
3	China	52.7	3	France	42.5	3	UK	56.2	3	China	72
4	France	49.0	4	Belgian	33.4	4	Australia	42.4	4	France	64
5	Spain	39.2	5	Germany	29.2	5	Belgian	42.0	5	Holland	44
6	Ireland	29.3	6	Spain	25.9	6	Hong K.	34.0	6	Hong K	36
7	Holland	25.0	7	Ireland	22.8	7	France	31.4	7	Canada	34
8	UK	24.0	8	Holland	21.7	8	Spain	24.8	8	Germany	32
9	Canada	22.2	9	UK	16.8	9	Mexican	18.7	9	Belgian	24
10	Mexican	18.3	10	Switzerland	16.5	10	Brazil	18.1	10	Spain	23
53	Turkey	1.1	53	Turkey	1.8	37	Turkey	2.8	22	Turkey	9.7
	World A	617.7		World Av.	558		World A	711		World A	916

Source: World Investment Report 2006, p. 286

By the end of 2011, more than 29.000 foreign-owned companies were operating in Turkey. 5322 of them are partly foreign owned companies, in which a part of their capital or resources come from local companies in the form of joint ventures etc. The number of companies coming from the EU is significantly high. From 1954 to 2011 more than 15.300 firms from EU member countries have invested in Turkey.⁹³

⁹³ T.C. Ekonomi Bakanlığı Uluslararası Doğrudan Yatırımlar (Republic of Turkey Ministry of Economy), Teşvik Uygulama ve Yabancı Sermaye Genel Müdürlüğü 2012 Yılı Raporu (2012 FDI Report) , Ankara, April 2012, p.17

Table 20: Important FDI into Turkey According to Number of Firms and Their Origin

	1954-2006	2007	2008	2009	2010	2011	1954-2011
	Cumulative						Total
EU:	7.282	1.901	1.686	1.419	1.422	1.598	15.308
• Germany	2.258	499	539	478	467	549	4.790
• Holland	1.016	228	255	142	175	163	1.979
• UK	1.192	404	223	189	160	170	2.338
• Italy	457	76	97	90	94	97	911
• Other EU C.	2.359	694	572	520	526	619	5.290
Other European Countries	1.373	368	430	331	408	430	3.340
Africa	225	44	44	67	99	115	594
North America	693	148	125	142	134	178	1.420
• USA	622	118	107	111	103	152	1.213
• Canada	71	30	18	31	31	26	207
Other Countries	3.402	770	784	882	1.241	1.658	8.737
Total	12.975	3.231	3.069	2.841	3.304	3.979	29.399

Source: Ekonomi Bakanlığı Uluslararası Doğrudan Yatırımlar (Turkey FDI Report 2011), Teşvik Uygulama Ve Yabancı Sermaye Genel Müdürlüğü, Ankara, 2011 Yılı Raporu

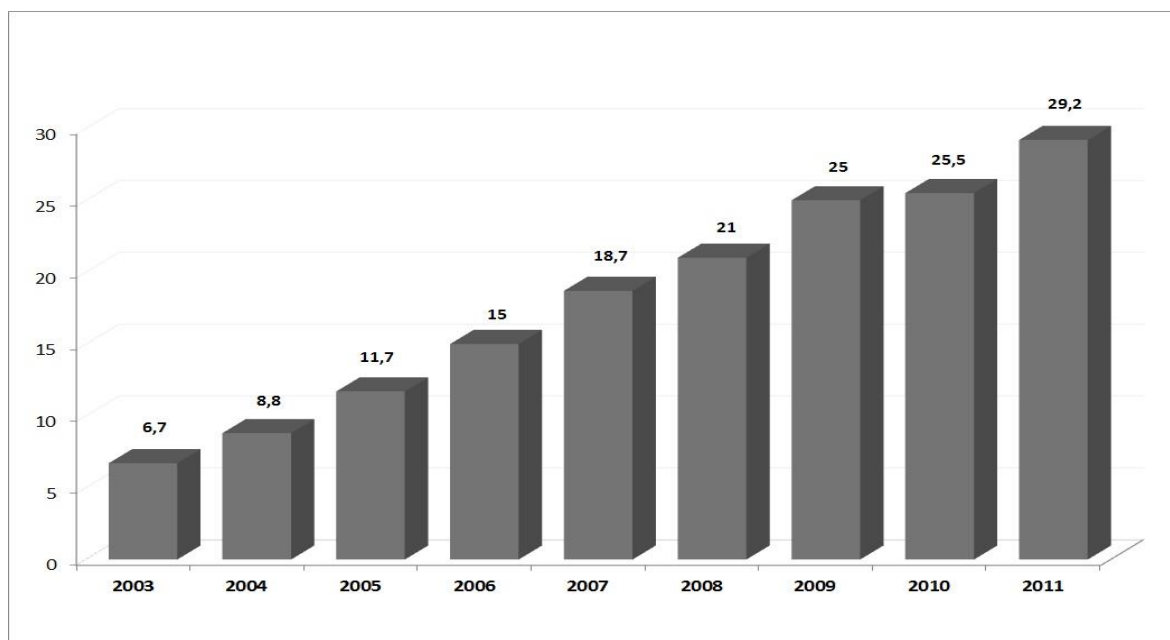
Table 20 presents the most important FDIs into Turkey according their origin countries from 2003 to 2011. In 2011, the most important partners of Turkey are European countries like Germany, Holland and England.

The reason for this significant increase is primarily bilateral agreements between these countries and Turkey with respect to providing economically advantageous positions for firms from these countries.⁹⁴

Figure 19 shows that there is a gradual increase in the number of foreign firms investing in Turkey.

⁹⁴ TCMB Annual Report 2007 p.103, Başbakanlık Hazine Müsteşarlığı Uluslararası Doğrudan Yatırımlar, 2010 Yılı Raporu Mayıs 2011 Yabancı Sermaye Genel Müdürlüğü Uluslararası Doğrudan Yatırımlar Raporu 2011.

Figure 19: Number of Companies with Foreign Capital (Cumulative, 1000)



Source: Ministry of Economy, Department of Investment, Investment Report 2012.
p.27

Table 21 documents the number of locations of multinational companies in Turkey from 1954 to 2006. The most important host city is Istanbul with a share in the total number of companies with international capital of 56,6% in 1954 and 62,6% in 2011. In 2011, Antalya, comes second at 10,6% of the total number of companies with international capital.

Table 21: Locations of Multinational Companies in Turkey According to Cities (2006-2011)

Cities	1954-2011		2011	
	Number of firms	Share of Total Number of Companies with International Capital (%)	Numbers of firms	Share of Total Number of Companies with International Capital (%)
Istanbul	16.641	56,6	2.490	62,6
Antalya	3.498	11,9	420	10,6
Ankara	1.919	6,5	228	5,7
Izmir	1.667	5,7	158	4,0
Mugla	1.409	4,8	77	1,9
Bursa	576	2,0	72	1,8
Mersin	496	1,7	96	2,4
Other cities	3.193	10,7	438	11,1
Total	29.399	100,0	3.979	100,0

Source: Source: T.C. Ekonomi Bakanlığı Uluslararası Doğrudan Yatırımlar (Republic of Turkey Ministry of Economy-2012 FDI Report), Teşvik Uygulama ve Yabancı Sermaye Genel Müdürlüğü 2012 Yılı Raporu, Ankara, April 2012, p.25

Administratively and geographically, Turkey is divided into seven regions: Marmara (Istanbul and Izmit), Aegean, Mediterranean, Central Anatolia, Black Sea, Eastern Anatolia and East Anatolia.

In Table 22, the most important cities of the Marmara region, Istanbul and Izmit, lead in number of foreign firms. In 2006, 60% of foreign firms were located in this region.

The Aegean region hosted 15% of foreign firms and 14% of total foreign firms were located in the Mediterranean region. By the end of 2011, the total amount of investments from foreign-owned companies in Turkey is about 15, 9 billion USD.

The locational attraction of the FDIs in Turkey since 1923 shows a similar structure. Evidently, the economic and political developments in Turkey influence the investment decisions of foreign firms. The EU membership process and cooperation with international institutes like IMF and World Bank show a positive effect on FDI decisions, whereas economic and political crises as well as global recessions decisively influence FDI inflow into Turkey in a negative way.

Table 22: Locations of Multinational Companies in Turkey According to Regions (2006)

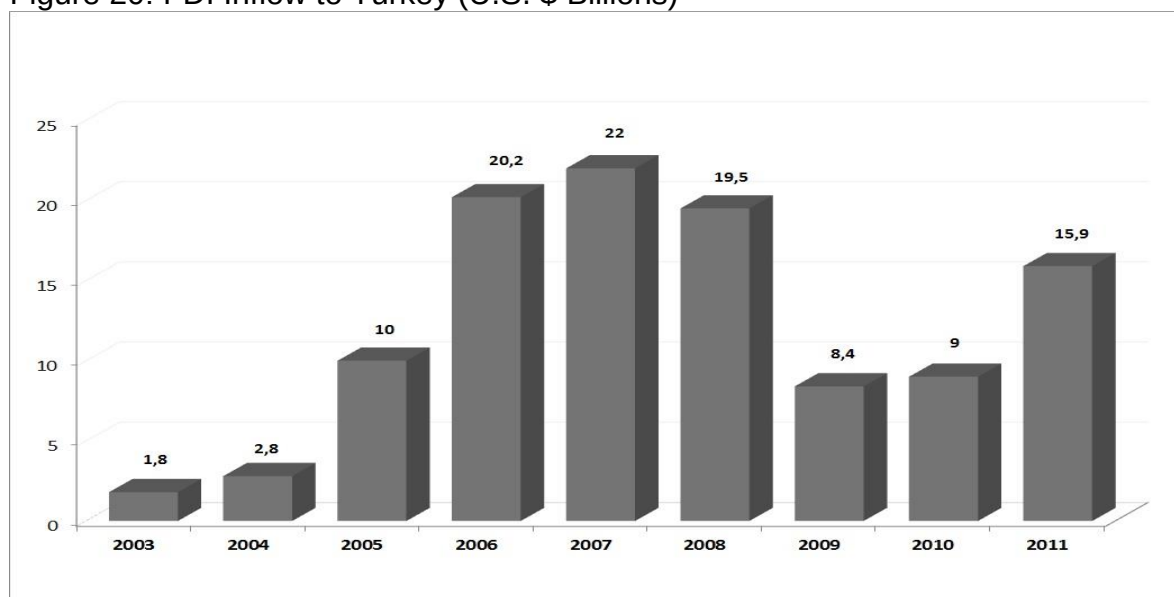
Region	Number of firms	as %	Number of project-subsventions from Turkish government
Marmara	9 086	60.8	94
Aegean	2 273	15.2	26
Mediterranean	2 146	14.3	12
Central Anatolia	1 180	7.9	11
Black Sea	118	0.8	7
South-Eastern Anatolia (GAP)	103	0.7	1
East Anatolia	49	0.3	0
Total	14 955	100.00	151

Source: TCMB Annual Report 2006 Hazine Müsteşarlığı Uluslararası Doğrudan Yatırımlar, 2010 Yılı Raporu Mayıs 2011 Yabancı Sermaye Genel Müdürlüğü Uluslararası Doğrudan Yatırımlar Raporu 2011 (Turkish Treasury Department and Central Bank FDI Report 2011)

Since 2005 foreign investment inflows to Turkey show an increasing trend. However this tendency is not stable and depends on world economic developments. As a consequence of the world finance crises of 2008 in 2009 and 2010 there was a significant decrease in FDIs inflow to Turkey. Foreign investment inflows have been crucially effective in helping Turkey to reduce its account deficit. FDI inflows into Turkey reached record levels in 2005, 2006, 2007 and 2008. ⁹⁵

⁹⁵ TCMB Annual Report 2007, p.103, Başbakanlık Hazine Müsteşarlığı Uluslararası Doğrudan Yatırımlar, 2010 Yılı Raporu Mayıs 2011 Yabancı Sermaye Genel Müdürlüğü Uluslararası Doğrudan Yatırımlar Raporu 2011.

Figure 20: FDI Inflow to Turkey (U.S. \$ Billions)



Source: Turkish Ministry of Economy, <http://www.invest.gov.tr/tr-TR/investmentguide/investorsguide/Pages/FDlinTurkey.aspx> 21.02.2013

10.4. Turkish Export and Import Movements

The EU has been the major driving force behind the implementation of free-trade agreements (FTA) in the developing world in recent years⁹⁶. Liberalization of Turkish economic policy may have led to an increasing trade volume after 1980. However, this raise is still not enough to allow us to speak of a satisfactory level, although Turkey has the potential for a further significant increase. Turkish economy shows a globally competitive character. Foreign trade is a significant part of the Turkish economy.

The most important export commodities of Turkey are textiles, apparel, metal manufactures, transport equipment, and foodstuffs; its main import commodities are transport equipment, fuels machinery, chemicals and semi-finished goods.⁹⁷

⁹⁶ Francois, J., F., McQuenn M., Wignaraja G., European Union-Developing Country FTAs: Overview and Analysis, Journal of World Development, Vol.33, No.10. 2005, Munich, p.1545-1565.

⁹⁷ Export: Üç aylık dergi, Istanbul ihracatçılar birliği yayın organı (Export: Journal for foreign trade), Vol.14, No.47; Istanbul, October 2004, p.5

The most significant feature, however, is that Turkey's imports are bigger than its exports. Basically in international trade mercantilist views are still have priority. Therefore, each country tries to export more and import less.

Nevertheless, under certain conditions, import goods can also have priority for a country. E.g. imported goods by which production can be increased in a country are advantageous.

Table 23: Turkish Export and Import in USD and (%) Percent of Total from 2010 to 2011

Export				Import		
	2010	2011	% Share	2010	2011	% Share
EU-27	52.700	63.300	46	72.100	91.100	26
Rest of the world	61.200	49.800	54	113.900	149.900	74
Total	113.900	135.00	100	186.000	241.000	100

Source: Çatalcali Sevil, Türkiye Ekonomisi ve Dış Ticareti (Turkey's Economy and Foreign Trade) Türk dünyası, eğitim programı, EAD Genel Müdürlüğü, Ankara, 4 June 2012, p.25, Turkish Statistical Institute Annual Report 2011, Ankara, p.345

Nearly half of Turkey's foreign trade is realized with the EU. A significant increase can be seen after customs union with the EU and the beginning of the EU membership process. While 46% of total Turkish exports go to the EU-27, only 26% of total the imports are from the EU-27.

Table 24: Top 5 Export and Import Partners Countries of Turkey in 2010 and 2011
(Billion US Dollars)

Export			Import		
	2010	2011		2010	2011
Germany	11.500	14.000	Russia	21.600	23.950
Iraq	6.000	8.300	Germany	17.550	23.000
UK	7.200	8.100	China	17.200	22.000
Italy	6.500	8.000	USA	12.300	16.000
France	6.000	7.000	Italy	10.200	13.500

Source: Çatalcali Sevil, Türkiye Ekonomisi ve Dış Ticareti (Turkish Economy and Foreign Trade), Türk Dünyası Eğitim Programı, EAD Genel Müdürlüğü, Ankara, 4 June 2012, p. 27-28

Table 24 presents the main export and import partners of Turkey in 2010 and 2011. Turkish exports to Iraq in 2010 and 2011 increased remarkably, and Iraq has become the second most important export partner of Turkey in recent years. The main reason for the increase in Trade volume between Iraq and Turkey lies in Iraq's weak production capacity and damaged production facilities, which were nearly completely, destroyed by war in 2003 and the following civil war casualties.

Another important reason for the increase in Turkish exports to Iraq is Turkey's strong and stable economic position in the Middle East. The countries of the Arab world are in a political transformation process. Sanctions against Iran, the Syrian civil war and political clashes in other countries hinder their economic recovery.

In the same period (2010-2011) Russia, Germany, and China were the main import partners of Turkey. The main import goods to Turkey are crude oil, various machines and chemicals, motor vehicles, coffee, cocoa and spices. Germany has been always a major trade partner of Turkey. Because of their favorable trade position, (concerning certain investment goods, such as oil and cheap consumer products) Russia and China are gaining a significant place in Turkish international trade.

11. The Economic and Political Situation of Morocco

The Turkish-Moroccan relationship has developed from historic roots. The relations between both countries go back to the Ottoman Empire and cover a period of several centuries, from the early 16th century to the 19th century. Then Morocco and some other North African countries came under the influence of France. Not until 1956 did Turkey, as the successor of the Ottoman Empire, re-establish its diplomatic relations through a declaration in which Turkey recognized the independence of Morocco on 17 April 1956.

With regard to the purely economic perspective, there are no decisive trade exchanges nor are there industrial similarities between the Turkish and Moroccan economies. From a geo-political point of view, however, there are some strategic common points. Turkey and Morocco both have similar cultural and social backgrounds in many ways. The great majority of the population in both countries is Muslim and since Ottoman invention in North Africa they share this common cultural and historical heritage. Furthermore, both are members of EURO-MED Partnerships and both countries have geographical borders with EU Territory (Turkey: Bosphorus and Morocco: Gibraltar/Spain).

Our other important focus are MEDA projects. We take them as a concrete step to collaboration of the EU and Morocco in North Africa. The Moroccan economy faces many challenges to integrate itself into the global economic system. The most problematic are a weak economic and political infrastructure and a meager capital basis. Table 25 shows Morocco as a typical developing economy with some bright prospects for the future.

The inflation rate during the last 6 years has remained at one digit. Although the growth rate has been slow, it shows a stabile positive tendency. On the other hand, Morocco has had a negative budget balance since 2004 and needs to make foreign debts each year to finance public expenditures. The unemployment rate declined from 10.8% in 2004 to below 9% in 2009.

Table 25: Macroeconomic Indicators of Morocco

	2004	2005	2006	2007	2008	2009
GDP (billion USD)	56.9	59.5	65.6	75.1	88.8	92.5
GDP per capita (USD)	-	3 547	3 904	4 095	4 385	4 563
Growth ate (%)	4.8	3.0	7.8	2.7	5.6	4.0
Inflation rate (annual average %)	1.5	1.0	3.3	2.0	3.9	1.8
Unemployment rate (annual av. %)	10.8	11.0	9.7	9.8	9.5	9.2
Budget balance (% of GDP)	-4.1	-5.0	-2.1	-1.6	0.4	-1.0
Current account balance (% of GDP)	1.7	1.8	2.2	-0.1	-5.4	-4.2
Public debt (% of GDP)	-	69.9	66.6	53.5	47.3	46.7
Total external debt (billion USD)	17.4	16.7	17.2	18.5	20.1	20.2
Debt service (% export)	13.6	11.3	8.6	7.9	6.8	4.7
Official reserves (monthly imports)	8.6	7.4	7.0	6.5	6.8	7.0

Source: IMF, World Economic Outlook Database, October 2009,

<http://www.worldbank.org/en/country/morocco /07.25.2012>

Comparing parameters from Table 11 and from Table 25, we can see that there are considerable differences between GDP, GDP per capita and inflation rates of Turkey and Morocco. While the Turkish GDP in 2009 was around 791,7 billion US dollars, the Moroccan GDP in same year amounted to only 92,5 billion US dollars. And in same time period (2009) the Turkish GDP per capita was around 10.180 US dollars, whereas Morocco's GDP per capita is about 4.563.

The inflation rate for Turkey was about 8.2% in 2005, finally in 2009 it had fallen to 6.5%. The unemployment rate for Turkey was 10,2% in 2005 and 10,0% in 2009. In Morocco these parameters are as follows: Inflation rate was 1.0% in 2005 and 1.8% in 2009 after an increase in the intermediate years.

The main character of economic and political relations as well as the cooperation of the EU with Morocco and other Mediterranean countries is based on the Barcelona Process, which has two concrete aims. One of them is the creation of a free trade area; the other one is the support of its members through diverse MEDA Projects. In a free trade area each member country keeps its own external tariffs towards third countries so that trade remains politically sovereign. In a customs union, the countries involved agree to make a common customs arrangement.

Here we focus mainly on “The Common Agricultural Policy (CAP)” of the EU in free trade area agreements with Mediterranean countries. CAP is a program, which provides agricultural subventions and implements agricultural planning.⁹⁸ Applying tariffs and quotas to goods from outside of the EU is the basic aim of CAP in order to protect its agriculture production. CAP enables a comparative advantage for some products such as cereals, meat and milk. Morocco also implements a quota system in order to protect the Moroccan banana production. On the other hand, Morocco has a comparative climate advantage in agricultural production, of tomatoes, for example. However, this advantage is limited through the common agricultural policy of the EU. Morocco has been allowed to export tomatoes at a preferential price to the EU only in times when agricultural production in the EU is low-from October to May (Table 26).

Table 26: Preferential Quotas for Imports of Moroccan Tomatoes by EU (Monthly)

Monthly base quotes	Tons
October	10 600
November	27 700
December	31 300
January	31 300
February	31 300
March	31 300
April	16 500
May	5 000
Additional quote	28 000
Global quote	213 000
Authorized maximum amount	215 130

Source: Lemerle Caroline, EU Policy Coherence: The Common Agricultural Policy and Development, A case study about Morocco, dissertation, University of Geneva, 2011, p.20

⁹⁸ The Common Agricultural Policy, a partnership between Europe and Farmers, European Commission Directorate-General Agriculture and Rural Development

11.1. FDI in Morocco

The European Union has created a supporting process of economic and political projects with the EURO-MED partnership countries in the framework of the MEDA programs. These projects have short and long-term goals. Their principal purpose is to stabilize the economic and political infrastructure of these countries. Many countries in the MEDA region are committed to the implementation of major trade liberalization programs within the framework of the multilateral trading system as embodied in the WTO and, more importantly, through bilateral co-operation agreements with their most important trading partner, the European Union. Morocco signed bilateral EMAs (Euro-Mediterranean Agreements for Cooperation and Development) in 1995 and 1996.⁹⁹

Table 27: Changes in FDI Inflow to Morocco 1992-1997

	Annual average (billion USD)		Percentage of GDP		Share (%) in all FDIs to developing countries	
	1992- 95	1996-97	1992-95	1996-97	1992-95	1996-97
Morocco	437	405	1.5	1.2	0.54	0.28

Source: Mohamed el Hédi Lahouel, FDI, the European Mediterranean Agreements Integration between Middle East and North African Counties, Washington, 2001, p.87

Table 27 describes the changes in FDI flows to Morocco from 1992 to 1997. According to this table, there is a dissimilar development between two different periods. The annual average of FDIs in Morocco in the first period between 1992 and 1995¹⁰⁰ was 437 million US dollar, and this average fell in the second period between 1996 and 1997.

Normally, due to the Barcelona Progress Agreement with EU in 1995, these parameters of Morocco's economy should show an increasing tendency.

⁹⁹ Mohamed el Hédi Lahouel, FDI, the European Mediterranean Agreements Integration between Middle East and North African Counties, Washington, 2001, p.85

¹⁰⁰ 1992-1995, represents the full period involved, including the beginning and end years.

However, the infrastructural and existing economic and political weakness of the country cannot be resolved in the short term. First of all, Morocco needs sufficient infrastructure and capital in order to improve the potential of the Moroccan economic structure. The following points are the main reasons for this situation:

- The Barcelona process also supported Morocco's neighboring countries; as a result they receive more FDI inflows than Morocco.
- Bilateral trade agreements between Morocco and EU do not aim at the creation of absolute advantages for Morocco.
- EU support to Morocco through MEDA Projects does not support the increase of FDI inflows in Morocco, rather the improvement of the economic and political infrastructure of the country. Moreover, the effects of infrastructure improvements on the economic structure of country need time.

Table 28: Geographical Distribution of FDI Inflows into MEDA Countries (percentage share of total FDI)

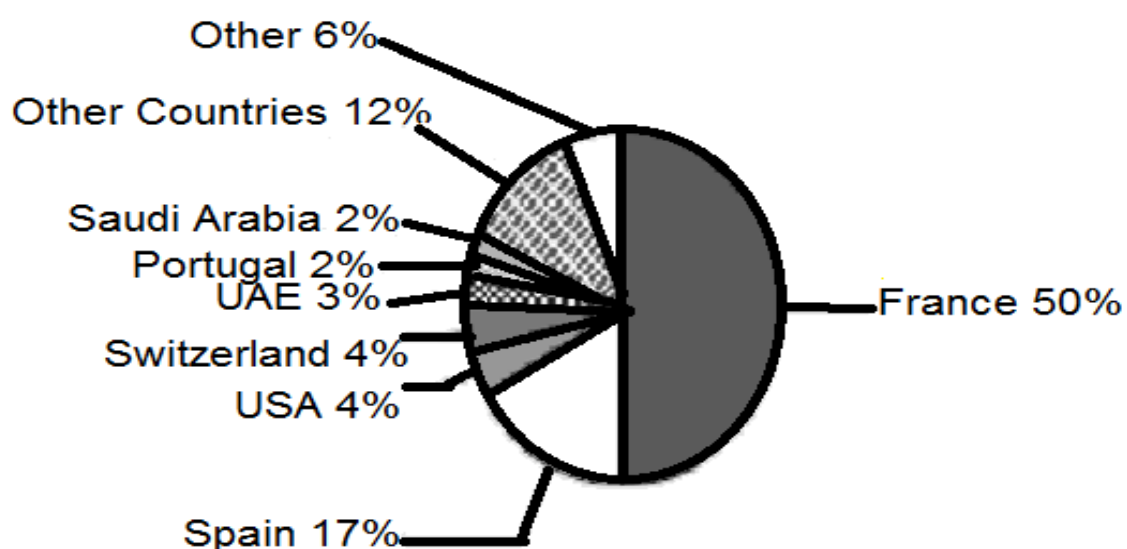
	Egypt (1995) FDI stock	Tunisia (1989-92) FDI flows	Morocco (1992-95) FDI flows
European Union	49.2	73.0	60.8
• France	7.3	14.4	26.2
• Germany	5.5	1.7	1.7
• Italy	7.1	41.3	1.3
• Netherland	-	3.2	2.9
• Spain	-	2.1	10.7
• England	10.6	9.3	14.9
• Other EU	18.7	1.0	3.1
USA	20.4	11.7	12.2
Japan	5.6	0.0	0.7
Other countries	24.8	15.3	26.3
Total	100	100	100

Source: Mohamed el Hédi Lahouel, FDI, the European Mediterranean Agreements Integration between Middle East and North African Counties, Washington, 2001, p.88

Table 28 presents the geographical distribution of FDI Inflows into MEDA countries. The most import FDIs come from the EU-10 and other European countries. Most Moroccan FDI flows come from the EU.

Figure 21 proves that intensive economic and political cooperation between the EU and Morocco through MEDA projects and the Barcelona process have had a positive effect on the EUs FDI shares in Morocco.

Figure 21: FDI Inflows to Morocco as Percentage of Total in 2007



Note: UAE: United Arab Emirates

Source: The Role of Foreign Direct Investment in Morocco's Economic Development, OECD Investment Policy Reviews: Morocco 2010, p.16

To summarize, France is the main FDI partner to the Maghreb Countries. In spite of the geographic distance, the role of the USA in these countries is only 4%.

Table 29: Sectorial Distribution of FDI to MENA Countries

Sector	Egypt (a)	Morocco		Tunisia	
	1995	1992-94	1995	1992-95	1996-97
Agriculture	4.2	1.1	4.4	-	-
Mining	-	5.8	3.1	-	-
Energy	-	3.7	-	74.7	63.1
Manufacturing	47.5	26.6	28.5	16.6	20.8
Services	48.3	62.8	64	8.7	16.1
Total	100	100	100	100	100

Note: FDI stock

Source: Désesus S., Devlin J., Safadi R., (Edit), Towards Arab and Euro-MED Regional Integration, International Development, Washington, 2001, p.89

Table 29 demonstrates the Sectorial Distribution of FDIs to MENA countries. In comparison to the 1992-1994 period, the FDI share in mining and services (tourism) sectors shows a fluctuating development in 1995. This is different in Egypt and Tunisia. The economic and political position of Morocco affects the sectorial distribution of FDIs in the country. Morocco restricts foreign industrial ownership only in activities considered strategic, such as petroleum refining and public utilities, where FDIs are not allowed to exceed 50 per cent.

The co-operation Agreements did help to attract FDIs from the EEC and to introduce domestic policies favorable to export-oriented FDIs. The Euro-Mediterranean conference in Barcelona in 1995 was designed to provide progressive liberalization of trade and capital flows between the two areas.

Since the EU agricultural sector provides subventions to its members through CAP and protects its products, the Moroccan agricultural sector cannot profit from its comparative advantages and moreover FDIs in agriculture have a very low percentage in Maghreb Countries.

In fact, the agricultural sectors in MEDA countries would need more subventions and investments than EU countries in order to enlarge benefits of competition with the EU agricultural sector.

11.2. FDIs in Morocco in Comparison to other Arab Countries

As often pointed out, the hinterlands of Morocco are important for the EU as well as for Morocco. It may therefore be useful to compare countries with different economic indicators and criteria with one another. Arab countries receive only a relatively small part of total FDI flows to developing countries, both in absolute terms and relative to GDP. Only Jordan, and very recently also Tunisia and Morocco, appear to have performed well above the average ratio as compared with the rest the world in its ability to attract FDIs¹⁰¹.

Table 30 grades the average FDI Inflows of Morocco and some other Arab countries from 1998 to 2003, in percent of gross fixed capital formation.

The gross fixed capital formation (GFCF) shows, how much of the new value added (capital inputs) in the economy is invested instead of being consumed.

The unequal economic situation of Arab countries is not a consequence of world trade or FDI inflows; it is the consequence of unequal holdings of natural reserves such as oil as well as the different economic and political infrastructure of Arab countries. In Yemen the situation has been destabilized by a long-term political instability.

¹⁰¹ Krogstrup Signe, Matar Linda, Foreign Direct Investment, Absorptive Capacity and Growth in the Arab World, HEI Working Paper No: 02/2005, p.14.

Table 30: FDI Inflows in Percent of Gross Fixed Capital Formation, Average 1998-2003

Country	Average FDI inflows as % of GFCF, 1998-2003
Bahrain	31.02
Jordan	16.37
Morocco	13.93
Tunisia	11.70
Qatar	10.22
Lebanon	8.42
Egypt	4.63
Oman	2.52
Syria	1.87
UAE	1.58
Saudi Arabia	0.80
Kuwait	0.13
Yemen	-3.22
World	12.67
Developing Economies	12.48

Source: Krogstrup, S., & Matar, L., Foreign Direct Investment, Absorptive Capacity and Growth in the Arab World; Geneva, HEI Working Paper No: 02/2005, p.16, UNCTD-World Invest Report 2004

Morocco and other Mediterranean countries require long term economic changes to integrate themselves into the global economy and to withstand the increasing pressure of regional and global economic competition. For that reason they need more economic growth, considerable FDI inflows, a competitive economic structure as well as investment oriented modern technologies. These economic targets must be supported by tangible measures against economic and political instabilities and infrastructural lacks.

Table 31 shows that Morocco and all its neighbor countries have a significant technologic gap, more significant ones than the entire economic and political structures of the mentioned countries.

Table 31: Technology Gaps for Selected Arab Countries Selected Years Between 1990 and 2003, in % of the USA Technology Level

Country	1990	1995	2000	2003
Algeria	14.86	17.62	18.75	17.57
Egypt	25.92	25.80	25.08	24.60
Jordan	16.36	16.28	18.75	18.47
Lebanon	14.19	8.98	10.03	9.97
Morocco	18.95	21.17	22.17	20.52
Sudan	115.19	107.15	101.12	92.66
Syria	39.74	33.58	39.02	39.36
Tunisia	13.34	12.80	11.85	11.11
Yemen	95.08	98.44	97.28	96.98

Source: Krogstrup, S., Matar L., Foreign Direct Investment, Absorptive Capacity and Growth in the Arab World, Geneva, HEI Working Paper No: 02/2005.

Table 32 demonstrates the amount of domestic credit in % of GDP provided by the banking sector and its respective share in financial debt for single Arab countries.

The governments of Lebanon, Egypt and Jordan finance a significant part of their expenditures by domestic credits provided by the banking sector. Domestic credits provided by the banking sector in percentage of GDP in Jordan in show a steady decline. The reason lies in the economic and political volatility of the country in this period. Domestic credit provided by the banking sector in percentage of GDP in Lebanon shows a relatively critical picture. In this time period (1975 to 1990) Lebanon suffered under a civil war. As a consequence of this volatile period, political and economic instabilities are still a part of the country's atmosphere; Lebanon still suffers under some incessant troubles influencing the economy. Furthermore border conflicts with Israel and Syria as well as inner conflicts between Hezbollah and the government are deepening the economic and political instability in Lebanon.

Under these circumstances, domestic credits provided by the banking sector as a percentage of GDP in Lebanon are relatively high.

Comparing the Moroccan economic and political Situation with the above mentioned countries, we find that Morocco has a better and more stable economic position.

However the rates of domestic credit provided by the banking sector show an increasing presence, showing that the Moroccan economy suffers from insufficient capital accumulation.

Table 32: Financial Debt: Domestic Credit Provided by Banking Sector in % of GDP

Country	1990	1995	2000	2003
Algeria	74.4	48.7	31.9	35.2
Egypt	106.8	81.7	99.5	117.2
Jordan	117.9	93.2	89.3	90.3
Lebanon	132.6	87.3	183.3	186.9
Libya	104.1	108.4	57.8	-
Morocco	60.1	79.5	92.1	83.0
Sudan	20.4	11.1	8.1	11.9
Syria	56.6	48.1	25.9	30.0
Tunisia	62.5	71.4	73.2	74.2
Yemen	60.6	42.2	5.2	4.8

Source: Krogstrup, S., Matar L., Foreign Direct Investment, Absorptive Capacity and Growth in the Arab World, Geneva, HEI Working Paper No: 02/2005 and World Bank-World Development Indicators 2004.

Table 33 presents the governance quality of Morocco in 2010. This value shows how countries are governed by law and democratic rules. According to the OECD definition, “the goal of regulatory reform is to improve national economies and enhance their ability to adapt to change. Constant far-reaching social, economic and technological changes require governments to consider the cumulative and inter-related impacts of regulatory regimes, to ensure that their regulatory structures and processes are relevant and robust, transparent, accountable and forward-looking.”¹⁰²

Morocco shows a positive ability to adapt its economy to global changes.

Democratic governments provide an institutionalized mechanism that enables all citizens to access government services and participate to political decisions, like free voting and freedom of speech, this defines the term “Voice and Accountability”.

¹⁰² OECD Guiding Principles for Regulatory Quality and Performance,
<http://www.oecd.org/fr/reformereg/34976533.pdf> /14.03.2013

In comparison to other MENA countries, Morocco's governance quality indicators are acceptable. The indicators "Voice & Accountability" and "Politics & Stability" in MENA countries as a whole, as well as in Morocco itself, indicate a deficit in democratic and political stability. Aside from these indicators, Morocco's governance quality shows an average character.

Table 33: Morocco's Governance Quality Indicators, 2010

Categories	Rank (0-100)	
	Morocco	MENA
Voice & Accountability	28.4	23.4
Political & Stability	27.8	35.6
Government Effectiveness	48.8	48.6
Regulatory Quality	49.8	47.3
Rule of Law	50.2	48.1
Control of Corruption	53.1	47.6

Notes: MENA-Middle East and North African Countries

Source: El-Azez Safi Abed, Foreign Direct Investment in the Arab World: an Analysis of Flows and an Evaluation of Country Specific Business Environment, University of Trento, 2011, p.73-84

Morocco, in comparison to many African or Arab countries, has established itself as one of the largest recipients of FDIs in Africa, and it is at the forefront of changing the image of Africa. During the 1990s, broad macroeconomic reforms have created a favorable investment climate in Morocco. The liberalization of the FDI regime also contributed to making the country attractive to foreign investors. As a result, FDI inflows to Morocco have increased, from an annual average of 38.7 million US Dollars during the period 1982-1986 to an average of 413.2 million US Dollars during 1992-1996 (See Table 34).

Table 34: FDI Inflows into Selected African Countries, in Annual Average Million USD)

Country	1982-1986	1987-1991	1992-1996
Egypt	781.6	875.0	688.4
Morocco	38.7	158.7	413.2
Tunisia	161.8	86.4	387.3
Libya	-161.0	91.2	109.7
Algeria	-9.4	8.1	11.2
Sudan	4.2	-2.9	0.1

Source: Alaoui A., Die Beziehungen zwischen der europäischen Wirtschaftsgemeinschaft und dem Königreich Marokko (Relations between the European Economic Community and the Kingdom of Morocco), Dissertation, 1986, Wien, p.160, UNCTAD World Investment Report 2000.

Table 35 shows that FDI outflows from Libya, Algeria, and Egypt have a leading position in this group. In other words investors from Libya, Algeria and Egypt are more active abroad than their other neighbor countries. While FDI outflows from Morocco were quite low. Tunisia shows a more negative picture.

FDI outward stock from Morocco in 1995 was about 114 million dollars, and in 1996 it rose to 140 million dollars. By 2010, FDI outwards from Morocco reached 576 billion USD.¹⁰³ Libya is an important FDI contributor in this group. Other MEDA partner countries in this chart are Algeria and Egypt. Both countries show stable but not very significant FDI outward stocks. Sudan's FDI outflow is negligible and therefore not included in this chart.

¹⁰³ United Nations Conference on Trade and Development (UNCTAD), World Investment Report 2011

Table 35: FDI Outward Stock from Selected Africa Countries (Millions US Dollar)

Country	1980	1985	1990	1995	1996
Algeria	99	157	185	235	235
Egypt	39	91	163	365	470
Libya	162	206	526	526	526
Morocco	-	-	-	114	140
Tunisia	-	-	-	11	12

Source: Alaoui A., Die Beziehungen zwischen der Europäischen Wirtschaftsgemeinschaft und dem Königreich Marokko (Relations between the European Economic Community and the Kingdom of Morocco), Dissertation. 1986, Wien, p.165

Table 36 illustrates FDI inflows in Arab Countries from 2006 to 2010 in billions of USD and % GDP. Arab countries are classified into three groups according to their economic structures:

- GCC-Gulf Cooperation Council
- LDC-Least developed countries
- More diversified economies.

The first group (GCC Economy) includes the economically most developed Arab countries such as Saudi Arabia, Qatar, Bahrain, Kuwait, Oman, United Arab Emirates. The second group of countries are (Least developed countries) the least developed countries of the Arab world and the last group (More diversified economies) includes developing countries of this region. Morocco and other EUOROMED Partnerships countries belong to “More diversified economies” group.

Table 36: FDI Inflows in Arab Countries, 2006-2010 (Billions of USD and % GDP)

Region/Economy	FDI Inflows (Billions of USD)					FDI/GDP (%)		
	2006	2007	2008	2009	2010	2008	2009	2010
GCC Economy	38 070	47 007	59 970	47 069	39 870			
(1) Bahrain	2 915	1 756	1 794	257	156	8.19	1.25	N/A
(2) Kuwait	121	112	-6	1 114	81	0.00	1.02	N/A
(3) Oman	1 588	3 431	2 528	1 471	2 045	4.87	3.22	N/A
(4) Qatar	3 500	4 700	3 779	8 125	5 534	3.41	3.41	N/A
(5) Saudi Arabia	17 140	22 821	38 151	32 100	28 105	8.28	9.78	N/A
(6) UAE	12 806	14 724	13 724	4 003	3 948	5.245	1.74	N/A
Least developed countries	4 965	3 825	4 817	2 990	1 433			
• Mauritania	106	138	338	-38	14	9.43	-1.27	0.37
• Comoros	1	8	8	9	9	1.42	1.70	1.74
• Djibouti	108	195	229	100	27	23.17	9.23	N/A
• Somalia	96	141	87	108	112	N/A	N/A	N/A
• Sudan	3 534	2 426	2 601	2 682	1600	4.48	4.87	4.66
• Yemen	1 121	917	1 555	129	-329	5.78	0.49	N/A
More diversified economies	27 345	30 590	31 981	26 169	24 907			
• Algeria	1 795	1 662	2 594	2 761	2 291	1.52	1.96	1.44
• Egypt	10 043	11 578	9 495	6 712	6 386	5.83	3.55	2.92
• Libya	2 013	4 689	4 111	2 674	3 833	4.41	2.74	N/A
• Morocco	2 449	2 805	2 487	1 952	1 304	2.77	2.16	1.36
• Tunisia	3 308	1 616	2 758	1 688	1 513	6.46	3.67	3.41
• Iraq	383	972	1 856	1 452	1 426	2.14	2.23	1.74
• Jordan	3 544	2 622	2 829	2 430	1 704	12.45	9.67	6.17
• Lebanon	3 132	3 376	4 333	4 804	4 955	14.41	13.75	12.65
• Palestinian Territory	19	28	52	265	115	N/A	N/A	N/A
• Syrian	659	1 242	1 467	1 434	1 381	2.79	4.76	2.34
Total of FDI inflows to Arab World	70 380	81 422	96 767	76 228	66 210	4.97	4.70	3.24

Note: GCC-Gulf Cooperation Council, UAE-United Arab Emirates

Source: El-Azez Safi Abed, Foreign Direct Investment in the Arab World: an Analysis of Flows and an Evaluation of Country Specific Business Environment, University of Trento, 2011

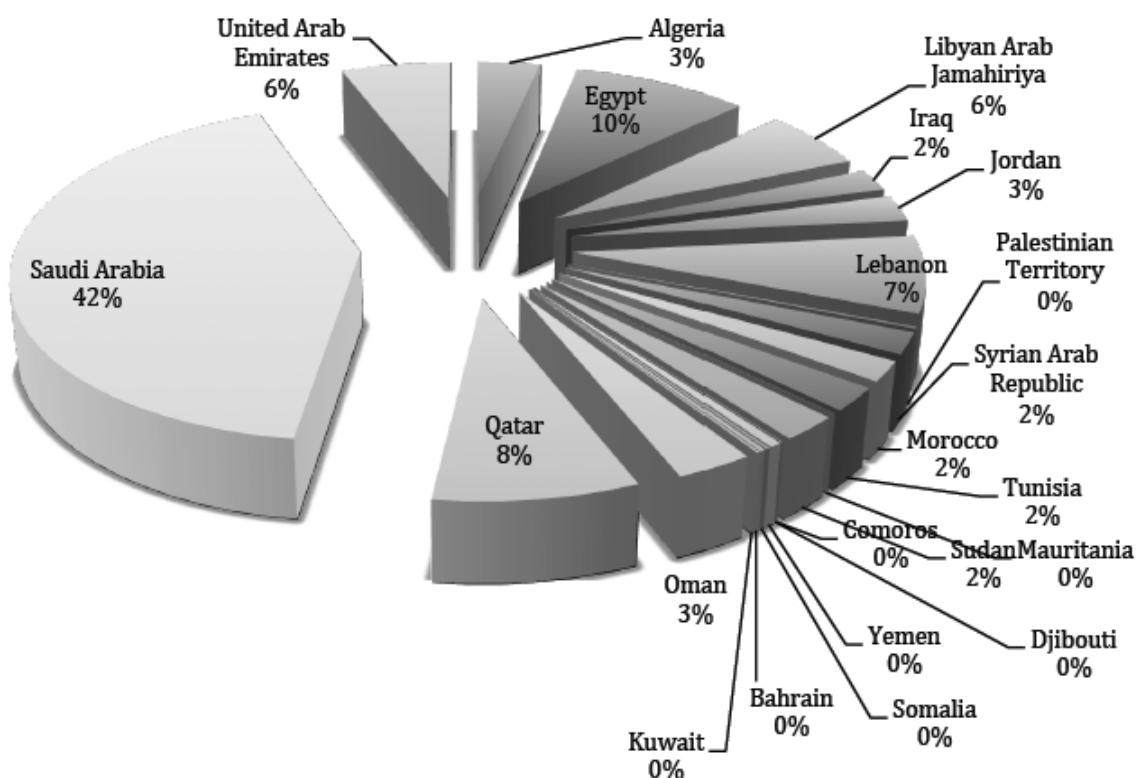
In comparison to other MENA countries the Moroccan economic and political structure is not volatile. It has not even been affected by the “Arab Spring”. However this is not a sign of economic prosperity. Morocco's economic and political structure shows an inflexible character. This inflexibility has advantages and disadvantages. As a whole, the economic and political position remains unchanged. The economic and political structures of the country do not allow any kind of radical change.

On the other side, such policies protect the country from falling into a deep economic and political crisis. Such governmental structures can be defined as conservative and monarchist.

Other significant data of Table 36 show that the economy of Kuwait was severely effected by the global economic crisis that occurred in 2008. As a consequence the FDI inflows into Kuwait decreased significantly in 2008.

Figure 22 indicates that by 2010 Morocco represented only 2% of total FDI inflows into Arab countries. Saudi Arabia received 42% of FDI inflows in the MENA region. Yemen and some other Arab countries suffer under a lack of governance quality, which effects their FDI profile significantly, reducing the FDI inflows to 0%. Investors are not attracted when government quality is non-existent.

Figure 22: FDI Inflows into Arab Nations in 2010 by (Percentage)



Source: El-Azez Safi Abed, Foreign Direct Investment in the Arab World: an Analysis of Flows and an Evaluation of Country Specific Business Environment, University of Trento, 2011, p.39

11.3. Moroccan Trade in Comparison

Geographical proximity and transport possibilities have considerable impact on trade movements between countries and regions.

Economic prosperity and the consumer's potential are another factor in being a good trade partner. Furthermore providing products with good quality and reasonable prices for needs of potential consumers are decisively important. For these reasons, the EU is a most important trade partner for Morocco, and the imports of the EU from Morocco are higher than exports of the EU into Morocco. However, it should be clear that the EU export and import trade with Morocco reaches merely an approximate 1% of total EU foreign trade.

Table 37: European Union Imports from Morocco, by Product Grouping

Product groups	2006		2008		2010		Share of total EU imports
	Million €	%	Million €	%	Million €	%	
Primary products	2 530	36	2 990	38	2 600	36	0,5%
• Agricultural	1 800	26	1 900	24	1 900	25	
• Fuel-Mining	730	10	1 090	14	700	11	
Manufactures	4 600	64	5 000	62	4 800	64	0,6%
(1) Clothing	2 400	34	2 500	29	2 000	28	
(2) Others	2 200	30	2 500	33	2 800	36	
Total	7 200	100	8 400	100	7 700	100	0,5%

Note: For optical view and simplicity the figures have been rounded.

Source: Lemerle Caroline, EU Policy Coherence: The Common Agricultural Policy and Development, a Case Study About Morocco, University of Geneva, 2011, p. 3

As can be seen in Table 37, the EU import from Morocco comprises only 0.5% of the total of EU imports. Agricultural and clothing products are the main export goods of Morocco.

Table 38: Most Important Export and Import Partners of Morocco (2008)

Import Part.	Mio. €	%	Export Part.	Mio. €	%
World	27'345.7	100.0	World	13'401.3	100.0
EU27	15'912.8	58.2	EU27	7'669.4	57.2
Saudi Arabia	1'865.3	6.8	Brazil	922.5	6.9
China	1'728.8	6.3	USA	587.7	4.4
USA	1'135.8	4.2	India	516.5	3.9
Iran	765.6	2.8	China	309.4	2.3
Turkey	716.3	2.6	Russia	271.8	2.0
Russia	597.2	2.2	New Zealand	232.5	1.7
Algeria	469.8	1.7	Japan	223.1	1.7
Brazil	378.8	1.4	Turkey	222.8	1.7
Japan	351.9	1.3	Singapore	153.1	1.1
S. Korea	333.2	1.2	Mexico	134.6	1.0
Argentina	301.5	1.1	Pakistan	122.7	0.9
Ukraine	267.8	1.0	Australia	122.0	0.9
Canada	214.4	0.8	S. Arabia	116.3	0.9
S. Africa	207.0	0.8	Hong K.	112.7	0.8
Egypt	190.9	0.7	Canada	89.8	0.7
Switzerland	186.6	0.7	Norway	82.7	0.6
India	179.4	0.7	Croatia	82.0	0.6
UAE	133.1	0.5	S. Korea	74.4	0.6
Singapore	117.8	0.4	Algeria	69.2	0.5
			Switzerland	47.0	0.4

Source: EU Bilateral Trade and Trade with the World Trade, GD Trade Statistics, 5 July 2013, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113421.pdf /Morocco

Table 38 compares the most important trade partners of Morocco in 2008. The share of imports from the EU-27 to Morocco is around 58.2% and the share of Moroccan exports into the EU-27 is around 57.2%. France and Spain are the main trade partners of Morocco. These countries share at the same time a colonial past with Morocco. They are still economically as well as politically in many ways connected to and related with Morocco.

Other important trade partners of Morocco are Saudi Arabia, China and the USA. Chinas low-cost export products are gaining weight in Morocco and in other MENA countries. On the other side, Turkish trade with Morocco shows a low volume.

12. EU Political Interests towards Turkey and Morocco in Comparison

Although the EU's economic and political approach towards Turkey and Morocco is different, the goal in both cases is to make these countries the closest economic and political allies of the EU in the MENA area. The relations between the EU, Turkey and Morocco, are based on both political and economic priorities. That is why we investigate these relations with consideration of both objectives, economic as well as political.

For the EU the economic and political cooperation with Turkey and Morocco have the same priorities. The European Union-Mediterranean Partnership is based on the Barcelona process. Together with Turkey, there are 12 Mediterranean countries which have united under the guidance of the European Union in this context. Gradual creation of a Euro-Mediterranean free trade area and implementation of the projects of MEDA are key aims for reaching these goals.

The legal basis of the MEDA program is the MEDA guideline (Guideline of the advice No. EC/1488/96) issued in 1996. The foundations of the free trade area as well as the MEDA Projects are based on the Barcelona declaration.

The main activities of the EUROMED programs have been divided into four fields of assignments¹⁰⁴.

- Supporting structural measures
- Supporting economic change and development of the private sector.
- Classical development assistance projects, in order to strengthen socio-economic equilibrium.
- Regional projects (technical aid, etc.)

¹⁰⁴ Euro MED Information Notes, Commission Méditerranée: Operational Participation of Local and Regional Authorities in the Euro-Mediterranean Partnership, EUROMED Background Note n: 2009/2

The European Union's final goal is to enlarge its role as an economic and political global player. In this context it needs to improve cooperation with neighboring countries. These countries have many economic problems and deficits in their political structures. To overcome these obstacles, they need support from the European Union.

Ramsey describes the Mediterranean Partnership as an attempt to make these countries attractive and reasonable for their population, so that they can invest in their homelands¹⁰⁵.

These relations are regarded from a mixture of realistic and liberalistic views. On the one hand, the European Union would like to position itself well in the global world.

On the other hand, the European Union wants to be prepared for possible disadvantages in the relationships between center and semi-peripheries. According to the world-system theory, countries have been classified into three groups: periphery (less developed countries like Somalia), semiperiphery (industrializing countries such as Morocco) and core countries (industrialized countries such as EU members). Semi periphery countries play a moderator/transit role between periphery and core countries economically as well as politically.¹⁰⁶

Mediterranean countries have fundamentally different economic features than Turkey. In principle, their economies are based on agriculture and they try to industrialize in order to stabilize their economies. Here, especially, Morocco is important as a regional intermediate between the EU and other MENA countries.

Morocco's relationships with Germany, France, Spain, Italy and Great Britain, as well as those with Turkey and the Arabic world in particular are mutually important for one another.

¹⁰⁵ Ramsey Allan, The European Union and North Africa, Contemporary Review, May, 2001, Vol: 278, No.1624, p.5

¹⁰⁶ Wallerstein Immanuel, The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century, New York, 1976, pp. 229-233., Vela Carlos A. Martínez, ESD.83–Fall: 2001, <http://marriottschool.byu.edu/emp/WPW/Class%209%20-%20The%20World%20System%20Perspective.pdf> /21.06.2013

Morocco occupies a geostrategic position (The Straits of Gibraltar) between the continent of Africa and the European Union), as much as Turkey (Bosporus) does between Asia and the EU.

Morocco is an African, Arab and Islamic country. Morocco has signed many bi-and multilateral agreements with EU members and has been involved in the Barcelona process since 1995. As a semi-periphery country, Moroccan economy faces several challenges.

It is still economically dependent on agriculture and on phosphate mining. About 55% of the Moroccan population lives in rural areas. In 2003, almost 44% of the working population was employed in agriculture, livestock-raising, and fishing.

This sector accounted for an estimated 15.9% of the GDP in 2004. Particularly after joining the Barcelona process, the country has taken part in an intensive cooperation with the EU.¹⁰⁷

In comparison to Morocco, Turkey plays a more active and effective role politically and economically in its relationship with the EU. Turkey is an important ally of western countries, especially since the Second World War. Economically as well as politically, Turkey has a long history of strong relations with the EU as well as advantages and priority for the EU over Morocco. Beyond that, Turkey is a membership candidate for the EU.

12.1. Policies of the EU and the USA towards Morocco in Comparison

Due to common security and energy searching interests, the EU and the USA act together through many international economic and political decisions. This policy has been especially applied in their relations with MENA countries.

In comparison to the USA, the EU is more liberal and cooperative towards the Mediterranean countries. But the EU policy towards these countries has often been criticized. Without sufficient political and economic infrastructure in MEDA Countries, the liberal policy of the EU is not productive for either side.

¹⁰⁷ The Middle East and North Africa 2006, Europe Regional Surveys of the World, London, 2006, p.832

These countries have advantages in agricultural products and labor based manufacturing sectors, like textile and agricultural works, because their export products are based on an agricultural economy. And they have high unemployment, ready to work for low wages.

According to the liberal economic perspective of the Ricardo model, Morocco should specialize in agriculture and in the fishery industry. Even according to the Heckscher-Ohlin model, Morocco could be specializing in this field because in these countries wages are lower than in EU countries.

Because of the EU CAP policy and the EU Barcelona process and because of instabilities in Mediterranean countries, such models were unworkable.

In addition, the EU interest in the in the Mediterranean region is based on its security priorities. Therefore, the EU tries to develop its relations with Mediterranean region to stabilize its borders. In this respect the EU supports these countries through various economic and political programs. However EU's assistance to Mediterranean countries is not enough to establish a sustainable and long lasting stabilization of this region.

EU financial assistance for infrastructure in the former east bloc countries (Hungary, Poland, Latvia, Bulgaria, Eastland, Romania, Slovakia, Slovenia and Czech Republic) amounts to about 40 billion Euros and the assistance for MEDA projects is only 1 billion Euros. This dissimilarity indicates that EU policy towards Mediterranean countries is based on provisional solutions. The deficits of the economy and political structures of Morocco and other EUROMED partners need sustainable and long term assistance, which can improve the infrastructure of these countries to attract more investments and consequently make more capital accumulation possible. In an economy, self-sustained growth can be achieved through capital accumulation.

Morocco is not in a position to meet this requirement from its own resources because its savings are insufficient to ensure financing of the necessary investments and development goals. The reasons for this lie not only in the rapid population growth, but also in deficits in agricultural development, industry and trade sectors.¹⁰⁸

¹⁰⁸ Fathallah, D., Die Bedeutung der Kapitalhilfe für die wirtschaftliche Entwicklung Marokkos (The importance of capital assistance for the economic development of Morocco), Diss., 1975, p.273-276

In other words, the aim of the EU is to use Morocco as a "pivotal state" to control its hinterland. The United States of America also here has the same target and policy towards Morocco. The USA sees Morocco as a long-standing ally for developing its relations with other Arab countries.¹⁰⁹

12.2. The Neighborhood Policy of the EU towards Mediterranean Countries

The EU has borders with Muslim countries and millions of Muslims live in the EU. A policy of the EU towards these countries and these cultures should be based on humanitarian values, peace and compromise. Any other policy would be incompatible with the values and principles of the EU: "The Union is founded on the values of respect of human dignity, freedom, democracy, equality, the rule of law and respect for human rights, indulging the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality of women and men prevail".¹¹⁰

EU relations with Turkey and Morocco play an important role not only for these countries but also for their hinterlands. These countries have immeasurable and important common cultural and economic relations with other Middle East and African (MENA) countries. Furthermore positive or negative economic and political developments in Turkey and Morocco can affect the other MENA countries, and vice versa, the development in other MENA countries can also affect Turkey and Morocco economically and politically.

While most immigration from Turkey has targeted Germany, Austria and Holland, the traditional Moroccan immigration direction is France.

¹⁰⁹ Benabdallah-Gambier K., Zoubir, Y.H., The USA and the North African Imbroglia: Balancing Interests in Algeria, Morocco, and the Western Sahara, in: Mediterranean Politics, Vol.10, No.2, 181-202, July 2005, p.183-189

¹¹⁰ Draft, Treaty Establishing a Constitution for Europe, Article I-II, The Union's Values, July 2004.

The Moroccan community in France numbers around 500,000 people. But there is also a large Moroccan population in Belgium, the Netherlands and Germany. According to Eurostat statistics from January 2002, the number of Moroccans living in Belgium, France, Italy, the Netherlands and Spain, are 1 million. Except in France, Moroccans are the largest non-European part of the population. In France, the number of Algerian immigrants is a little higher. These refugees are referred to as economic migrants.¹¹¹

Table 39 compares the main homelands of Muslim immigrants in various European countries. As we have already mentioned in previous statements about the demographic challenges of the EU, some EU member countries need immigration to stabilize their population deficit. Following this reality, Table 39 demonstrates the share of population that has moved to EU countries. While the destination of immigration from Turkey largely targets core EU countries like Germany, Austria and Holland, the immigration from Morocco moves over Spain to Belgium and Italy.

Several conclusions can be drawn from Table 39. One is that a large percentage of the population of some Middle Eastern and African countries intends to emigrate elsewhere for more stable and equivalent standards of life. Another is that the economic and political effects of globalization motivate people to emigrate elsewhere, hoping to find better life conditions.

¹¹¹ Fourest Caroline, Welcome to Eurabia, the Wall Street Journal Europe, Volume: 23, No: 3, Wednesday, February 2, 2005. p.A8

Table 39: Main Homelands of Muslim Immigrants in Various European Countries

Destination Country	From	% of total immigration
Austria	Turkey	50
Belgium	Morocco	55
Denmark	Turkey	27
Finland	Somalia	23
France	Algeria	30
Germany	Turkey	68
Greece	Turkey	50
Italy	Morocco	34
Luxembourg	Montenegro	25
Netherlands	Turkey	40
Portugal	Mozambique	n/a
Spain	Morocco	n/a
Sweden	Former Yugoslavia	25
UK	Pakistan	45

Note: n/a: Not applicable

Source: The Atlantic Monthly, The World in Numbers, Europe's Muslims, January/February 2005, p.21.

Morocco is a transit country for migrants from Africa. A significant amount of immigrants from other MENA countries steadily try to use Moroccan soil as a stepping stone for reaching Spain through the Straits of Gibraltar. Kritz and Zlotnik assume that international migration does not take place aimlessly, but mainly between states which have close historical, cultural or economic ties with one another. In particular, colonial and postcolonial connections can increase migration. In other words, language, employment possibilities and relatives in target countries influence emigration destination choices. Transportation and communication between countries was established in the colonial period. In this way, a transnational area of long term interest as well dependency between the colonial power and its colony developed.¹¹²

¹¹² Riesch Andrea, Migration von Marokko in die EU, Münchner Beiträge zu Europäischen Einigung (Migration from Morocco into the EU, a contribution to European unity), Baden, 2007, s.22, Kritz Mary M., Hania Zlotnik, Global Interactions: Migration Systems, Processes, and Policies; in: Kritz, M.M., L.L. Lim and H. Zlotnik (eds.): International Migration Systems, Oxford, 1992, p.1-18

In comparison with many other countries, the EU policy towards the Mediterranean countries has a humanitarian motivation too. The intention of the EU is to regulate migration to Europe by way of common mechanisms and interests. Hence, the EU, through the Barcelona Process and bi-and multilateral agreements, has developed a concept with Mediterranean partners, targeting the creation of cooperation and dialogue with the main emigration and transit countries.

France is the nation with the closest cultural and political contacts with the Arab world. Colonial claims of hegemony and commercial interests have, over the centuries, influenced French-Arab relations, and consequently also influence their present efforts.¹¹³

Morocco is a national and religious monarchy. The southern Mediterranean countries play a relatively small role in the general economy of the European Union. The EU is more interested in these countries for its global strategy and for maintaining its position as a leading regional pole for globalization. Until 1945, the different European powers had their own policies in the Mediterranean and they were often in conflict with each other.

Great Britain no longer has any specific Mediterranean and Arab policy of its own. The relationship of EU member states and their Mediterranean partners are asymmetric and unequal.

The Mediterranean countries have not only economic but also social and cultural gaps. The Mediterranean countries are confronted by the same conundrum: reform means privatization, but the opening of their frontiers will eventually bring about the disappearance of thousands of small private businesses, in spite of their 'multi-functional' character-so dear to the European defenders of the Common Agricultural Policy.¹¹⁴

¹¹³ Jacobs Andreas, Problematische Partner, Europäisch-Arabische Zusammenarbeit 1970-1998 (Problematic Partner, Euro-Arab Cooperation 1970-1998), Kölner Arbeiten zur Internationalen Politik 14, Köln, 2003, p.69

¹¹⁴ Amin Samir, El Kenz Ali, Europe and the Arab World, Beirut, 2005, p.112

Moreover, Morocco is a transition country for refugees from Africa and the Arab region. As an Arab, African and Muslim country, Morocco plays a central role, both for EU and its hinterland.¹¹⁵

13. A Comparative Account of these Relations

In this part, the economic and political situation of Turkey and Morocco has been described once more in comparative form. Table 40 shows a Comparison of basic parameters of Turkey and Morocco. The economic and social infrastructures of both countries show a dissimilar outlook.

Table 40: Comparison of Turkey and Morocco 2006

Country	Population (in Mio.)	GDP per person, \$	Unemployment, %
Turkey	71	3,451	10.3
Morocco	30	1,531	21.7

Source: Gönel Feride, *Avrupa birliği Türkiye'nin Tek Secenegi mi? (Has the Turkey no any Alternative but EU?)*, *Iktisat Dergisi*, Vol.459-460, 2006; p.68:

Turkey can use its economic and political potential more active to cooperate with its neighbors. Turkish economic and demographic potentials play a meaningful role in global economic activities in its region.

Furthermore the indicators from Table 40 show evidence of the potential of Turkey and at the same time confirm the instability and information about imbalances in the Turkish economy.

This kind of imbalance between economic and demographic structure can be also be noted for Morocco. The unemployment rate and GDP per capita in Morocco are in a critical range.

¹¹⁵ Lahlou Abdelkader, *The Integration of the Morocco Economy into the new Euro-Mediterranean Strategy and Space: The Partnership Agreement between Morocco and the European Union*, *Perceptions, Journal of International Affairs*, Vol. VIII, No: 2, June-August 2003.

Historically, Morocco and Turkey, both economically and politically follow a pro-European policy. The EU, Morocco and Turkey have many common interests. Moreover the role of Turkey and Morocco in this region are of extraordinary importance for the EU. Both countries occupy a strategic geographical location. This geographical position brings many challenges for themselves as well as for the EU.

Morocco is a pivotal African state (possessing a vital, key role or critical position) that is not a member of the Africa Union and the country has a privileged partnership with the EU.

The Moroccan King Mohammed VI said during a state visit to France in March 2000, "a membership is inevitable both for common sense reasons as well as because of the geographical situation and the daily reality of the economic, social and cultural life of our country."¹¹⁶

However, some analyses of the Barcelona process exclude EU membership. "In contrast to Spain and Portugal earlier, membership in the EU has no prospect for the southern Mediterranean countries."¹¹⁷

Morocco has a geographically strategic location between two water ways (the Atlantic Ocean and the Mediterranean Sea) and an ideal trading position between Africa and Europe. This motive has always played an important role for France, Spain and England in their attempts to colonize Morocco. In particular, France established a broad infrastructure in the country during its colonial rule of Morocco (1912-1956).

Around 1955, when the independence of the country was attained by military means, there was a massive capital flight. Indeed, Morocco's lack of capital has resulted in great suffering, and the country now requires foreign assistance.¹¹⁸

¹¹⁶ Agence Europe, 23 May 2000, p.6

¹¹⁷ Ghesquiere H., Impact of European Union Association Agreements on Mediterranean Countries, 1998, Washington, IMF, IMF Working Paper WP/98/116, p.15.

¹¹⁸ Alaoui, A., Die Beziehungen zwischen der Europäischen Wirtschaftsgemeinschaft und dem Königreich Marokko (The relations between the European Economic Community and the Kingdom of Morocco), Diss. 1986, Wien, p.3

Aside from their important strategic location, Turkey and Morocco are of special interest to the EU economically and politically, because they are situated on crossroads to the access of important gas and oil reserves in the Middle East and Asia. In the EU there are potential shortages in this area. Thus, energy policy in these countries plays a decisive role. Both countries stress the importance of their relations with the EU: "The Republic of Turkey and the Kingdom of Morocco are recalling their intention to participate actively in the process of economic integration in Europe and in the Mediterranean Basin expressing their preparedness to co-operate in seeking ways and means to strengthen this process."¹¹⁹

Furthermore, many other neighboring (Middle East and Africa) countries suffer from long-lasting economic and political instabilities, and these problems are transmitted to the EU as migration. European and Mediterranean countries had developed many joint projects and other forms of cooperation even before the Barcelona process. However, these attempts have been not especially effective in eliminating the economic and political obstacles in these countries. But for all that the EU has been moving towards close collaboration and cooperation with Turkey, Morocco and their neighboring countries.

Finally, this cooperation with Turkey has become a membership process, and with Morocco a partnership has developed. Although the geographic distance between Turkey and Morocco is considerable, the Mediterranean Sea links them. Thanks to this sea transport connection, trade and cultural relations between both countries are stable, although not very influential and not strong enough.

To improve their trade capacities they have signed several bi-and multilateral agreements. Table 41 documents the list of various agreements between Turkey and Morocco with their implementation dates from 1972 to 2006.

¹¹⁹ Free Trade Agreement between Turkey and Morocco, Turkish Ministry of Economy, Press release, 7 April 2004, Ankara, Turkey.

These agreements have been listed according to their targets including economic, scientific, technological, transport, tourism, investments, better governing, tax and free trade agreements etc.

Table 41: Economic Agreements between Turkey and Morocco

Name	Implementation Date
Trade Agreement	16.05.1972
Economic, science and technical cooperation agreement	20.06. 1984
Air transportation agreement	24.09.1985
Sea transportation agreement	26.03.1987
Turkey and Morocco cooperation agreement	12.07.1988
Tourism agreement	27.08.1992
Investment encouragement agreement	08.04.1997
Regularly meeting between government unit agreement	24.10.2000
Tax reform agreement to avoid double taxations	07.04.2004
Free trade agreement	07.04.2004
Highways, Transportation Infrastructure, Technical and Scientific Cooperation Agreement	30.03.2005
Agreement on Cooperation in the Field of Health	20.3.2005
Agreement on Cooperation between the Turkish Patent Institute (TSE) and the Moroccan Industrial and Commercial Property Office (OMPIC)	26.05.2006

Source: Fas Ülke Raporu (Morocco Country Report), Foreign Ministry of Turkey, External Relations and Business Development Department, Ankara, June 2010, p.13-14,

Trade between Turkey and Morocco is not sizable enough, however there is a steady and increasing economic relation between the two countries. Trade volumes show an increasing trend. Turkey has a favorable trade position with regard to the trade balance. In other words, the quantity of Turkish exports to Morocco is larger than the Turkish imports from Morocco and most important goods from Morocco are raw and semi-manufactured goods.

As Table 42 demonstrates the trade volume between Turkey and Morocco, which shows an increasing but not extraordinary trend. In 1996, 1997 and 2000 the trade volume in imports were higher than the in exports, therefore there is a negative Export/Import balance. In other years, the Export volume is higher than the imports.

Table 42: Export and Import between Turkey and Morocco (Million USD)

Year	Export	Import	Volume	Balance
1995	68	53	121	15
1996	53	82	135	-29
1997	52	53	105	-1
1998	100	47	147	53
1999	90	45	135	45
2000	70	72	142	-2
2001	98	38	136	60
2002	130	70	200	60
2003	180	77	257	103
2004	330	100	430	230
2005	370	143	513	227
2006	550	174	724	376
2007	720	200	920	520
2008	960	360	1320	600
2009	600	235	835	365
2010	623	396	1019	227
2011	920	420	1340	500

Note: For simplicity, the figures have been rounded.

Source: Morocco Country Report 2010 BY TUIK (Turkish Statistic Institute), and DEIK (Turkish Foreign Economic Relations Board) External Trade Report 2007.

Table 43: Main Export Products of Turkey to Morocco (2004)

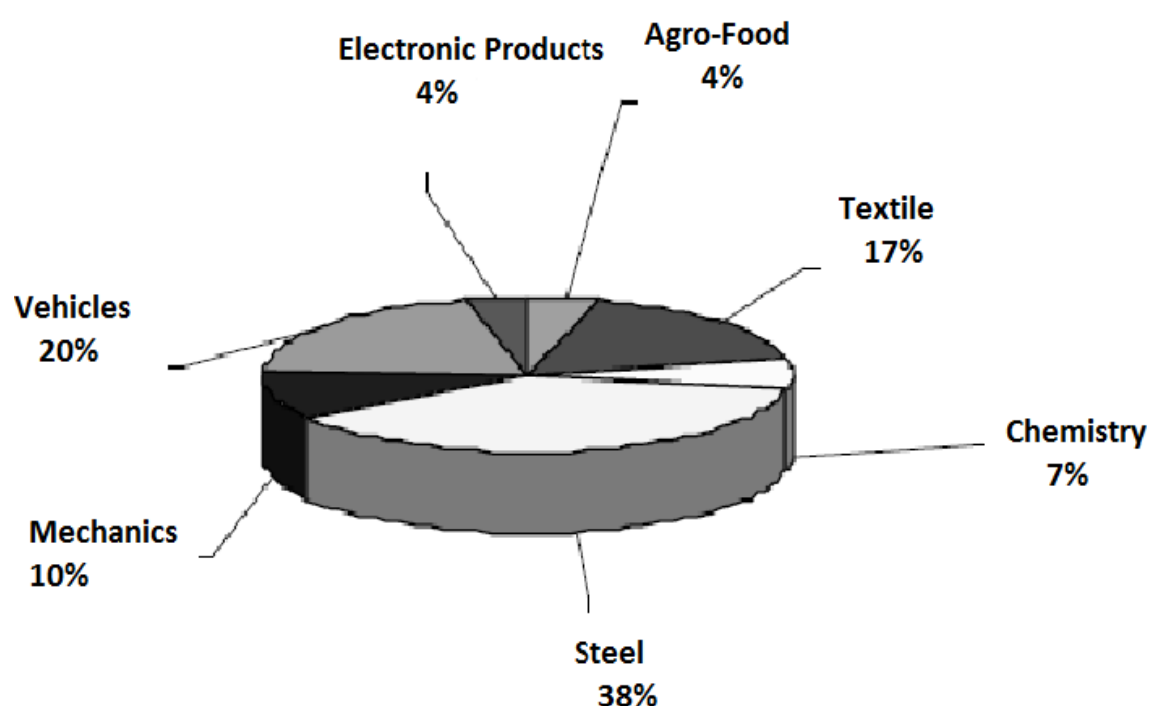
Product	Quantity (Million USD)
Iron-Steel	141
Automotives and auto equipments	31
Synthetic products	30
Machines	20
Electrical machines	18
Steel products	14
Cotton	12
Synthetic cloths	7
Flour products	6
Textile	6
Others	49
Total	332

Note: For simplicity the figures have been rounded.

Source: DEIK: Turkish Foreign Economic Relations Board, External Trade Report 2007.

Table 43 presents the main export products of Turkey to Morocco. In 2004 the amount of total export of Turkey to Morocco was around 332 million US dollars; Iron and Steel were leading export goods and amounted to around 141 million dollars, automobiles and auto equipment was 31 million dollars. Morocco's main import products were petroleum oils, crude oil, petroleum gases, passenger cars and wheat. Moroccan's imports from Turkey and their share are presented in Figure 23.

Figure 23: Distribution of Moroccan Imports from Turkey (2006)



Source: Review of Economic Relations between Morocco and Turkey, Moroccan Ministry of Economy and Finance, Department of Economic Studies and Financial Forecasts, Morocco, January 2009, p.4

The most important import trade of Turkey to Morocco takes place primarily through secondary and processed products.

Table 44: Main Import Products of Turkey from Morocco (2004)

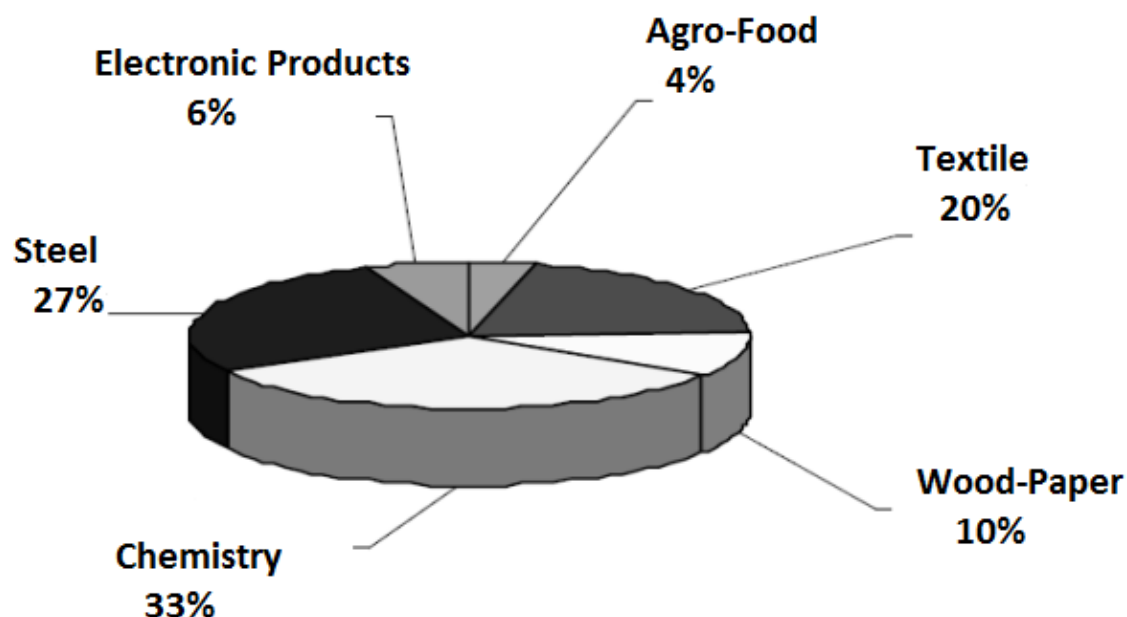
Product	Quantity (Million US Dollar)
Inorganic chemistry	38
Iron-steel	25
Electrical machines	12
Raw textile	10
Cloths	9
Lead products	2
Automotive parts	2
Sugar products	2
Shoes	1
Others	2
Total	103

Source: DIE (Türkiye İstatistik Enstitüsü-Turkish Statistic Institute), DEİK, DTM, Turkish Foreign Economic Relations Board) External Trade Report 2007

Table 44 indicates the main Import products from Turkey to Morocco in 2004. In 2004. The total value of Moroccan imports from Turkey was realized at about 103 million dollars. The value of imported inorganic chemistry was about 38 million dollars. Iron and steel products took second place with 25 million dollars. The values of other imported products are as follows:

Electrical machines 12 million dollars, raw textiles 10 million dollars, cloths 9 million dollars, lead products 2 million dollars, automotive parts 2 million dollars, sugar products is 2 million dollars, shoes 1 million dollars, and other imported products were about 2 million dollars. Turkish firms in Morocco are usually labor intensive and are represented by a local office and their headquarters remain in Turkey.

Figure 24: Distribution of Moroccan Exports to Turkey by Sector in 2006



Source: Review of Economic Relations between Morocco and Turkey, Moroccan Ministry of Economy and Finance, Department of Economic Studies and Financial Forecasts, Morocco, January 2009, p.7

According to statistics of the Turkish Ministry of Economy from 2011, the number of Turkish firms in Morocco is 61 and they operating primarily in the construction and textile sectors.

On the other side, in Turkey, 22 Moroccan firms operated primarily in the wholesale and retail commerce sectors.¹²⁰ Table 45 shows Turkish Firms in Morocco in 2004. These firms invested mostly in textile, chemistry, construction and other fabrication branches. Most of these firms bring their own team from Turkey. These Turkish firms are very flexible and their invested assessments in Morocco are rather portable; when necessary, they move easily from one region to another region or one country to another.

¹²⁰ Turkish Ministry of Economy,

<http://www.economy.gov.tr/index.cfm?sayfa=countriesandregions&country=MA&region=0> /22.03.2013

Table 45: Turkish Firms in Morocco (2004)

Firm Name	Sector
Anatolia Import Export	Trade
Bosphore Mobilia	Furniture
Bugato	
Casa Buton	
Dogus Constructions corporation	Constructor
Galaxica Maroc	Textile
Galkon Maroc Succ.	Energy
GAP International Sourcing	
Groupe Scolaire Med al Fatih	
Hünkar S.A.R.L	Cosmetic
Hak- Yol Insaat	Constructor
Matucal S.A.R.L	
N'ka Industry S.A.R.L	
Öz- Ka Import Export	Cosmetic
Pergame S.A.R.L	
Poyraz S.A.R.L	
Premium Chemicals Morocco	Chemistry
Progress Vision	Trade
Rimay	
Ser-Hat Insaat	Constructor
Siege Pilot Maroc S.A.R.L	
STE Courant Bleu	Plastic
Sultangaz S.A.R.L	electrical energy and gas products
T.M.2R	Motorbikes and bikes products
Tekfen	Constructor
Touba S.A.R.L	
Ucfit	Software and PC Products

Source: DTM, DIE(Türkiye İstatistik Enstitüsü-Turkish Statistic Institute), DEIK, DTM, Turkish Foreign Economic Relations Board) External Trade Report 2007

Tourism from Morocco to Turkey in comparison to other African countries is significant, but not notably intensive and meaningful. Due to administrative obstacles such as visa and some other movement limitations of EU against MENA countries most of tourists from Morocco and other MENA countries prefer to visit the neighboring countries.

Table 46: Tourism from Morocco to Turkey

Tourists	2000	2001	2002	2003	2004	2006	2011
Persons	11 635	11 788	12 643	13 722	15 387	15 500	60 400

Source: DTM, Tourism Ministry of Turkey, DEIK

Table 46 demonstrates tourism from Morocco to Turkey, from 2000 to 2004, according to quantity of persons. According to the numbers of this table, the number of tourists from Morocco to Turkey in 2000 was 11 635, in 2001 it rose to 11 788, in 2002 to 12 643, in 2003 it reached 13 722 and in 2004 it rose to 15 387. The economic and political structure of Mediterranean countries has been changed or destabilized by the Arab Spring. Accordingly, Turkey attracts tourists from Morocco and in the whole Mediterranean region. In addition, between Turkey and Morocco, there is no visa requirement.

13.1. The Meaning of Hinterlands for the EU

Some authors argue that the EU's cooperation with Mediterranean countries was based on purely economic interests. Redak defined this cooperation in line with Fordism: "Fordism was the dominant influence in governments and their demand policy was controlled by capital. International relations were designed in the light of national targets."¹²¹ Bohn goes a step further and defines this collaboration as an attempt to create cross-border economic and geographic areas: "Every country possesses central development centers and is able to create new ones, both on its own territory and outside its borders.

The economic spaces and geographical areas of the center countries depend on the allied countries.

¹²¹ Redak Vanessa, Akkumulationsregime des Vermögensbesitzes: People's Capitalism? In: Ulrich Brand/Werner Raza (Hrsg.), Fit für den Postfordismus? Theoretisch-Politische Perspektiven des Regulationsansatzes, Münster, 2003, p.76

Underlining the concept of development is a complex network of producers, suppliers, customers and consumers, around which one or more industrial complexes are grouped."¹²² This point of view is also supported by many other experts: "The central capitalism tries to find more capital and participation in the periphery, not only in order to found outlets, but to produce even larger quantities at lower prices."¹²³

Not only EU countries, but also Turkey and many other countries support these relationships because they also correspond to their interests. "Turkey supports the Barcelona process because it believes that the establishment of peace and security in the Mediterranean is necessary for the development and progress of the region and also because a durable political stability could be established through economic and financial cooperation."¹²⁴

All emphasize the fact that EU relations with Turkey and the Mediterranean countries are useful and necessary for many different reasons. As a member candidate as well as neighbor of the EU, Turkey is a transit path for migration into the EU. While migration from Africa uses Morocco's borders to land in EU countries, most migration from Asia uses Turkey as a transit path to reach EU territory (See Table 47).

Table 47: Cross Border "illegal" Migration into Turkey (Persons)

Years Origin	2000	2001	2002	2003
Afghanistan	6805	8948	3992	1162
Bangladesh	2910	1438	1782	954
Iraq	13833	17717	19449	1523
Iran	3887	2215	1892	908
Pakistan	4286	4642	4667	4716

Source: EGM-Emniyet Genel Müdürlüğü Yasadisi Göç Raporu, 2005. (Police Statistics Department of Turkey Report on illegal Migration), Istanbul, 200

¹²² Bohn Michaela, Die Analyse peripherer Gesellschaften; Beiträge und Grenzen der „Grenobler Schule" In: Ulrich Brand/Werner Raza (Hrsg.), Fit für den Postfordismus? Theoretisch-Politische Perspektiven des Regulationsansatzes, Münster, 2003, p.114-117

¹²³ Waringo K., Die Internationalisierung der Produktion in der Französischen Regulationstheorie (The internationalization of production in the france regulation theory), Frankfurt, 1998, p.156

¹²⁴ Tashan S., Turkish Stratejik Perspektiv on Mediterranean Security, Ankara, 2006, p.6

Table 47 demonstrates the scale of migration (Cross Border-without Visa) into Turkey between 2000 to 2003. According to widely accepted definitions, such cross border migration has been called “illegal immigration”. One could also call these people “black market workers”. Many people from developing countries try to immigrate to developed countries in order to achieve more stable life conditions. However there are many obstacles and barricades, in order to moderate migration. However, migrants follow a “step by step migration method”: they use Turkey and other neighbor countries of the EU as a “stepping stone” to reach the EU countries. Recently, as a consequence of intensive border control mechanisms and cooperation with Turkey and Morocco immigration into EU territory shows a declining dimension.

13.2. FDI Inflows to Turkey and Morocco

Table 48 compares the FDI flows in the MEDA Countries and the CEE countries from 1991 to 1998 in million USD. The definition of Mediterranean countries relates to countries which have direct geographical borders with the Mediterranean Sea. In the beginning, the MEDA Partnership had been established between 14 EU member countries and 14 North and East Mediterranean countries in 1995 by Barcelona Processes. In fact the EUROMED Partnership represents two parties: the EU and Southern Mediterranean countries (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia). Turkey as an EU membership candidate does not have a significant participation in this partnership. Table 48 shows the FDI inflows in the MEDA countries including Turkey and CEE countries.

Table 48: FDI Inflows in the MEDA Countries and the CEE Countries (Million USD)

	1991	1992	1993	1994	1995	1996	1997	1998
Cyprus	82	107	83	75	119	259	175	200
Malta	77	40	56	152	183	325	128	130
Turkey	810	844	636	608	885	722	805	807
Morocco	317	422	491	551	332	354	1079	258
Algeria	12	10	-59	22	-24	447	630	500
Tunisia	125	526	562	432	264	238	339	650
Egypt	253	459	439	1256	598	636	891	1076
Israel	350	539	429	355	1306	1389	1455	1839
Jordan	-12	41	-34	3	13	16	361	223
Lebanon	2	4	7	23	22	64	150	230
Syria	62	67	176	251	100	89	80	100
Total	2078	3059	2786	3728	3798	4539	6093	6013
CEE	2443	4444	6757	5392	14266	12406	18532	17513

CEE: Central and Eastern Europe

Source: Balbisi Louai, Szigetvári Tamás, Economic Breakthrough by the Mediterranean Countries, in the Context of EU Enlargement, Institute for World Economics, Hungarian Academy of Sciences, Budapest, Working Papers, No. 121 October 2001, p.11

FDI inflows to MEDA countries in comparison to CEE countries are significantly low. After the Barcelona Process (1995), this situation has improved, but FDI inflows to MEDA countries are still far behind those of the CEE region. The main reason is that after the fall of communism, these countries became more attractive for investors from EU member countries. Likewise, FDIs inflow to Turkey and Morocco are, compared to the CEE region, insignificant. This means that the CEE countries attract much more FDIs than Turkey and Morocco.

The experiences of other countries regarding FDI conditions show that the inflow of FDIs depends on the existence of two conditions: long-term political and economic stability in the host country.

The main problems that effect FDI decisions in the MEDA area are as follows:

1. Political and economic instability: This has a negative effect on FDI flows into a country. The main reason is FDI seekers look primarily at the security of their business.

2. Bureaucratic obstacles: These hinder material and profit transfers and the founding of firms.
3. Corruption: This can hinder or even eliminate competition.
4. Infrastructure deficits: Especially in developing countries, companies must often install gas, electricity, water lines themselves.

13.3. Export-Import in Turkey and Morocco

Table 49 shows that the EU-15 has always been an important trade partner of Turkey and Morocco. Trade between EU-15 and Turkey and Morocco shows an upward trend over the time. This long-term stable economic and political cooperation is a significant contribution to developing the mutual interests and advantages of all sides.

Table 49: Trade by Geographical Origin (%)

Country	Partner	Total Trade				Textile Trade		
		Import		Export		Import		Export
Morocco		1994	2001	1994	2001	1994	2001	1994
	EU 15	54.92	57.51	62.55	73.49	84.70	87.30	80.68
	Other European countries	3.94	2.51	2.06	1.55	1.23	0.36	0.56
	MEDA	3.29	3.43	4.42	1.90	2.01	1.81	3.49
	Other Countries	37.85	36.56	30.97	23.05	12.05	10.54	15.28
Turkey		1994	2001	1994	2001	1994	2001	1994
	EU-15	45.35	48.56	48.39	52.56	31.46	47.76	62.51
	Other European countries	5.73	5.93	5.89	5.22	2.90	2.80	7.80
	MEDA	2.48	4.70	6.58	7.91	1.84	1.40	3.52
	Other countries	46.44	40.82	39.14	34.31	63.80	48.03	26.18

Source: Augier Patricia, Gasiorek Michael, Lai-Tong Charles, Rules of Origin and the EU-Med Partnership: The Case of Textiles, The World Economy, Vol. 27, No. 9, Oxford, September 2004, pp. 1449-1473

Turkey as a long-term partner of many EU-Institutions plays an important role in EU politics.

This role became a significant and intensive factor after World War II, not only economically but also politically.¹²⁵ If countries intensify their relations with one another, they eliminate many economic, political and ultimately bureaucratic hurdles. Consequently the trade between them increases gradually.

The effects of these intensive relations can be observed also by the volume of trade between Turkey, Morocco and the EU. The more Turkey becomes close to the EU, the more its trade with EU will increase.

Table 50: Share of Trade Types of Turkey and Morocco in Trade with the EU (as %), 1996

	One-way trade	Two-way trade in vertical differentiation	Two-way trade in horizontal differentiation
Turkey	84.4	9.8	5.8
Morocco	91.4	5.3	3.3

Source: Chevallier A., Freudenberg M., The Nature of Euro-Mediterranean Trade and the Prospects for Regional Integration, in: Towards Arab and Euro-Med Regional Integration, Paris, 2001, p. 55-82

Table 50 compares the trade characteristics of Turkey and Morocco according to the share (%) of trade types in trade with the EU from 1996. While Turkey's one-way (selling trade goods to another country, without buying anything in return) trade with the EU is around 84.4%, this rate in Morocco is around 91.4%. The Turkish and Moroccan two-way trade in vertical differentiation (subjective quality i.e. ice cream) is higher than their two way trades with the EU in horizontal differentiation (objective quality).

¹²⁵ 6.10.2004 tarihli Avrupa Komisyonun AB Konseyi ve AB parlamentosuna yönelik Türkiye ile ilgili tavsiye kararı (The recommended decision of the EU Commission to the EU Council on Turkey issue, on 06 October 2004).

It means, both countries have no significant comparative advantage in trade with EU countries. In other words, Turkish and Moroccan trade flow to EU is larger, than the EUs trade to them.

To sum up, the most important type of trade between EU countries and the Mediterranean as well as the Central European countries is one-way trade.

While Euro-Mediterranean trade is mainly one-way, in comparison to Morocco, Turkey shows a higher share of two-way trade with EU.

Morocco's economy and the economies of other Mediterranean countries depend on agriculture. Consequently, the Mediterranean countries are integrated into the world economic system, without be able to reap the benefits of globalization. Exports are concentrated in a few labor-intensive sectors and are insufficiently adapted to international demand.

Turkey and Morocco have sharply reduced the share of primary goods in their exports in favor of consumer goods. This has helped them to overcome the relative decline in foreign financing caused by their primary export, and has created new jobs. A breakdown of two-way trade by products shows an illegible trade in similar machinery products for Turkey and Morocco.¹²⁶

Trade between the Mediterranean countries and Europe represents an international division of labor typical of countries with widely different income levels. Mediterranean countries' exports to the EU concentrate on primary products and consumption goods, while most imports are intermediate, mixed and equipment goods.

Table 51 shows the Turkish and Moroccan trade product-groups and their position in Euro-Mediterranean trade in a more detailed manner.

Several conclusions can be drawn from Table 51: Turkish export and import are dominated by consumer goods. Another significant point of this table is that the share of export/import goods is verified from year to year. The shares of Turkish Exports to the EU include primarily consumer and intermediate goods.

¹²⁶ Chevallier A., Freudenberg M., The Nature of Euro-Mediterranean Trade and the Prospects for Regional Integration, in: Towards Arab and Euro-med Regional Integration, Paris, 2001, p. 55-82

In contrast, import goods from the EU consist primarily of equipment and intermediate goods. These goods are used especially for the manufacturing of new products. In other words, they have been used for investments. The Moroccan trade is dominated by consumer goods. In 1998 the share of consumer goods exported to the EU was about 37.3% and in 1996 it was 48.4%, whereas the share of imports from the EU to Morocco in 1998 was around 11.2% and in 1996 it was 14.6%.

The share of Moroccan exports (consumer goods) to the rest of the world in 1996 was about 13.7%. The Moroccan industrial goods are not significant. Therefore imports from the EU to Morocco also include intermediate and equipment goods.

Table 51: The Nature of Euro-Mediterranean Trade

	Export to EU		Imports from EU		Exports to the Rest of the World
	1988	1996	1988	1996	1996
Turkey					
I. Primary goods	23.8	12.6	3.6	6.5	13.5
Base manufactured goods	7.3	7.4	19.7	11.4	19.8
II. Intermediate goods	15.6	15.3	30.0	27.7	17.1
Mixed products	14.1	7.4	7.8	11.1	10.7
III. Equipment goods	2.2	5.3	31.3	32.4	6.4
Consumer goods	36.9	52.0	7.7	10.9	32.5
Morocco					
IV. Primary goods	31.0	18.2	5.2	7.9	24.1
Base manufactured goods	6.8	5.2	12.1	7.9	20.0
V. Intermediate goods	11.0	12.3	35.2	37.8	17.8
Mixed products	11.8	12.0	10.1	10.3	23.1
VI. Equipment goods	2.1	3.9	26.2	21.5	1.3
Consumer goods	37.3	48.4	11.2	14.6	13.7

Source: Chevallier A., Freudenberg M., The Nature of Euro-Mediterranean Trade and the Prospects for Regional Integration, in: Towards Arab and Euro-med Regional Integration, Paris, 2001, p. 55-82

Table 52 compares the Turkish Export and Import in MEDA Countries in million USD from 1988 to 2000. It seems, in comparison to other MEDA countries, that the trade volume between Turkey and Morocco has a small size.

Turkish total export-import volume to Morocco in 1988 is 147 million dollars. In 1999 and 2000 it shows no significant changes. While in 1988 and 1999 Turkish export to Morocco was more than double than imports, in 2000 exports (73 million USD) and imports (71 million USD) are roughly equal. The main reason was to be found in the effects of bi-lateral agreements between Turkey and Morocco.

Turkish exports from and imports to MEDA countries are not intensive in comparison with the EU. Nevertheless MEDA countries are important partners of Turkey in economic and political areas, because Turkey is part of the Barcelona Process too.

Table 52: Turkey Export and Import in MEDA Countries (Million USD)

	1998			1999			2000		
Country	Import	Export	Total	Import	Export	Total	Import	Export	Total
Algeria	648	483	1.130	682	408	1.090	1.193	384	1.576
Libya	343	96	438	502	140	642	786	96	882
Egypt	393	475	868	109	468	577	141	376	516
Tunis	63	351	414	67	239	305	65	163	227
Morocco	47	100	147	45	91	135	73	71	143
	1.493	1.502	2.996	1.404	1.344	2.748	2.257	1.087	3.345

Note: For simplicity the figures have been rounded.

Source: Aydin Kemal Ali, AB Bütçesi. Hazirlanmasi, gelir kaynaklari, gider kalemleri ve denetimi (The EU Budget; Programming, Incomes, Outgos and Control), Uluslararası ekonomik sorunlar dergisi (Journal for International Economic Problems), Ankara, Vol.13, May 2004, p.22

In comparison to the EU, as already mentioned, the trade volume between Morocco and Turkey is not large. Morocco's main trade partners are EU countries. France is the leading trade partner of Morocco; Germany, Spain, Italy and England follow.

Table 53: Morocco Trade with Main European Countries

Country	Export (Million \$)	Import (Million \$)
France	1.928	2.373
Germany	507	840
Spain	463	755
Italy	340	661
England	279	329
Turkey	39	38

Source: IMF-Direction of Trade Statistics Yearbook, 1995, DIE

Table 53 demonstrates the Moroccan trade with main European countries in 1995 in US dollars. While exports from France to Morocco are 1.928 million dollars and imports from Morocco 2.373 million dollars; Turkey's exports to Morocco are just 39 million dollars; imports from Morocco are 38 million dollars.

Table 54: EU-10 and Their Trade with MEDA Countries (in %) 2006

Country	EU contribution to country's export	EU contribution to country's import	Country's contribution to EU's export	Country's contribution to EU's Import
Turkey	41,8	38,5	2,25	1,90
Morocco	63,3	54,5	0,64	0,49

Source: Gönel Feride, EU and Turkey, İktisat Dergisi (Economics Journal), Vol.459-460, November 2005, Istanbul, p.69,

Table 54 shows the EU-10 and their trade with MEDA countries, Turkey and Morocco. The EU plays a considerable role in Turkish and Moroccan foreign trade. 41,8% of total Turkish exports go to the EU, and 38,5% of Turkish imports come from EU. 63.3% of Moroccan exports go to EU and 54,5% of its imports are from EU. The EU-10 is the main trade partner of Turkey und Morocco.

EU trade with Morocco in percent is higher than Turkey's. Moroccan trade depends on the EU more than on Turkey. Export products from Morocco into the EU are mainly consumer items.

The percentage of the EU's export (0, 64%) to Morocco is negligible. In comparison to Morocco the EU exports to Turkey are rather significant.

To sum up; in this first section we tried to bring light into the backgrounds and motives of the economic and political relations of EU trade with Turkey and the Mediterranean countries (especially Morocco) from different theories and perspectives.

From various theories and perspectives we see that EU relations with Turkey and Morocco are based on pragmatic grounds. A tentative conclusion at this point would be that it is extraordinarily important for the EU to develop relationships with these countries. These reasons can be listed in the following points:

- Economically
- Politically
- Culturally
- Geographically
- Legally (agreements) e.g. membership negotiations with Turkey and cooperation through the Barcelona Process with the Mediterranean countries and many other bilateral and multilateral agreements.

In this main part of this thesis, we have presented and compared the main objectives of research. Furthermore we have theoretically and methodically clarified the research objective. It is clear how the research project has been structured and most importantly how the discussed subjects are related to one another.

In the light of this structure, we have seen the economic as well as political backgrounds of the relations between EU, Turkey and Mediterranean countries. Our results so far seem to suggest that these relations should be farther improved and extended.

Section II

Customs Union with Turkey

1. Objective of this Section

The objectives of the EU are to increase the essential welfare level of the population on the whole continent and to enlarge the EU integration area in order to create and safeguard the Union through economic opportunities and political instruments.

In addition, international competitive pressure from globalization forces the individual countries and regional blocs to make more long term regional agreements and international cooperation treaties.

The above mentioned compelling global pressure is bringing the EU and Turkey closer together. For the purpose of cooperation, the two sides have been undertaking a gradual convergence process since 1963. The result of this process was the agreement on the formation of a Customs Union in December 1995. This can be viewed as an important economic step for this convergence process.

Because of the importance of this process, the customs union with Turkey will be analyzed in detail.

2. Concept of the Customs Union

A Customs Union is a union of states, which share a common customs area. However, the word "Union" is an ambiguous term. Customs union partners cannot be defined as integrated countries.¹²⁷ There is not a standard type of custom union. A

¹²⁷ Liebich F.K., Die Europäische Zollunion, ihre Möglichkeiten und Grenzen (The European Customs Union, its Possibilities and Limitations), Bonn,1951, p.12.

customs union may be built according to different forms and for different legal reasons.

According to Viner, a full (perfect) customs union has the following distinctive features:¹²⁸

- Elimination of internal tariffs between member countries
- Common external tariffs against third countries
- Distribution of income from external tariffs among member countries

This definition is used by modern economists as a fundamental modern customs union theory.¹²⁹

3. Theory of Customs Union

The customs union theory was developed in the 1950s by Viner (1950), Meade (1955), and Lipsey (1957) and is the most developed part of the neoclassical theory of integration. According to Viner's theory, a customs union is based on the elimination of internal tariffs and other trade restrictions, but in contrast to a pure free trade zone, the member states execute a common tariff towards third countries. Thus product movements between member countries are no longer subject to duty.

A customs union has two main specifics: trade creation and trade diversion effects. Trade stimulation (the effects of the decreasing of costs of goods in a custom union area that increase the efficiency of economic integration between partners) arises from the fact that products from within the customs union become cheaper, stimulating trade, due to the elimination of internal customs tariffs. Trade diversion arises from the fact that countries outside the customs union are discriminated through customs duties in effect towards countries outside the union.

Trade creation and trade diversion effects are fundamental phenomena, which economists try to make more understandable, transparent and measurable through various models and theories.¹³⁰

¹²⁸ Viner J., The Customs Union Issue, New York, 1950, p.5.

¹²⁹ Lipsey R.G., The Theory of Customs Union: A General Equilibrium Analysis, London, 1970, p.1.

Viner partly agrees with Adam Smith that "good fences make good neighbors". A mere neighborhood alone is not enough for a favorable international relationship. A strong cooperation can achieve a more advantageous level for the neighborhood.¹³¹ Looking at an overview of the European customs union history, it is obvious that the idea of a customs union has experienced various forms in European countries in the course of time, and a continuing development can be seen, reaching up to the present state.

The following customs unions had or have had importance in the European area:¹³²

- The German Customs Union (1834-1871)
- Luxembourg-Germany (1842-1918)
- San Marino-Italy (since 1862)
- Monaco-France (since 1865)
- Austria-Hungary (1867-1917)
- Sweden-Norway (1874-1897)
- Liechtenstein-Austria (1817-1919)
- Luxembourg-Belgium (since 1922)
- Liechtenstein-Switzerland (since 1923)
- Gdansk - Poland (1922-1939)
- Memel Lithuania (1924-1939)
- Saar-France (1920-1935)
- Albania-Italy (1939-1945)
- Saar-France (since 1948)
- Albania-Yugoslavia (1946-1947)
- Netherlands-Belgium-Luxembourg (Benelux) (since 1948)

Today's EU Customs Union is based on the principles of the last customs union (Benelux). However, the Customs Union between EU member states still has several

¹³⁰ Vanek J., General Equilibrium of International Discrimination, The Case of Customs Unions, Massachusetts, 1965, p. 2.

¹³¹ Viner J., The Customs Union Issue, New York, p. 19.

¹³² König W., Die Schwierigkeiten einer Zollunion, Persönliche Erinnerungen an den Ausgleich zwischen Österreich und Ungarn vom Jahre 1907 (The difficulties of a Customs Union, Personal Memories of the Balance between Austria and Hungary of 1907), Wien 1953, p.4-5.

complications, despite the creation of the single market. The more the EU countries become integrated, the more they also become integrated in the customs union area. For a successful customs union and profitable economic cooperation, a successful integration is necessary in every area.

Real economy and monetary circulation play an important role in the practice of the customs union. The countries that have adopted the Euro as their currency have a stronger relationship with one another than with any of the other members.

Former customs unions between the different European countries have encountered various problems.

For example, the Austrian-Hungarian Customs Union (1867-1917) was at times unable to fulfill its function due to wars, economic crises, currency instability and other conflicts.¹³³ The works of Viner, Meade and Lipsey further developed the customs union theory. Lipsey, inspired by Viner and Meade, focused on the second-best criterion.¹³⁴

Second best means next to the best, in the case of quality next below the first.¹³⁵ The Second-best criterion assumes that compliance with the largest possible number of efficiency conditions is not appropriate if an unchanging distortion exists. Instead, the welfare loss can be minimized by the state through distorting other conditions of effectiveness. According to the "first best option", the full liberalization of international trade is the best policy. Therefore, only trade liberalization provides the optimum. If the "first best" in the form of the Pareto optimum is not attainable, then the second best will be relevant. In the case of second best option, trade limitations and tax against third countries are expected to lead to a positive impact in terms of the welfare of a member of a customs union. Breuss brings light into the economies of

¹³³ König W., Die Schwierigkeiten einer Zollunion, Persönliche Erinnerungen an den Ausgleich zwischen Österreich und Ungarn vom Jahre 1907 (The difficulties of a Customs Union, Personal Memories of the Balance between Austria and Hungary of 1907), Wien 1953, p.4-5.

¹³⁴ Lipsey R.G., The Theory of Customs Union: a General Equilibrium Analysis, London, 1970.

¹³⁵ Webster's New World Dictionary of the American Language, Cleveland, 1960, p. 1316.

scale and criticizes that, after the pioneering work of Viner, very little progress has been made on the customs union theory for a long time¹³⁶.

Economies of scale describe the fact that growing operations and firm size also increase the possibilities of reducing costs in purchasing, manufacturing, sales, organization, research and development. This aim can be achieved by the formation of a customs union.

Tariff reductions by an enlarged single market lead to greater market opportunities. Insofar as mass and serial production processes are made possible, lower unit costs can be achieved through economies of scale.

This allows an increase in productivity.¹³⁷ There are still areas in this theory, especially in the realm of trade creation, which could be further developed to increase productivity and trade between partner countries. Breuss' criticism can be assumed to be accurate. The effects of the customs union and its functions, especially in the case of the EU and its external economic relations (such as those with the Mediterranean and other neighborhood countries) outside the customs union, must be considered here.

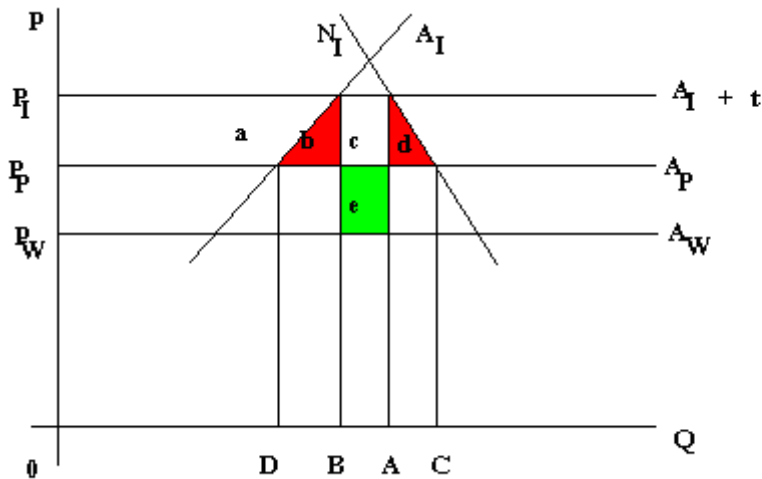
4. Effects of the Customs Union

The effect of the customs can be investigated by partial or by total analysis. The partial analytic investigation deals with the effects of tariff collection for the imported goods market.

¹³⁶ Breuss F., *Reale Außenwirtschaft und Europäische Integration* (Real Foreign Trade and European Integration), Hamburg, 2003. p. 362, Vanek J., *General Equilibrium of International Discrimination, The Case of Customs Unions*, Massachusetts, 1965, p. 2-10.

¹³⁷ Eren T.M., *Das Zollrecht der Europäischen Gemeinschaften unter Besonderer Berücksichtigung der Zollunion mit der Türkei* (The Customs Law of the European Communities, with Special Emphasis on Customs Union with Turkey), Dissertation, Wirtschaftsuniversität Wien, 1998, p.13.

Figure I: The Effects of Customs Union



Source: Breuss F., *Reale Außenwirtschaft und Europäische Integration (Real Foreign Trade and European Integration)*, Hamburg, 2003, p. 362.

Figure I shows a partial equilibrium model for a small customs union, P_I indicates the homeland, P_P a partner country, and P_W a third country.

Country I and country P establish a common customs union against country W. Consequently, the duties on imports from country W remain on import curve $A_I + t$. Therefore the price of the products of country W are no longer favorable for the country I consumers. Domestic producers can now sell more at a higher price. Here, the results of the areas $a + bc$ become important: when this area is positive, it shows a gain for member countries of the customs union.

Flat b represents the efficiency improvement of domestic production and flat d corresponds to the welfare of consumers through increases in consumer surplus. If these two effects of the surface (a, b) (Trade Creation) of a customs agreement can cover up the effects of flat e (Trade Diversion), that customs union is positive and advantageous for country I and P.

4.1. Static Effects of the Customs Union

The effects of the Customs Union can be considered by a total analytic method (including export, import and general economy) static and dynamic. Static effects of a custom union have different dimensions. Especially after elimination of internal tariffs between member countries, it is more advantageous, if each member state specializes in most comparative cost advantage production units. The most important effects of the customs union are trade creation and trade diversion effects. By forming of a customs union, the countries involved create a new trading position. If this is positive, it leads to an increase in income. Molle and many other experts describe and list these effects as follows:¹³⁸

4.1.1. Specialization Effect

“The home country adapts to the new prices and becomes more specialized in the production of those goods that have a comparative cost advantage after the formation of the customs union and removal of internal tariffs.

4.1.2. Consumption Structure Effect

Since the tariff is eliminated within the customs union; goods imported from country B become cheaper in country A. In general, more of these goods are consumed. The member countries of the customs union will change their consumption structure; by consuming more goods from the partner countries they will consume less from third countries.

¹³⁸ Molle W., The Economics of European Integration: Theory, Practice, Policy, Aldershot, 1990, p. 100-109

4.1.3. Distribution Effect

The change of the price affects the relative prices and real factor prices, if the economies are labeled by different factor intensities. This has repercussions on income distribution.

4.1.4. Trade Creation and Trade Diversion

The formation of a customs union accrues a new trading position. If this is positive, this leads to income increases.

4.1.5. Welfare Effect

By establishing a customs union, there may be a welfare gain for country A by specialization and increased trade.

4.1.6. Term of Trade Effect

Through the formation of a customs union the terms of trade will change. For example, if, by integrating the negotiating positions of the member countries or of the customs union as a whole, the world price will be affected.

4.2. Dynamic Effects of the Customs Union

The customs union allows the countries involved to develop a highly professional trading strategy. These countries can trade between one another even more intensely and with a greater volume. These effects can be classified in various manners: external, investment, competition and polarization effects.

Customs union member countries will be even more competitive. The costs will go down and technology becomes more efficient and more intense. Consumers get more choice and the quality of goods and services is higher.

4.2.1. External Effect

External effects arise from an enlarged range of skills, be they administrative or technological. Learning and specialization effects may reduce the general costs.

4.2.2. Polarization Effect

Polarization effects are related to the cumulative deterioration of the economic position of a member country in favor of another, for example by appliance of production factors such as labor and capital.

4.2.3. Investment Effect

Investments in the integration area are important elements of a possible growth process. Not only the volume but also the location is important, especially considering polarization effects.

4.2.4. Competition Effect

Changes in economic efficiency through increased competition in the integration area can trigger growth impulses, but also lead to a concentration process. In any case, the effects of competition are seen not only in reduced costs. Competition stimulates technological progress, increases the choices of consumers, improves the quality of goods and services and leads to rationalization in the organization."¹³⁹

¹³⁹ Molle W., The Economics of European Integration: Theory, Practice, Policy, Aldershot, 1990, p. 100-109

5. The Customs Union between the EU and Turkey

Turkey signed a Customs Union agreement with the European Union in 1995, and Turkey was officially recognized as a candidate for full membership on 12 December 1999. Negotiations were started on 3 October 2005. All these steps are based on the Copenhagen Criteria. These criteria are as follows:¹⁴⁰

- Political criteria: Stable institutions, guaranteed democracy, rule of law, the protection of human rights and respect for and protection of minorities
- Economic criterion: A functioning market economy and capacity to cope with competitive pressure and market forces within the Union
- Acquis criterion: The ability to assume the obligations of membership including adherence to the aims of political, economic and monetary union endorsement.

The customs union with Turkey is a good example of a country not yet a member of the EU, but with which the EU has a customs union. The route that should lead Turkey to full membership is organized in three stages: ¹⁴¹

- Preparation Period (1964-1973): This phase had no costs for Turkey and had no negative effects on the Turkish economy. Turkey was even supported through loans granted, financial aid and trade facilitation.
- Transitional Period (1973-1995): This phase was processed within the so-called Additional Protocol. The Additional Protocol sets the customs for the regulation of certain products for which the customs were gradually reduced to zero in a period of 12 years; it also covers the transition period, which lasted for 22 years. The target was a customs union, which only makes industrial products duty-free, agricultural products are excluded. But some points have

¹⁴⁰ Europäischer Rat Kopenhagen, Schlussfolgerungen des Vorsitzes-Kopenhagen, 21./22. Juni 1993
http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/de/ec/72924.pdf, 17.06.2007

¹⁴¹ Eren Mesut, Das Zollrecht der Europäischen Gemeinschaften unter besonderer Berücksichtigung der Zollunion mit der Türkei (The Customs Law of the European Communities, with Special Consideration of the Customs Union with Turkey), Dissertation, WU Wien, 1998. s.42,76, DPT-Annual Report, Ankara 2006

also been completed regarding agricultural products. These projects are mainly concerned with future orientation.

- Last Period (Customs Union Process): On 1 January 1996 free movement of goods (apart from some exceptions) and the implementation of a common customs tariff to third countries were started.

5.1. Contractual Basis of the Customs Union with Turkey

The basis of the customs union between the EU and Turkey is the Association Agreement of 12.09.1963 (Ankara) and the Additional Protocol of 1970, which took effect in 1973. The Additional Protocol can be classified as following:¹⁴²

- Free movement of goods
- Free movement of services
- Convergence of economic policies
- General and final conditions

On July 31, 1959, the Turkish side presented an application to the EEC, to proceed with their negotiations to enter an Association Agreement. The representatives of the EEC and the Turkish Government came to an agreement in Ankara on September 12, 1963.

The objective of the Ankara Agreement is "a continuous and balanced strengthening of trade and economic relations between the Parties, taking into full account the need to promote accelerated development of the Turkish economy and to raise employment levels and living conditions of the Turkish peoples well".¹⁴³

¹⁴² Filz Ferdinand, Der lange Weg der Türkei in die Europäische Union, Diplomarbeit, Universität Wien, 2007, p.83.

¹⁴³ Ankara Abkommen: Abkommen zur Gründung einer Assoziation zwischen der Europäischen Gemeinschaft und der Türkei (64/733/EWG) vom 12. September 1963, in: EG (Hrsg.), Handbuch für Europäische Wirtschaft, Brussels, 1965, p. 17.

The Additional Protocol outlined the main steps planned to implement the Customs Union between Turkey and the EEC in detail. It already covered the Interim Agreement of 1971, and the EEC granted free access to EC-markets for almost all Turkish commercial goods.

The entrance into the transition phase meant only gradual tariff reductions in Turkey for EC products, in accordance with the agreed tariff reduction calendar.

As part of the integration agreement between Turkey and the EU, a customs union was agreed upon as a first step for starting a gradual process for Turkey to become a full member of the EU. Therefore the customs union between the EU and Turkey has a long term target. It is the only EC customs union with a non-member country.

In December 1995, the treaty on the formation of a customs union with Turkey was ratified by the EU Parliament with a 2 / 3 majority.

The customs union between Turkey and the EU concerns industrial and processed agricultural products (agricultural products are still outside the scope of the customs union). It is of great importance for Turkey to dismantle customs duties and similar fees. Turkey has put the common external tariff of the EU standard into practice against third countries.

5.2. The Aim of the Customs Union for the EU

On the European side, the EU has some reservations about Turkey entering the EU because of its economic and political instability and its democratic deficits. The customs union agreement has also been planned as an economic instrument to build a close relation with Turkey. Hence this close economic partnership with Turkey has following priorities: expansion of the territory of EU integration, preservation of peace and freedom, and a continuous balanced strengthening of trade and economic relations with Turkey. To achieve these goals the gradual establishment of a customs union was planned.

According to the regulations of the Additional Protocol¹⁴⁴, the EU reset customs on industrial products originating in Turkey. Turkish products received a transition period for resetting customs tariffs, which for some products is based on a 12 year and for other products on a 22 year period. Turkey removes the customs on the EU industrial products gradually until the end of a 12 or 22 year period respectively.

5.3. The 12 Year List

For Turkey, a gradual elimination of customs duties until the end of the transitional period and the acquisition of the Common Customs Tariff within 12 years was developed (See Table 1, page 158).

For goods imported from the community in Turkey, a timetable for tariff reductions was created: goods that are on the so-called 12-year-list were considered to be in average need of protection, including fertilizers, rubber products, electronic products and fabricated metal products industry. For these goods, the duty-free import into Turkey was planned to be put into effect in January 1985.

5.4. The 22 Year List

The 22-year-list contained items which were considered to be of more strategic value and for which there was more competition and therefore needed stronger protection, such as:

- Sugar and sugar confectionery
- Cacao and cacao preparations
- Bakery products
- Prepared foods
- Tobacco and tobacco substitutes
- Chemical and Pharmaceutical products
- Leather and fur products

¹⁴⁴ The Additional Protocol was signed in 1971 and came into effect on 1 January 1973.

- Silk yarn and fabrics
- Clothing and clothing accessories
- Various articles of iron and steel, rubber, copper, nickel and aluminum
- Miscellaneous articles of base metal
- Electrical machinery, appliances and electrical goods
- Rail cars, tractors, cars, boats
- Optical, photographic and cinematic equipment
- Medical and surgical instruments
- Furniture
- Toys, entertainment articles

This list includes almost all the relevant Turkish industries. For these goods, duty-free traffic within the customs union and the adoption of the CCT (Common Customs Tariff) was planned for 1995. For the necessary gradual tariff reductions the following schedules were installed, whereby the applicable tariff rates are listed in percentage (%) of their basic duty rates.

Table 1: 12 Year List and 22 Year List

Date	12-year-List (%)	22-Year-List (%)
1.1.1973	90	95
1.1.1976	80	90
1.1.1978	70	
1.1.1979	60	85
1.1.1980	50	
1.1.1981	40	
1.1.1982	30	
1.1.1983	20	80
1.1.1984	10	
1.1.1985	0	70
1.1.1986		60
1.1.1988		50
1.1.1990		40
1.1.1991		30
1.1.1993		20
1.1.1994		10
1.1.1995		0

This schedule, however, had already been proven to be inadequate in the late seventies, since Turkey was not able to adapt to the corresponding tariff reductions. Some parts of the agreements were simply declared invalid or new taxes were introduced.

5.5. Proponents of the Customs Union in Turkey and their Opponents

On the Turkish side in particular, there were economic concerns and criticism. On the other side the proponents of the customs union in Turkey, especially among representatives of the textile sector expected an export increase through the elimination of import quotas.

The same positive prospectives were expected for the tourism sector and for the banks, which expected an increase in financial transactions. From the view of pro EU politicians, the customs union was therefore seen as an important step for the integration of the Turkish economy into the European economic area. According to Togan, the EU is a major source of technology and investment for Turkey, hence the customs union is a good option for both sides to optimize their economic interests.¹⁴⁵ Furthermore the proponents of the customs union with EU favorize it as a significant contribution to the membership process of Turkey into the EU. Opponents of the customs union in Turkey were to be found in the automotive industry and the so-called white (refrigerators, washing machines) and brown (electronic consumer goods such as televisions) industries. They were especially concerned about low-cost imports from the EU and common tariff and quotas against third countries causing permanent economic disadvantages.

5.6. Existing Problems in Practice

In practice, existing technical and legal adjustment problems decelerate the flow of products between EU and Turkey. One of these problems concerns the monopolistic markets for tobacco and for the alcohol industry, which has not yet been resolved in Turkey despite some legislative changes. Another problem lies in the interpretation of terms that appear in agreements and are not entirely clear, such as "Second Hand Products." It was decided that high-tech products from EU countries imported into Turkey must have a manufacturing age of less than 6 months, because Turkey wants to prevent the import of old technology. Ambiguities in the "Copyright" and "Know-how" areas are considered to need modern economic and legal adjustment and regulation. Such problems appear especially in the area of medical and pharmaceutical products.¹⁴⁶

¹⁴⁵ Togan Sübidey, Opening up the Turkish Economy the Context of the Customs Union with EU, *Journal of Economic Integration* 12(2), June 1997; 157–179 Bilkent University, Ankara

¹⁴⁶ Türkiye–AB Gümrük Birliği ve mevzuatlar (Customs union and its regulations)

<http://www.gumrukticaret.gov.tr/kategori/589/uluslararasi-sozlesmeler.html/29.05.2008>

In a customs union area, the movement of some goods may be differently regulated and strictly controlled due to health or security reasons. Another challenge is taxation on goods. Goods traffic is always controlled. Therefore, the free movement of goods cannot flow as freely as that of citizens. Especially on the Turkish side, exports to the EU countries follow different rules internally. For example, in order to better the reputation of Turkish products, it is necessary to improve the quality of goods to European standard. There is a need to export products that meet the minimum standards of CE, ISO 900 or TSE (Turkish Standard Institute) etc.

6. The Effects of the Customs Union between Turkey and EU

According to Lueger, three types of information can be used to describe a phenomenon and to verify its consequences, namely internal, external and comparable data.¹⁴⁷ This perspective supports the methods used here to describe the effects of the customs union on the Turkish economy in which the national and international trade indicators of Turkey are compared and analyzed.

6.1. Export and Import

The effects of the customs union can be measured or determined by statistical data and the volume of investment in comparison to previous years. According to different model calculations and statistical representations, both sides (EU and Turkey) have profited from the Customs Union. However the customs union is not a full economic and political unification, but only a kind of economic cooperation. In addition, the customs union raises the volume of trade between the involved countries. For more accurate results, there are several macroeconomic model calculations. E.g. macroeconomic models by De Santis, and Mercenier Yeldan Harrison can be implemented.

¹⁴⁷ Lueger M., Grundlagen Qualitative Forschung: Methodologie–Organisierung–Methoden (The basis of qualitative research: methodology-Organization-methods), Wien, 2000, p.231.

According to calculations in the model of De Santis (1998), the effects of the customs union on the Turkish economy show an entirely positive output. The ratios of the increase are between 0.7% and 1.7%. The growing sectors are the food industry, the beverages and tobacco, textile and clothing industries, leather industry and fur products, footwear, chemical and mineral industries. These sectors are mostly based on labor-intense production; hence they represent a comparative advantage for Turkish economy.¹⁴⁸

¹⁴⁸ Eren T.M., *Das Zollrecht der Europäischen Gemeinschaften unter Besonderer Berücksichtigung der Zollunion mit der Türkei* (The Customs Law of the European Communities, with Special Consideration of the Customs Union with Turkey), Dissertation, Wirtschaftsuniversität Wien, 1998, p.133.

Table 2: Selected Trade Indicators of Turkish Export and Import (in billion U.S. dollars)

EU Countries (EU-15)				Non EU Countries			
Year	X	M	(X/M)*100	Year	X	M	(X/M)*100
1980	1,38	2,59	53	1980	1,53	5,32	29
1981	1,69	2,81	60	1981	3,02	6,32	49
1982	1,92	2,78	69	1982	3,82	6,06	63
1983	2,19	2,98	73	1983	3,54	6,25	57
1984	2,95	3,54	83	1984	4,19	7,22	58
1985	3,40	4,18	81	1985	4,56	7,16	64
1986	3,42	4,88	70	1986	4,03	6,25	65
1987	5,13	6,07	84	1987	5,06	8,08	63
1988	5,36	6,30	85	1988	6,30	8,03	78
1989	5,68	6,49	88	1989	5,94	9,31	64
1990	7,20	9,93	73	1990	5,76	12,38	47
1991	7,38	9,90	75	1991	6,22	11,15	56
1992	7,91	10,66	74	1992	6,80	12,21	56
1993	7,60	13,87	55	1993	7,74	15,56	50
1994	8,69	10,92	80	1994	9,41	12,35	76
1995	11,08	16,86	66	1995	10,55	18,85	56
1996	11,50	22,34	51	1996	11,72	21,29	55
1997	12,25	24,84	49	1997	14,01	23,72	59
1998	13,72	24,46	56	1998	13,26	21,47	62
1999	14,35	21,42	67	1999	12,24	19,26	64
2000	14,51	26,61	55	2000	13,26	27,89	48
2001	16,12	18,28	88	2001	15,22	23,12	66
2002	18,59	23,13	80	2002	17,02	27,70	61
2003	24,45	31,70	77	2003	22,76	37,65	60
2005	30,93	40,06	76	2005	28,50	55,16	51
2004 *	36,56	75	24	23,20	41,56	55	27,65

* EU-25 included (from 2004) X and M indicators.

Source: Neyapti Bilin, Taskin Fatma, Üngör Murat, Has European Customs Union Agreement Really Affected Turkey's Trade?, Bilkent University, Department of Economics, Ankara, 2005, p.17

As can be seen in Table 2, there is a rising trend in the volume of Turkish foreign trade. This tendency has become more stable since the implementation of the customs union. Total Turkish textile and clothing exports to the EU in 1995 were 4.3 billion Euros and in 2000 around 7.7 billion Euros. i.e. an increase of 72%.

Moreover, 90% of the Turkish imports are products such as industrial equipment-machinery and raw materials and 10 percent are consumer goods (food, etc.). 75% of Turkish imports from the EU are investment-products such as machinery, high-technology components and other accessories and raw materials, approximately 25% are consumer goods. On the other hand, 75% of Turkish exports to the EU are consumer goods and 25% raw materials and industrial products.¹⁴⁹

Table 3: External Trade since the 1970s

	1970-79	1980-1995	1996-2001	2002-2007
Trade balance (billion \$)	-2.0	-6.0	-18.8	-38.7
Export/Import (%)	47.3	64.0	59.7	65.0
Imports/GDP (%)	6.8	15.8	20.8	24.4
Exports/GDP (%)	3.0	10.2	12.3	15.8
(X-M)/GDP (%)	-3.8	-5.6	-8.5	-8.6
(X+M)/GDP (%)	9.7	26.0	33.0	40.1
Import-annual compounded rate of change (%)	20.5	10.6	-1.0	27.0
Export-annual compounded rate of change (%)	16.1	14.3	6.2	24.4

Source: İzmen Ü., Yılmaz K., Turkey's Recent Trade and Foreign Direct Investment Performance, Working Paper 0902, Koc University Istanbul, March 2009, p.4-9

Table 3 indicates that Turkey's trade balance shows a negative trend. Turkey imported more goods than it exported.

¹⁴⁹ Jones D., Economic Assistance to Turkey from Europe and the United States, Thesis, Bilkent University, Ankara 2004. s.26. PDF: <http://bliss.bilkent.edu.tr/search.phtml>
Karakas E., The Customs Union and its Effects on Turkish Economy, Bahcesehir University Annual Report, Istanbul, 2004, p.31

According to mercantilism such a negative balance would be a disadvantage for Turkey. In older times, the mercantilists believed that a country should export more than it imports. In that way a country could profit from international trade. However this perspective is no longer relevant for international trade. The reasons have been defined by the comparative advantages theory of Ricardo, Samuelsson and Heckscher-Ohlin as well as by neo-classic economists. Furthermore Turkish imports are mostly based on the investment goods, which improve the productivity of the country's economy.

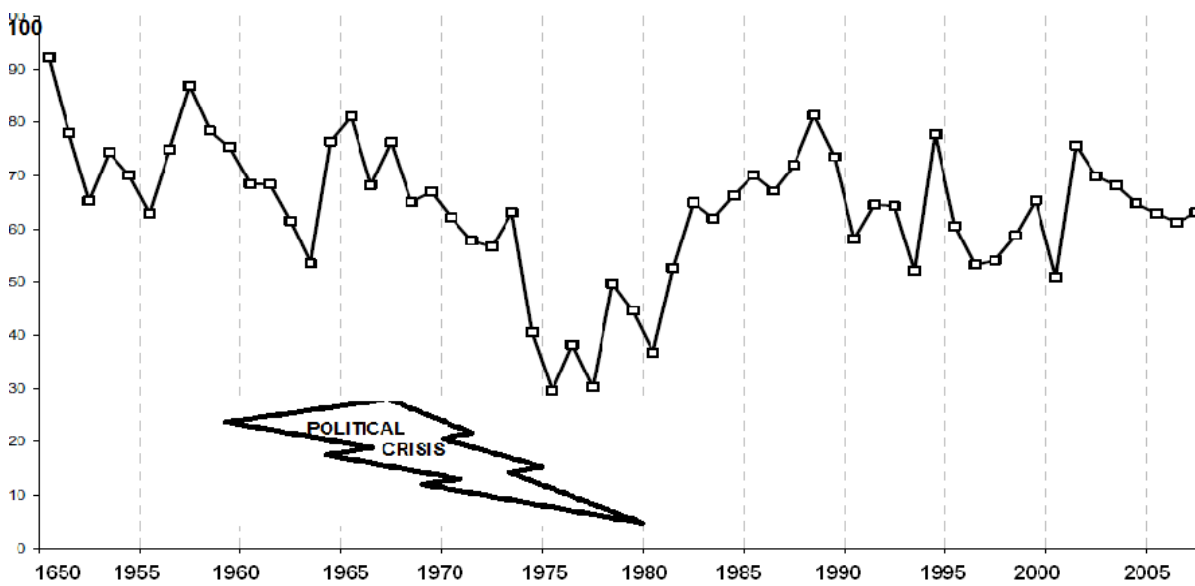
The export/import ratio (X/M) is one of the fundamental indicators to express the external trade deficit in the economy of a country. It measures the external trade balance of a country. Changes in the export/import ratio also affect the country's current account balance as well as its foreign exchange reserves. Parallel to growth in the Turkish economy, its export/import ratio has shown an increase since the 1980. The annual compound rate of changes gives information about the performance of business over a given time period. The Turkish economy was very volatile and overshadowed by political crises in the period between 1970 and 1979. Hence, national production and exports were significantly low. Furthermore the volume of international trade was also significantly low. Therefore, Turkish imports were high.

Low economic activity and political turbulences and can also be observed from Figure 2. However, after 1980 Turgut Özal's government put a special program in power, by which export oriented companies were encouraged and subventioned to increase the volume of their trade. The effects of this export oriented economic policy of Turkey can be observed in the period of 1996-2001 as well as in following periods. According to a study by Izmen and Yilmaz, the customs union agreement with the EU did not have much impact on Turkish exports in the first five years. However, the exports and imports to with EU show positive progress. Furthermore the Turkish economy shows a competitive and integrative performance in the customs union area.

Turkish trade relations with Europe have always had considerable importance. Between 1999 and 2003, trade with the EU-25 accounted for 53 percent of Turkey's exports and 51 percent of imports.

If one includes countries, which became members in 2004, and Bulgaria and Romania, which joined in 2007, Europe's share in Turkish exports and imports in 2004 was 59 percent and 53 percent respectively. With 49 percent share in imports at the end of 2005, EU continued to be the most important trade partner for Turkey, despite the rapid increase in imports from China in the 2000s. The Chinese share in imports rose to 7.8% in 2007 from 2.2% in 2001.¹⁵⁰ Mainly, revenue in China rises through the low cost of labor-based production and manufacturing.

Figure 2: Export/Import Ratio (1950-2007)



Source: İzmen Ü., Yılmaz K., Turkey's Recent Trade and Foreign Direct Investment Performance, Working Paper 0902, Koc University Istanbul, March 2009, p.8.

The purpose of Figure 2 is to illustrate the export/import ration graphically. The liberalization of foreign trade affected both imports and exports. Turkish foreign trade shows a parallel development to national as well as global economic and political developments.

¹⁵⁰ İzmen Ü., Yılmaz K., Turkey's Recent Trade and Foreign Direct Investment Performance, Working Paper 0902, Koc University Istanbul, March 2009, p.4-9.

Turkish economy has been most affected by the national economic and political development from 1950 to 1980. Since 1980, global economic and political developments gradually played a significant role on the developments of the Turkish economy.

From 1960 to 1980 Turkish economy has been overshadowed by a series of military coups in Turkey: after a military coup on 27 May 1960 Prime Minister Adnan Menderes was sentenced to death, and after a military coup on 22 March 1970 and 1971 all political parties were banned and finally after the military coup of 12 September 1980 Turkey was ruled by a military committee. Then the military handed power over to Turgut Özal's party ANAP (Motherland Party). The ANAP implemented pro EU and pro liberal economic policies. All these political and military incidents had enormous effects on the volume of the Turkish foreign trade.

6.2. Foreign Direct Investment in Turkey

After 1980, with the transition to a liberal market economy, foreign direct investment into Turkey reached a respectable level. Although regulation article No. 6624 on the promotion of foreign capital was in force from 1954 until 1980, there were no significant improvements in the FDI into Turkey. The critical reasons were infrastructure deficits, lack of capital accumulation, political crisis, the lack of recognition and promotion of investments.

Table 4 compares direct investments in Turkey in 1994. 61% of direct investment in Turkey originated from EU-15 countries, 31% came from other OECD countries, 4% from Islamic countries and 4% from other countries. The EU is the main FDI partner of Turkey and the role of Islamic countries by direct investment in the Turkey is considerably low.

Table 4: Direct Investment in Turkey (1994)

Country	Investment in %
EU-15	61
Other OECD countries	31
Islamic countries	4
Others	4

Source: Jones D., Economic Assistance to Turkey from Europe and the United States, Thesis, Bilkent University, Ankara 2004, p.26. <http://bliss.bilkent.edu.tr/search.phtml> and Karakas E., The Customs Union and its Effects on Turkish Economy, Bahcesehir University Annual Report, Istanbul, 2004, p.16.

The biggest investors in Turkey come, as always, from the countries of the European Union. Germany, with 995 realized direct investment projects in Turkey is the leading country, followed by the Netherlands with 403 companies and the UK with 350 companies.

Austria with 96 company ranks sixth in the number of foreign direct investors (FDI) and it ranks 17th in the total investment volume of USD 156.3 billion.

Direct investment from the EU countries in 1989 to 1994 was 65% and this figure increased by 2.3% to 67.3% between 1996 and 2002 as a result of the customs union.¹⁵¹

Table 5 gives more details about Foreign Direct Investments (FDIs) in Turkey from 2005 to 2010, calculated in USD. The amount of FDIs in Turkey by 2005 is over 10 billion US dollars. While from 2006 to 2008 FDIs to Turkey boomed, from 2009 and 2010 there was a significant decrease due to the worldwide financial crisis and lastly in 2011 FDI flows into Turkey made new progress and reached 16 billion USD.

¹⁵¹ Turkish Ministry of Economy, Invest in Turkey / FDI in Turkey, <http://www.invest.gov.tr/en-US/investmentguide/investorsguide/pages/FDIinTurkey.aspx> /16 June 2008, <http://www.invest.gov.tr/en-US/investmentguide/investorsguide/pages/FDIinTurkey.aspx> /07.12.2011

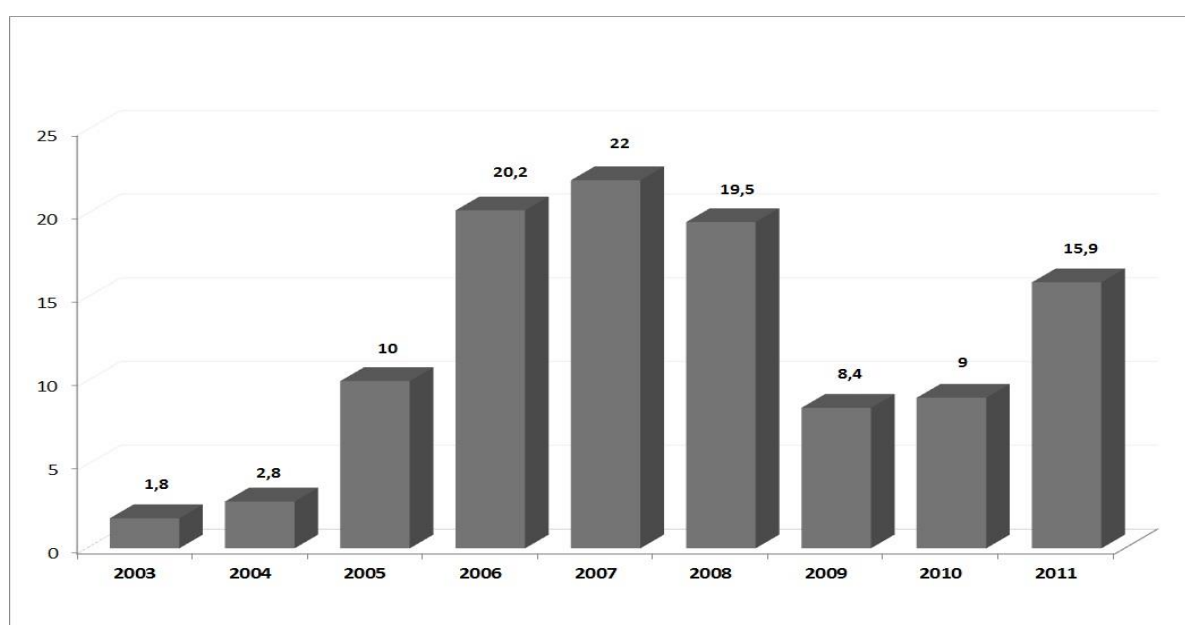
Table 5: Foreign Direct Investments-FDIs in Turkey (in Billion \$)

Year	2005	2006	2007	2008	2009	2010	2011
Total FDI	10.031	20.185	22.046	18.269	8.409	8.899	16.000

Source: Turkish Ministry of Economy, Invest in Turkey / FDI in Turkey,

Figure 3 outlines the progress of FDIs in Turkey. After stabilization measures and arrangements for the necessary legislation as well as positive changes in Turkish trade regulations, foreign direct investments increased significantly.

Figure 3: FDI Inflows to Turkey (Billion US dollar)



Source: Invest in Turkey: Turkish Investment Support and Promotion Agency Annual Report 2012, Ankara, 2012, p.22,

Figure 3 indicates the FDI inflows to Turkey from 2003 to 2011. It shows that the quantity of FDI inflows to Turkey from 2005 increased rapidly. This increasing trend continued until the end of 2008. This period represents a record FDI inflow into Turkey. The effects of the global financial crisis that began in 2007 in the USA as a real estate sector showed its economic consequences until late 2010.

Consequently, between 2009 and 2010, due to effects of the global financial crisis, there is declining period for FDI inflows to Turkey. In 2011 a new upswing began. The FDI flows into Turkey have been negatively affected by the global economic crisis in 2009 which began to show itself in the last quarter of 2008 and its aftershocks have been felt until end of 2010.

6.3. Financial Assistance during Accession Process of Turkey into the EU

Turkey as a NATO member country has always been supported by Europe and the U.S. both financially and politically.

Support from its Western allies started and grew after the Second World War, especially with regard to the background of political and economic pressure of the Warsaw Pact.

Later on, the EU assisted Turkey through IPA. Instruments for Pre-accession Assistance (IPA) have been used for political, judicial and administration reforms for EU membership candidate countries. The target is to adapt Turkey to EU's norms and membership obligations.

Table 6 demonstrates the economic support by the EU for the accession process of Turkey, from 2002 to 2013, in million Euros.

Table 6: Economic Support by the EU for the Accession Process of Turkey

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Quantity million €	126	144	250	300	500	497	539	566	654	782	900	903

Source: Yeğen I., AB Mali Yardımları ve AB'nin yeni üye ülkeleriyle Türkiye üzerine ampirik bir inceleme, (An empiric work on the financial assistance of EU) Süleyman Demirel University, Thesis, Isparta 200, p.105

However, in comparison to Turkish geographical and population data the economic assistance by the EU for the accession process of Turkey has not been sufficient

enough. Also, if we compare it with the amount of total financial support from the EU to Turkey, which is 6 billion Euros, the EU's pre-accession assistance to Spain was around 110 billion Euro and to Greece 84 billion Euro. If Turkey received the same kind of financial support as Spain and Greece, its integration into the EU would be greatly accelerated.

Table 7: Pre-Accession Financial Assistance for Turkey Customs Union 1964-1995) in million Euro

Source of Financial Support	Form of financial Assistance	Period of time	Commitment	Actual use
1.Financial protocol	Credit	1964-1969	175	175
2.Financial protocol	Credit	1971-1977	220	220
Complementary protocol		1971-1977	47	47
3.Financial protocol	Credit	1979-1982	310	310
Special aid package	Donation	1982-1986	75	75
4.Financial protocol	Credit: 225 Donation:375	1982-1986	600	due to the Greece's veto could not be used
The Gulf War	Credit	1991	175	175
Special financial assistance	Donation	1993	3	3
Total			1.605	1.005

Source: Yeğen I., AB Mali Yardımları ve AB'nin yeni üye ülkeleriyle Türkiye üzerine ampirik bir inceleme, (An empiric work on the financial assistance of EU) Süleyman Demirel University, Thesis, Isparta 200, p. 67

Table 6 and Table 7 compare the financial assistance to Turkey before and during the customs union.

While the amount of pre-accession financial assistance for the customs union to Turkey (1964-1995) reached 1.005 million Euro and the financial assistance to Turkey after the Customs Union (1996-1999) has amounted to 755,3 million Euro.¹⁵²

The political crisis between Greece and Turkey due to the Cyprus conflict significantly affected the financial assistance to Turkey. As an EU member, Greece used its veto right to prevent financial aid to Turkey several times.

¹⁵² Based on the data from Turkish Ministry for EU Affairs.

Table 8: After the Customs Union Financial Assistance for Turkey (1996-1999) in million Euro

Source of financial support	Form of financial assistance	Period of time	Commitment	Actual use
MEDA I	Donation	1995-1999	376	181,3
Budget source	Donation	1996-2000	375	due to the Greece's veto could not be used
Administrative cooperation	Donation	1996-2000	3	3
Various Grants (AIDS, drug fighting, the environment, etc.).	Donation	1992-1999	-	14
AYB (European Investment Bank)	Credit	1996-2000	750	due to the Greece's veto could not be used
MEDA	Credit	1992-1996	340	340
MEDA	Credit	1997-1999	205	205
Risk capital	Credit	1997-1999	12	12
Macro-economic assistance	Credit	1999	In case of need	200
Total			2,061	755,3

Source: Yeğen I., AB Mali Yardımları ve AB'nin yeni üye ülkeleriyle Türkiye üzerine ampirik bir inceleme, (An empiric work on the financial assistance of EU) Süleyman Demirel University, Thesis, Isparta 200, p.72

7. Current Situation of Turkey

Table 9 presents the most recent foreign trade Indicators for Turkey, from 1985 to 2011, in USD. Several conclusions can be drawn from this table. Considering the volume of trade from a comparative point of view, it can be seen, that the volume of trade shows a significantly increasing trend. While the volume of trade in 1985 was around 19, 3 billion US dollars, it reached 66, 9 billion dollars after the Customs Union with the EU, in 2010 299,4 billion USD and in 2011 375,9 billion USD. The proportion of imports covered by exports from 1985 to 2011 averaged around 50%. In Turkey, the balance between exports and imports has shown a stabile character for years.

Table 9: Recent Trade Indicators of Turkey: (Value: 1000 \$) from 1985 to 2011

Source:		Turkish		Statistic		Institute		Annual	
		Exports		Imports		Balance		Volume of trade	
Yıl	Değer	Change		Change		Change		Change	Proportion of
Year	Value	(%)	Value	(%)	Value	(%)	Value	(%)	imports covered by exports (%)
1985	7 958 010	11.6	11 343 376	5.5	- 3 385 367	-3.5	19 301 386	29.0	70.2
1986	7 456 726	-6.3	11 104 771	-2.1	- 3 648 046	7.8	18 561 497	-3.8	67.1
1987	10 190 049	36.7	14 157 807	27.5	- 3 967 757	8.8	24 347 856	31.2	72.0
1988	11 662 024	14.4	14 335 398	1.3	- 2 673 374	-32.6	25 997 422	6.8	81.4
1989	11 624 692	-0.3	15 792 143	10.2	- 4 167 451	55.9	27 416 835	5.5	73.6
1990	12 959 288	11.5	22 302 126	41.2	- 9 342 838	124.2	35 261 413	28.6	58.1
1991	13 593 462	4.9	21 047 014	-5.6	- 7 453 552	-20.2	34 640 476	-1.8	64.6
1992	14 714 629	8.2	22 871 055	8.7	- 8 156 426	9.4	37 585 684	8.5	64.3
1993	15 345 067	4.3	29 428 370	28.7	- 14 083 303	72.7	44 773 436	19.1	52.1
1994	18 105 872	18.0	23 270 019	-20.9	- 5 164 147	-63.3	41 375 891	-7.6	77.8
1995	21 637 041	19.5	35 709 011	53.5	- 14 071 970	172.5	57 346 052	38.6	60.6
1996	23 224 465	7.3	43 626 642	22.2	- 20 402 178	45.0	66 851 107	16.6	53.2
1997	26 261 072	13.1	48 558 721	11.3	- 22 297 649	9.3	74 819 792	11.9	54.1
1998	26 973 952	2.7	45 921 392	-5.4	- 18 947 440	-15.0	72 895 344	-2.6	58.7
1999	26 587 225	-1.4	40 671 272	-11.4	- 14 084 047	-25.7	67 258 497	-7.7	65.4
2000	27 774 906	4.5	54 502 821	34.0	- 26 727 914	89.8	82 277 727	22.3	51.0
2001	31 334 216	12.8	41 399 083	-24.0	- 10 064 867	-62.3	72 733 299	-11.6	75.7
2002	36 059 089	15.1	51 553 797	24.5	- 15 494 708	53.9	87 612 886	20.5	69.9
2003	47 252 836	31.0	69 339 692	34.5	- 22 086 856	42.5	116 592 528	33.1	68.1
2004	63 167 153	33.7	97 539 766	40.7	- 34 372 613	55.6	160 706 919	37.8	64.8
2005	73 476 408	16.3	116 774 151	19.7	- 43 297 743	26.0	190 250 559	18.4	62.9
2006	85 534 676	16.4	139 576 174	19.5	- 54 041 498	24.8	225 110 850	18.3	61.3
2007	107 271 750	25.4	170 062 715	21.8	- 62 790 965	16.2	277 334 464	23.2	63.1
2008	132 027 196	23.1	201 963 574	18.8	- 69 936 378	11.4	333 990 770	20.4	65.4
2009	102 142 613	-22.6	140 928 421	-30.2	- 38 785 809	-44.5	243 071 034	-27.2	72.5
2010	113 883 219	11.5	185 544 332	31.7	- 71 661 113	84.8	299 427 551	23.2	61.4
2011	134 954 362	18.5	240 833 236	29.8	- 105 878 875	47.7	375 787 598	25.5	56.0

Source: Turkish Economy in the World, Treasury Ministry,

http://www.treasury.gov.tr/File/?path=ROOT/Documents/General%20Content/Ekonomi_Sunumu_ENG.pdf/06.01.2012

7.1. The Accession Negotiations between Turkey and the EU

According to recent updated documents of the Turkish Ministry for EU Affairs, the EU acquis has been categorized under 35 chapters and is based on three headlines with related phases:¹⁵³

Screening: is the process in which information on the legislation under the acquis is provided, the differences between EU legislation and legislation of the candidate country is determined, and a broad calendar of the accession process and the potential obstacles that may get in the way of this process are determined.

An open chapter is one that has not yet been negotiated or is currently being negotiated. A closed chapter has already been screened, opened, negotiated, and finally closed.

Referring to the documents of the Turkish Ministry for EU Affairs, the admission process of Turkey into the EU began on 3 October 2005, and the Screening Process started with chapter 25, Science and Research, on 20 October 2005. The Screening Process for all following 35 negotiation Chapters was completed on 13 October 2006.

Opened, negotiated and provisionally closed:

25) Science and Research

Opened:

- 4) Free Movement of Capital
- 6) Company Law
- 7) Intellectual Property Law
- 10) Information Society and Media
- 16) Taxation
- 18) Statistics
- 20) Enterprise and Industrial Policy

¹⁵³ Türkiye Cumhuriyeti Avrupa Birliği Bakanlığı (The Republic of Turkey Ministry of EU Affairs)
<http://www.abgs.gov.tr/2009>

- 21) Trans-European Networks
- 27) Environment
- 28) Consumer and Health Protection
- 32) Financial Control
- 12) Food Safety, Veterinary and Phytosanitary Policy: **still** to be opened
- 17) Economic and Monetary Policy
- 26) Education and Culture

Screening Reports Approved at the Council of the European Union with Benchmarks:

- 1) Free Movement of Goods
- 3) Right of Establishment and Freedom to Provide Services
- 5) Public Procurement
- 8) Competition Policy
- 9) Financial Services
- 11) Agriculture and Rural Development
- 19) Social Policy and Employment
- 29) Customs Union

Drafts for Screening Reports to be approved at the Council of the European Union:

- 2) Freedom of Movement of Workers
- 13) Fisheries
- 14) Transport Policy
- 15) Energy
- 22) Regional Policy and Coordination of Structural Instruments
- 23) Judiciary and Fundamental Rights
- 24) Justice, Freedom and Security
- 30) External Relations
- 33) Financial and Budgetary Provisions

Screening Reports not yet drafted:

- 31) Foreign, Security and Defense Policy

To summarize; the Customs Union and its effects on the economic and political integration of Turkey are worthwhile.

The customs union with Turkey has not fully satisfied all the wishes, but it has provided an important step. Economic cooperation and international relations are dependent on such specific agreements.

The European Countries and Turkey have had significant relations throughout their history. They increased and strengthened these relations and helped make the customs union possible and encourage further political and economic steps to integrate the Turkey into EU.

Apart from the EU countries, other international blocs, such as Islamic countries, the British Commonwealth, the Black Sea Countries Economic co-operation, etc. have built up relations with and signed treaties with Turkey. In comparison to the relations between Turkey and EU, they have, however, not played a very important role in the Turkish economy.

After the customs union with the EU, trade volumes and FDI movements between EU and Turkey show an increasing trend. On the other hand, with the acceleration of globalization, there is a global increase in international trade as well as FDI movements. This increasing trend has become significantly higher with the intensification of relations between EU and Turkey.

Finally, it is suggested that if the EU's relations with other Mediterranean countries like Turkey can be improved with the customs union and similar agreements, it will be profitable for all sides.

Section III

EU-Mediterranean Cooperation (The Projects of the MEDA Program)

The Objective of Section III

The focus of this section is on the projects of the EU-Mediterranean partnership and their current situation as well their actual importance for partner countries. The basis of the EU-Mediterranean partnership is to be found in the Barcelona Process. The EU and the Mediterranean countries started this process to launch a new era ensuring their economic and political relations in a mutually beneficial world-wide position.

Turkey and the other 12 Mediterranean countries came together under the leadership of the EU Commission through the Barcelona process. Its goal is to create a free trade area. In this region, economic, financial, political, social and cultural affairs have expanded together and parallel to each other.

The MEDA (Mediterranean Economic Development Agency) is an important foundation for achieving these goals. The goal of these countries is to create an influential free trade area.

On the other hand, the cooperation between the EU and the Mediterranean countries has not been particularly effective until now. Therefore, these relationships can be more clearly defined as collaboration between two unequal regional partnerships.

In this process, the EU plays a crucial role, because these countries have not yet been able to form a strong cooperation and common goals among one another other. All countries except Israel have development problems. These countries have partially similar economic obstacles. Their economy is based fundamentally on agriculture; they try to industrialize their economy and to stabilize it through the development of common projects with the EU.

Due to political and economic problems arising in these countries (Arab Spring), it remains uncertain whether such efforts can bring them to the desired economic level.

1. Theoretical and Methodological Viewpoint of this Section

Several research projects have been performed on the economic and political situation of the EU as well as on its aims. However, most of them consider it from a purely traditional or a pragmatic approach. In other words, the EU and its interests are the core element of this research. Hence far too little attention has been paid to a comparison of the situation of Morocco und Turkey. As Feyerabend said: "A problem has been formulated, and now we want to solve it. To do so, a relevant theory must be invented."¹⁵⁴

This section has been systematized and structured in the light of this perspective. The central question is:

„For which reasons do EU relations with Mediterranean countries play such an important role and which contributions are provided by the MEDA projects in the EU-Mediterranean partnership?“

In the context of this question, the MEDA projects have been brought into the foreground to illustrate the current position in the Barcelona process. For this purpose, theories of integration and development theory have been applied.

The development theory examines the causes of underdevelopment in developing countries. This theory can be divided into modernization, dependence and imperialism. Imperialism will not be discussed here.

The main argument of modernization is: the modernization of social institutions, such as a standard infrastructure for justice, the political system and education, etc., can establish the basis for economic growth and social welfare. Modernization is understood to be the process of transforming traditional institutions to modern forms, as are to be found in industrialized countries.

¹⁵⁴ Feyerabend P., Wider den Methodenzwang, Skizze einer Anarchistischen Erkenntnistheorie (Against Method: Outline of an Anarchistic Theory of Knowledge), Frankfurt am Main, 1977, p.242. (own translation)

The analysis of dependence distinguishes between states in the center and at the periphery. The problems of developing countries are the consequences of the relationship between the center and the periphery and manifest themselves in structural problems such as unequal trade patterns (raw materials to finished goods), unjust distribution of capital power, debt, military inferiority and dependence on military assistance and on elites dominated by industrialized countries.

For the sake of precision, this project has been limited in time and in area as follows:

Time: It concentrates on the EU-Mediterranean co-operation after 1995, because the Barcelona Process reinforced the regional relations at a high institutional level. Until that time, several European countries held various bi-and multi-lateral agreements with different Mediterranean countries in order to maximize their economic and political relations.

Area: A limitation of the main concerns in the Mediterranean area is necessary, because a wide-ranging study of these countries, methodologically and theoretically is very difficult and not beneficial. Therefore the relation between the EU and the Mediterranean countries has been investigated in the context of the MEDA projects and the principal aims of the Barcelona Process. In particular, only projects with the so-called Maghreb countries (Morocco, Algeria and Tunisia) are put into the foreground. According to Lueger three types of information can be used to describe a phenomenon, namely internal, external and comparative data. This perspective supports the viewpoint that is used in this project.¹⁵⁵

Popper argued: "Theories can be more stringent or less stringent, verifiable," light "or" less easily "falsifiable."¹⁵⁶ The research subject of this section is complicated and challenging. However, the aim is to define it and make it as visible as possible.

Consequently, in this section, the investigation of the themes of EU-Mediterranean relations has been limited according to their economic and political importance. The basic aim is to bring light on the current situation of this relationship.

¹⁵⁵ Lueger M., Grundlagen Qualitative Forschung: Methodologie–Organisierung–Methoden, (Basic qualitative research: Methodology-organization-Methods), Wien, 2000, p.231.

¹⁵⁶ Popper K., Logik der Forschung (Logic of research), Tübingen, 1971, p.77

2. The Outcome of Section III

The following results will appear in this section:

- A methodological and theoretical background of these relations
- Perspectives of the EU and Mediterranean countries with regard to the Barcelona Process
- An ordered list of all MEDA projects
- Purpose and background of the projects

3. Neighborhood Policy of the EU as a Constitutional Objective

Increasing globalization forces countries to cooperate with each other and expand their economic and political relationships in their own region. The world is becoming a global market. Given this situation, the European Union's Neighborhood Policy takes a place in the foreground, both in its constitution¹⁵⁷ as well as in its external relations. Although the EU Constitution is not yet in force, in principle, the EU Commission makes its decisions in accordance with the EU Constitution.

The following article of the Constitution's draft clearly defines and stresses the EU Neighborhood Policy and its importance in these relationships. These relationships have been annotated in Article I-57¹⁵⁸ along with the Union's Neighborhood Policy, in Article III the importance and objectives of the EU external relations and in articles-III-

¹⁵⁷ Draft treaty establishing a constitution for Europe, as approved by the Intergovernmental Conference on 18 June 2004. European Communities, 2004, Luxembourg.

¹⁵⁸ Article I-57, "The Union and its neighbours":

1) The Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation.

2) For the purposes of paragraph 1, the Union may conclude specific agreements with the countries concerned. These agreements may contain reciprocal rights and obligations as well as the possibility of undertaking activities jointly. Their implementation shall be the subject of periodic consultation.

321 under the section Humanitarian aid as humanitarian and development cooperation in the constitution.

4. The Target of Maghreb Countries in the Mediterranean Partnership

The long-term goal for Mediterranean partnership countries is to close major economic and political gaps between them and the EU. After the Barcelona Conference, all the existing financial instruments of cooperation with Mediterranean countries were replaced by the MEDA programs. MEDA is the most important component of economic and financial cooperation under the Euro-Mediterranean Partnership.

MEDA supports the economic, social and political reforms in partner countries. MEDA Projects are the precondition for the Mediterranean countries to use the benefits of a free trade zone.

5. The Barcelona Process

All these projects were implemented under the so-called Barcelona process, and are undertaken in collaboration between the Mediterranean countries and the EU. Barcelona, acts as a meeting place for economic, cultural and political actors.¹⁵⁹ The desire to improve the relationship and to deepen and form a medium-and long-term strategy for the entire region finally culminated in the Barcelona Declaration in 1995. The Barcelona Declaration was signed by 27 states and this declaration pursued three main objectives¹⁶⁰:

1. Creating an area of peace and stability based on principles like respect for human rights and democracy;

¹⁵⁹ Halliday F., The Barcelona Process: ten years on, www.opendemocracy.com/11.11.2008

¹⁶⁰ Commission of European communities, to prepare the fourth Meeting of the Euro-Mediterranean Foreign Ministers.; Reinventing the Barcelona Process, European Commission, KOM (2000) 497, final, 06.09.200, p.3

2. Creating an area of shared prosperity through the progressive establishment of a FTA (Free Trade Area) between the EU and the Mediterranean partners and between each of these partners with a view to achieving a wider Euro-Mediterranean free trade area.

The EU supports this process through considerable financial assistance for the economic transition and managing of associated social and economic challenges.

3. Improvement of mutual understanding among the peoples in the region and the building of an active civil society.

6. *The Financing of the Barcelona Process*

Both the European Investment Bank (EIB) and a separate EU program the MEDA program, contribute to the financing of the Barcelona process. The funds for the MEDA program come from the EU budget. Between 1995 and 1999, the European Union spent over 4.6 billion Euros in grants for the Barcelona Process Partnerships (3.4 billion Euros for the MEDA program, 1.2 billion Euros at the expense of other budget lines). In addition to this, credits worth around 4.8 billion Euros have been given by the European Investment Bank to Mediterranean countries. About 86 percent of MEDA funds have been put into bilateral, about 12 percent into regional cooperation. For the period 2000 to 2006, about 5.35 billion Euros were reserved for MEDA. In addition, European Investment Bank loans of 7.4 billion Euros were allocated.¹⁶¹

Projects are negotiated between those representatives of the EU Commission and those of the participating country who are related directly to the project (e.g. a project for agriculture is coordinated between the EU agricultural Commissioner and agricultural representatives of the participating country).

¹⁶¹ Wirtschaft und Handel, Entwicklungspolitisches Konzept

[http://www.bmz.de/themen/Handlungsfelder/eu/arbeit/mittelmeer/07 Januar 2007](http://www.bmz.de/themen/Handlungsfelder/eu/arbeit/mittelmeer/07_Januar_2007)

7. The Allocation of Funds

The legal basis of the MEDA program is the 1996 MEDA adopted Directive (Council Directive No. EC/1488/96). Its application areas are derived from the objectives of the Barcelona declaration.

The main activities of the program are divided into four task areas.¹⁶²

- Supporting structural measures
- Supporting economic change and development of the private sector
- Classical development aid projects to reduce socio-economic infrastructural deficits
- Regional projects (technical assistance, etc.)

8. The Mediterranean and Development Cooperation Policy of the European Union

In international relationships, having geographic borders with a country is not enough for good cooperation. A long-lasting cooperation in economic and political relations can increase the advantages of neighborhood. Thus, the Barcelona process targets relations based on this approach.

8.1. Development Assistance Policy of the EU

The development aid policy of the EU and its financial instruments are the most important components of its foreign policy towards third countries.

In comparison with the EU, the USA's foreign policy, economically and politically, is more influential and active than that of the EU.

While the EU has built passive networks by using aid and cooperation projects like MEDA projects and EuropeAid (Development and Cooperation Program of EU), the

¹⁶² Euro MED Information Notes, www.eu.int/05 April 2009

USA uses economic, political and military acts. Multinational companies from the USA can be seen as a part of real economic activities. Furthermore, economic and political embargoes and military actions from USA government against some regimes can be considered as a part of active USA foreign policy.

In comparison to the USA, the EU provides nearly 50% of all civilian development aid of world. The USA spends only 0.1% of its gross national income (GNI) for foreign aid.

On the other hand, the amount of the EU's foreign aid is three times higher than USA aid. The EU also provides 47% of all humanitarian aid, whereas the USA only provides 36%. In 2002, EU humanitarian aid amounted to nearly 1.2 billion Euros.¹⁶³

Table 1: Official Development Assistance of EU-27 and from Selected Countries (% of GNI)

Year	1998	2005	2006	2007	2008
EU-27	Not relevant	0.4	0.4	0.4	0.4
Danmark	1	0.8	0.8	0.8	0.8
Germany	0.3	0.4	0.4	0.4	0.4
France	0.4	0.5	0.5	0.4	0.4
Luxembourg	0.7	0.8	0.9	0.9	0.9
Holland	0.8	0.8	0.8	0.8	0.8
Sweden	0.7	0.9	1	0.9	1
Norway	0.9	0.9	0.9	1	0.9
Austria	0.2	0.5	0.5	0.5	0.4
Turkey	0.03	0.2	0.2	0.1	Not available

Source: Based on the Eurostat Yearbook 2009 (OECD Data)

¹⁶³ Rifkin C., Der Europäischen Traum, die Vision einer leisen Supermacht (The European Dream), Frankfurt, 2004, p.327

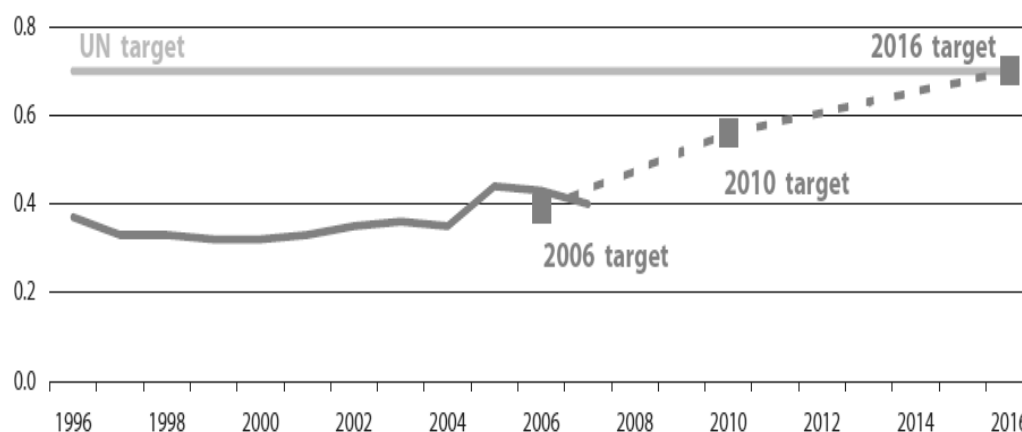
However, according to the Eurostat calculations, the EU-27 spends on average only 0.4% of their gross national income (GNI) for foreign aid. The UN's level of aid target is 0.7% of donors' GNI.

This target is reached or exceeded only by very few EU members (Sweden, Luxembourg, Denmark and Holland). While Turkish foreign aid is around 0.1% of its GNI. It projected that, this ratio in Morocco is negligibly low. Significantly, Norway is the only non-EU member whose development assistance ratio is around 1% of its GNI.

Figure 1 demonstrates the official development assistance from the EU-15 to developing countries as % share of GNI.

Assistance from EU-15 shows an increasing trend; however there is continued inequality in income and quantity of financial assistances. The help of the EU-15 is increasing, but at the same time the negative economic differences between the EU and developing countries are also increasing.

Figure 1: Official Development Assistance, EU-15 (% share of GNI)



Source: Eurostat Yearbook 2009, p.124-125.

8.2. EU Population Change and Migration Policy in Comparison

The Mediterranean countries share a common history, through cultural exchanges in the past and in the present and through trade relations.

Particularly immigration and demographic challenges in countries of the Mediterranean area have important influences on these relations. The Barcelona process is also based on these mutual interests and concerns of the EU and the Mediterranean countries.

The Mediterranean has always played a crucial role in the history of the European continent.

The Union has taken a particular interest in security and social stability in this region¹⁶⁴. Geographically, some EU countries are also a part of the Mediterranean region. Furthermore a large proportion of immigrants come from neighboring and Mediterranean countries. This is an ever-recurring debate in the EU. Therefore, the EU has strong international relations as well as the inevitable social and political connections with these countries. Finally the EU's policy towards this region serves the long-term interests of EU.

Demographic characteristics and social challenges play a crucial role in economic and political developments of single countries as well as in regional unions. In other words, population based motives play a decisive role in the relations between the EU, Turkey and Morocco.

The growth rate in the population alone is a challenge, and it has many dimensions. While developed countries suffer under meager population growth, developing countries have an economic and social dilemma because of high population growth. More population means more challenges for them. They do not dispose of enough resources for this surplus population. High and low population growths spark a circle of problems and have many social, political and economic dimensions. Furthermore the main components that affect the population structure are births, life expectancy, death and immigration from third countries.

The consequences of these challenges affect the economic as well as the political structure of societies and countries, e.g. unemployment and immigration.

¹⁶⁴ Bankö A., Die Mittelmeerpolitik der Europäischen Union (Mediterranean Policy of the European Union), Band 26 von Arbeitspapiere (Österreichisches Institut für Internationale Politik), 26/Juli 2000, p.9

Since most members of the European Union suffer under low population growth, they need regular migration from developing countries to adjust or balance their population structure.

According to EUROSTAT calculations, the world population in 2050 will have risen from currently a 6,907 billion people to 9,191 billion people. The world population will be about 2,084 billion more than today. In contrast, the EU-27 population will shrink. While the EU-27 population in 2010 was around 498 million people, by 2050 it will fall to 494 million.

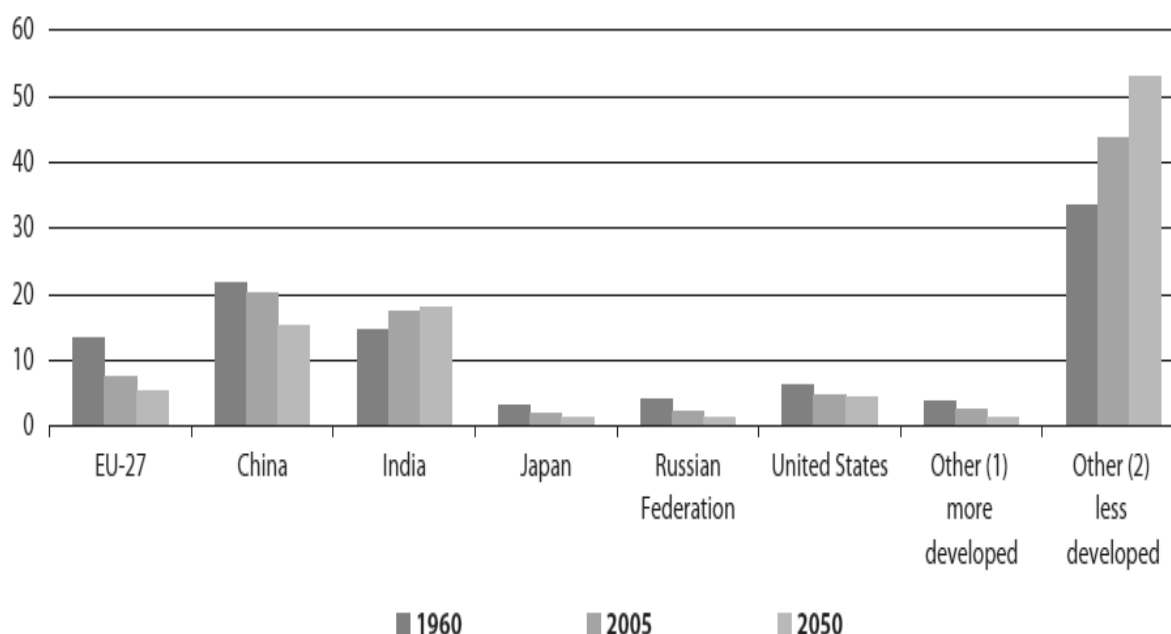
Table 2: Population and Population Projections

	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
World	6515	6907	7295	7667	8011	8318	8587	8824	9026	9191
Europe*	731	730	727	722	715	707	698	687	676	664
Africa	922	1032	1149	1271	1394	1518	1643	1765	1884	1998
Asia	3938	4166	4389	4596	4779	4931	5052	5148	5220	5266
Latin America	558	594	628	660	688	713	733	750	762	769
N.America	332	349	364	379	393	405	417	427	436	445
Oceania	33	35	37	39	41	43	45	46	48	49
	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
EU 27	491	498	502	505	506	506	504	501	498	494
China	1313	1352	1389	1421	1446	1458	1458	1448	1431	1409
India	1134	1220	1303	1379	1447	1506	1554	1597	1632	1658
Japan	128	128	127	124	122	118	115	111	107	103
Russia	144	140	136	132	128	124	120	116	112	108
USA	300	315	329	343	355	366	376	386	394	402

*EU-27, Albania, Andorra, Belarus, Bosnia and Herzegovina, Croatia, Faeroe Islands, Iceland, Liechtenstein, the former Yugoslav, Republic of Macedonia, Republic of Moldova, Montenegro, Norway, the Russian Federation, Serbia, Switzerland and the Ukraine.

Source: Population Division of the Department of Economic and Social Affairs: Eurostat Yearbook 2009, p.132

Figure 2: World Population (% of Total)

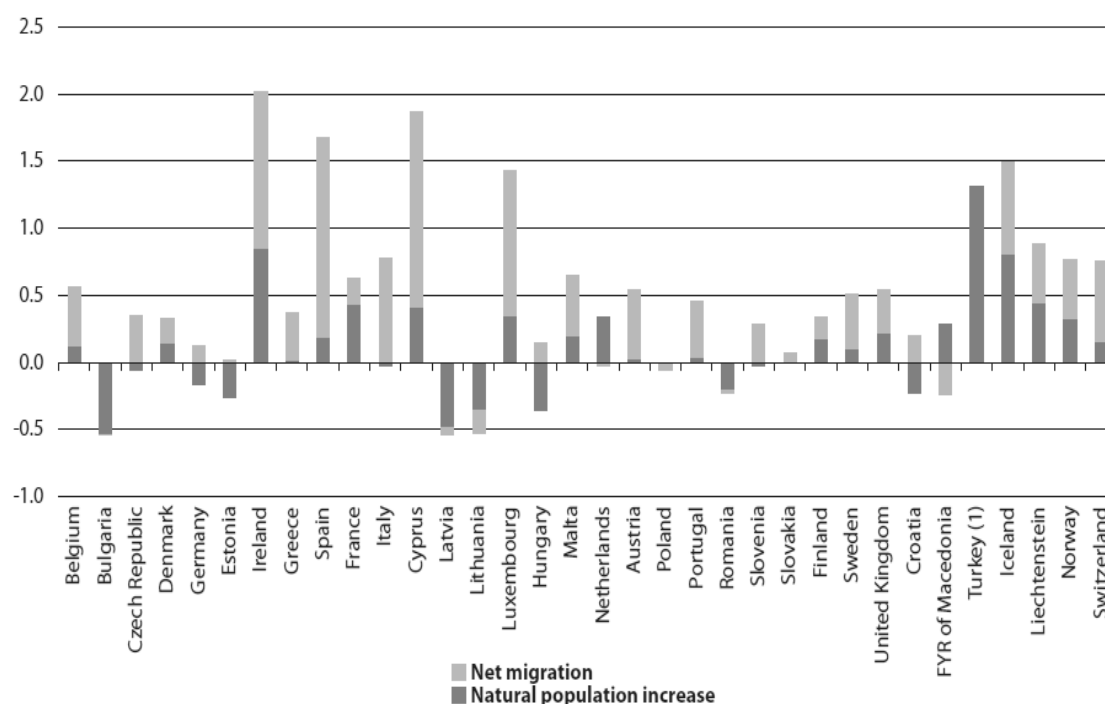


(1) Excluding EU-27, Japan, the Russian Federation and the United States. (2) Excluding China and India.

Source: Population Division: Eurostat Yearbook 2009, p.131.

We could conclude that migration plays a significant role for balancing and achieving positive population changes in the EU. Figure 3 compares the net migration and natural population change in EU and some other European countries from 2002 to 2007 as average annual change (%). As it can be seen, Turkey is the only country in this group, which has a significantly high positive population change without migration. In Austria the natural population change increase is nearly zero. However there is a high positive population change ratio, due to migration into this country. In Germany the natural population change is in a declining trend, nevertheless there is also an equal migration flow into the country, so the population equivalence is in balance.

Figure 3: Net Migration (including corrections) and Natural Population Change, 2002-2007, (average annual change, %)



Source: Net Migration: Eurostat Year book 2009, p.148-149.

The EU population decline could be explained as follows: the economic and social prosperity and the freedom of individuals are higher in a country in which birth rates are declining. This factor is a valid reason for attempts in the EU to control its borders more strictly, so that immigration flows in the EU area can be reduced. People, who succeed in coming into the EU despite these obstacles, will enjoy more economic and individual freedom, so that the birth rates of people with immigrant backgrounds could also decline in the future.

8.3. The motives Behinds the EU's Economic Policy in MEDA Projects

Economically the Mediterranean area has crucial meaning for the EU. Especially in the tourism sector, the Mediterranean region plays an important role.

The Mediterranean countries have 20% of the world's tourist attractions and receive 25% of their income from tourism.¹⁶⁵ Fisheries and sea transport are other important economic prospects of this regional cooperation. To use these economic potentials, first of all a stable and sustainable infrastructure is required.

MEDA projects aim in particular to improve these infrastructural obstacles. The competitiveness of the EU and the Mediterranean countries can be developed by economic and political cooperation. In this respect, the Barcelona process is expected to be able to support this goal.

8.4. Realization of the MEDA Projects

MEDA projects are issued by institutions of the participating countries and EU institutions. However, the EU plays a central role, the projects must first be approved and accepted by the EU Commission. They aim to develop the structural regulation, the regional co-operation and the improvements in the political and economic infrastructure of the partner country.

8.5. Morocco and the MEDA Program

Throughout the implementation of the MEDA projects, the cooperation of EU with Morocco has become very intense. The MEDA projects have short and long term goals. The main purpose is to improve the economic and political infrastructure of Morocco.

Morocco has, in comparison with other Maghreb countries, several projects implemented or planned with or by the EU.

There is intense collaboration with Morocco for the following reasons: ¹⁶⁶

¹⁶⁵ Gieler, W., (Hrsg.), Turkey at the Crossroads, LIT Band 1, Hamburg, 2002, p.27.

¹⁶⁶ Interview with Mr. Ben Ayed, Mohamed-Tunisian Counsellor in Vienna, 05.12.2005

- Morocco has a long historic tradition of relationship with the European continent as well as a strong current relationship with Europe.
- Morocco geographically has a direct border with the EU: with its "Détroit de Gibraltar". It is a transit country or a bridge between Europe and Africa
- Common problems, such as immigration and security are a disadvantage of this continental crossroad position.
- It plays a key role for the EU especially for tourism and economic as well as political relations in the entire Mediterranean region.
- Morocco plays a central role in the implementation of the Barcelona process' projects.

9. Implementing the MEDA–Projects and their Meaning

9.1. Economic Factors

Geographically the Mediterranean region plays an important role for the EU. In particular, the European Union imports 20% its energy supplies through this region. The Mediterranean Sea is in this sense a route of transport for the EU. In other words, EU economies profit from the geographical position and trade activities of this region. Moreover, the Mediterranean countries import 25 billion USD of goods annually from the EU, and exports to the EU value 30 billion U.S. dollars.

9.2. Political Factors

The increasing role of the EU as a global player requires strong cooperation with its neighboring countries. Due to the geographical economic and political closeness, difficulties in Turkey and Morocco can easily spread into the EU area. For these reasons, the EU neighborhood policy deserves a special emphasis.

Ramses describes the main purpose of these projects with "containment policy".¹⁶⁷ The EU tries to make these countries attractive for their own population, so that they will stay and can continue to invest in their homeland.

EU relationships with Turkey and Morocco have two main characteristics. They are a combination of pragmatic and liberal perspectives.

On the one hand, the EU tries to position itself in the globalized world as a strong global player, on the other hand, the EU strives to prepare itself against possible disadvantages in the relations between the center and the semi-periphery.

9.3. Implementation of the MEDA Projects

Within the framework of the Barcelona process in Mediterranean countries, several projects have been planned by the EU, budgeted by the EU and financially implemented through the EU. The EU has different special programs for each country and these programs have different targets. However, these projects all have a similar pattern. They all serve the development of the economic, political and cultural infrastructure of the MEDA partner countries. The MEDA program is the main financing instrument of the European Union for the implementation of the Euro-Mediterranean partnership. The program provides technical and financial support measures which improve the economic and social structures in the Mediterranean partners.

The projects are divided into the following categories:

A. Forecast

1. Supplies
2. Services
3. Grants

B. Open

¹⁶⁷ Ramsey Allan, The European Union and North Africa, Contemporary Review, May, 2001, Vol: 278, No.1624, p.5

1. Supplies
2. Services
3. Grants

C. Closed

1. Supplies
2. Services
- Grants

MEDA projects are defined according to their implementation into three forms.

First, "Forecast" projects that have already been decided on, but are not yet in the realization process.

Second, "open" projects that are currently running.

Third "closed" projects that have already been implemented.

9.4. Types of Projects

These projects have been entitled according to their purposes and functions. Each of these projects has its own subdivisions, such as projects for young people, basic education or rural development and cooperation. The number of projects is not fixed; it can vary according to requests for new projects.

The implementation and control of the projects is organized and directed by this partnership and the Land Commission and "Europe-AID".¹⁶⁸ They are grouped as follows:

MED-Urbs: These projects provide technical and administrative infrastructure for the Mediterranean countries.

MED-INVEST: Support and cooperation projects for small and medium-sized enterprises.

MEDPARTNERARIAT: Creation and implementation of cooperation between firms in the region. These projects arrange meetings, symposiums, etc. for cooperation between companies.

¹⁶⁸ Europe-AID is a sub-institution of the European Commission.

MED INTERPRISE: These projects support regional and intercontinental cooperation between the companies.

BC-NET and BRE: Projects for information networks between Labor and Commerce in the region.

MED-MEDIA: Standardization, refurbishing and cooperation between the media networks of partner countries.

MED-TECHNO: Technological cooperation between the EU and Mediterranean countries.

MED-CAMPUS: These projects provide co-operation between universities in these regions with the universities of the EU.

MED MIGRATION: Cooperation against illegal migration and immigration into the EU territory.

ECOS OUVERTURE MED: Development of cooperative organizations in the region and the EU.

9.5. Financial Allocation of MEDA Funds

During 1995-1999, approximately 86% of the reserves of the MEDA program were allocated to the partner countries (Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, Turkey and the Palestinian autonomous area). 12% was devoted to regional activities: All Mediterranean partners and the EU member states are capable of benefiting from these activities. Two percent are set aside for technical assistance to the offices.

In the framework of the MEDA program a total of 8.6 billion Euros were spent between the years 1995-1999, and between the years 2000-2004, 11 billion Euros.

Table 3: Financial Allocation of MEDA Funds

1995-1999 MEDA 3,435 billion Euros	2000-2006 MEDA 5,350 billion Euros
1995-1999 Europe Invest Bank (EIB) 4,808 billion Euros	2000-2007 EIB 6,400 billion Euros
	2000-2007 EIB + 1 billion Euro for transition phase
	2003 MEDA 600,3 billion Euros

Source: Financial Allocation of MEDA Funds

http://ec.europa.eu/comm/external_relations/euromed/meda.htm/09.01.2006,

9.6. Implementation of the MEDA Programs

The gross domestic product of these countries is only 6% of the GDP of the member countries of EU-15.

These countries show economic underdevelopment and they are often confronted with emigration from Sub-Saharan Africa countries. This pressure from sub-Sahara makes the economic situation of these countries even more difficult.

Table 4: Financial Assistance from the EU to Support the Moroccan Economy

Cooperation Agreement-1976 signed between the EC and Morocco ¹⁶⁹	
EC Budget	574 million Euro
EIB	518 million Euro
The Meda Programme (the EU's financial instrument for the implementation of the Euro-Mediterranean partnership)	
Meda I (1995-1999)	660 million Euro
Meda II (2000-2006)	812 million Euro

Notices: EC-the European Community, EIB-European Investment Bank

Source: Western Sahara, Business Law Handbook, Volume I, Strategic Information and Basic Laws, International Business Publications, Washington DC, 2013, p. 219

Morocco has a much more intensive cooperation and relationship with the EU.

Implementation of MEDA projects with Morocco as examples:

- Integrated agricultural development projects, by which living conditions and incomes have been improved in the Northern provinces. (28 Million Euro)
- Support to increase basic training and education levels in rural areas. (40 Million Euro)
- Quality Promotion, which aims to improve the private sector in order to become more competitive (15.50 million Euros).

A complete list of MEDA-Projects, which address so-called Maghreb countries, for example Morocco, can be found in the appendix. The implementations of MEDA-Projects have only temporary targets and short term effects. They are merely a type of sub-projects of local authorities in Maghreb countries. The EU Commission or EU institutes have no direct participation in creating or developing of these projects.

¹⁶⁹ "The Protocols of this agreement gave sectoral priority to rural development (46%). Other sectors of activity were, in order of importance: economic infrastructure (17%), the social sector (16.6%), the private sector (10%), vocational training (10%) and civil society (0.4%)."

In fact, none of projects show the methods of economic and political support from developed countries to developing countries. They characteristically include secondary materials, which can be implemented just for end-consumption. In other words, these materials are not targeting production, but consumption.

Beside these subordinate projects, the EU Commission supports the authorities of these partner countries with some training and security cooperation programs, like sharing strategic information, intelligence and police to put immigration under permanent surveillance.

None of these projects has been supported by the private sector or business partners of Maghreb or EU member countries. They have taken place between the EU Commission and governmental authorities of Maghreb countries. The Arab Spring in North Africa proves that the EU-Mediterranean Partnership could not improve the miserable economic and political structures of these countries. On the contrary, they have served as a sort of control mechanism for authorities of these countries to stay in power, as long as they can. Nonetheless, it is suggested that the EU-Mediterranean Partnerships should be further improved in a more operative, realistic and inventive way to cooperate with these countries and to promote the aims of the EU.

Resumee

Our analysis revealed both similarities and differences between Turkey, Morocco and the EU. These results show a notable parallel between the economic and political situations of Turkey and Morocco.

Furthermore, our findings strongly support the view that after the Second World War, the world intensified efforts for regional integration and adaptation to the global world very significantly. This regional cooperation and global competition has been strengthened by the EU through its integration projects, with the creation of the internal market and the signing of the Maastricht Treaty, the creation of a common currency and a far reaching coordination of foreign and security policies.

In addition to its internal integration, the EU emphasized intercontinental relations. In addressing these objectives, the EU has launched a variety of projects and defined its objectives. One of the main items of these projects is the MEDA program and its projects.

The EU neighborhood policy towards the Mediterranean countries is of great importance for the economic and political future of the European Union.

Therefore it's worthwhile to build collaboration through MEDA in the Mediterranean countries. Some current projects with Mediterranean countries have been realized, but are not complete enough for the future of this intercontinental cooperation. They need to be deepened and expanded. Otherwise many of these projects may have only short-term results and complaints may arise that such projects are only a waste of time.

It can be said that the EU's internal integration progress has been more concrete. Whereas with the Mediterranean countries, only so-called rehabilitation programs have been launched. There is no guarantee that these countries will achieve EU levels in the future or improve almost to EU standards.

Mediterranean countries must develop themselves as a regional entity and study to cooperate with one another in order to be able to familiarize themselves with the EU as strong partners only if these goals can be achieved, we can speak of good cooperation, and both sides can benefit from it economically and politically.

Section IV

Comparative Analysis in Research

The main focus of this section is to examine the relevance of comparative analysis in research: its reasons, its advantages and disadvantages and its efficiency in the evaluation of research data with the utmost objectivity and through different perspectives or points of view in more detail. The research question of this section is "How and what is the role of comparative analysis in research?" Feyerabend meant:¹⁷⁰ "Scientists have ideas. And they have special methods for the improvement of ideas."

In the light of the above objectives, comparative analysis has been put under the magnifying glass.

This section brings the use of comparative perspectives for the economic and socio-economic situations under consideration and into discussion. Comparative analysis is invariably applied in every kind of research. Scientific papers, data, problems and results according to different criteria depend on the analysis and comparison according to an evaluated reference value.

The reason why this analysis is undertaken in this section is that the data related to the EU relations with Turkey and the Mediterranean countries often need to be compared with each other, regardless of whichever theory or method or indicators for these relationships are applied. It is therefore relevant for both qualitative and quantitative methods.

¹⁷⁰ Feyerabend, P., *Wider den Methodenzwang Skizze einer anarchistischen, Erkenntnistheorie* (Against Method constraint, the sketch of an anarchist, epistemology), Frankfurt am Main, 1977, s.67 (citation is own translation)

1. The Terminology of Comparison

Comparison refers to a basic approach based on observation and should lead to the detection and distinguishing of objects and phenomena of reality.

As Keman remarks, "To compare is a common way of thinking. Nothing is more natural than to consider people, ideas and institutions. We gain knowledge through reference."¹⁷¹

The term comparison means, to examine or judge two or more things by comparing their size, quality, amount and intensity, in order to find out how they are similar to or different from each other.¹⁷² According to natural as well as social scientists, the identification of an object or a phenomenon begins with the observation of an object to distinguish it from others and to recognize the similarity of related objects and phenomena. In research, data evaluation is a process, which enables us to recognize out the similarities and differences of research objects. Comparison and finally analysis of research data enables us to measure its position in a certain case or in its specific area.¹⁷³

2. Development of Comparative Theory

Comparative analysis is a multi-paradigmatic and pluralistic method in research. According to Lueger, three types of information can be supplied about research object(s) and used to verify the consequences, namely internal, external and comparable data.¹⁷⁴

¹⁷¹ Keman, Hans, Comparative Research Methods, in: Daniele Caramani (Editor), Comparative Politics, Oxford 2008, p.63-82

¹⁷² Longman Advanced American Dictionary, Essex, 2000, p.277

¹⁷³ Berg-Schlosser, Müller-Rommer, (Hrsg.), Vergleichende Politikwissenschaft (Comparative Politics), ,2003, Lüneburg, p. 56.

¹⁷⁴ Lueger, M., Grundlagen Qualitative Forschung: Methodologie–Organisierung–Methoden, Wien, 2000, p. 231

A problem should be examined from as many perspectives and theories as possible.¹⁷⁵ These two perspectives of Lueger and Denzin show that comparative analysis may be relevant in any research area.

The following statement by Feyerabend also brings light into this perspective, "How can a theory be tested or improved when it is so constructed that every conceivable event within it is described and any imaginable difficulties can be explained with it? The only way to test such a theory would be the comparison with another, equally extensive one."¹⁷⁶

Comparative theory is just like any other theory. It is not a "panacea". It cannot tell us what we want to achieve or what the results actually should be. For this perspective, Popper said, "theories may be stricter or less strict, verifiable," light "or" less easily "falsifiable."¹⁷⁷

Comparative theory is relevant for evaluating any kind of research data. Hence one can consider it as the "the royal road of research." Furthermore, comparative theory contains these advantages (Dogan and Pelassy 1984, p.5, Dentswcher, p.4):

- It is traditional and goes back to philosophers and writers such as Thucydides and Aristoteles.
- In all scientific research, it has its scope.
- Two or more situations can be empirically verified by comparison.
- It can very clearly show that a thing is not the same as the others (for example, apples are not pears, because we can compare them with one another.)

Doeker formulates the advantages of the comparative method as follows:¹⁷⁸

¹⁷⁵ Denzin Norman K. Images of the Postmodern. Social Theory and Contemporary Cinema., In: Lueger, M., Grundlagen Qualitative Forschung: Methodologie–Organisierung–Methoden, Wien, 2000, p. 234

¹⁷⁶ Feyerabend, P., Wider den Methodenzwang Skizze einer anarchistischen, Erkenntnistheorie (Against Method constraint, the sketch of an anarchist, epistemology), Frankfurt am Main, 1977, s.67 (citation is own translation)

¹⁷⁷ Popper, K., Logik der Forschung (The logic of research), Tübingen, 1971, p.77

¹⁷⁸ Doeker, G., (Hrsg.), Vergleichende Analyse Politischer Systeme, (Comparative analysis of political systems), Verlag Rombach, Freiburg, 1971, p. 22-24

The Comparison of economic, political and cultural systems makes it possible to develop standards of classifications, typologies and rankings for the similarities and the dissimilarities of the investigated issues and make it possible to organize the definition as well as analyze the political and economic issues under specific terms and standards.

1. Comparison of data from economic and political fields makes it possible to use the representation of a model for the universal form of science.
2. Comparison is the method that enables the identification of uniformity in phenomena and characteristics of investigated issues.
3. Comparison creates the opportunity to understand the results of an investigation.

Comparative analysis requires expertise in a relevant field. A simple analysis would not be very realistic or concrete. Therefore it is more advantageous when the findings are examined according to certain criteria. For average data, it is important to opt for a turning point.

3. Common Application Areas

Comparative analysis is becoming increasingly important for economic and political scientific research. This method is particularly suitable for the comparison of countries and groups of countries (EU, OECD, Third World countries, etc.), polling and ranking agencies e.g. Standard & Poor's and Fitch.

Tables and graphs are only useful, when their data can be comparatively analyzed. Furthermore, comparative analysis is very commonly used by international financial investment firms to evaluate the financial data and value of the shares on the stock exchange.

4. Difficulties of Comparative Analysis

Although comparative analysis has a wide application field, there are also some difficulties in the evaluation process of data or in the credibility of their results. By applying comparative analysis, confidence in the data plays a crucial role for checking the research results. Nevertheless, it is difficult to get data from the Third World countries and to prove them.

Another problem is the definition and limitation of the investigation field. The data of such fields can change very quickly for various reasons. Then they can no longer be optimal for research, or even no longer be relevant.

For example, a change of government, revolutions, a coup, natural disasters, high immigration, etc. all have an impact on economic, political and demographic data.

5. Comparative Analysis in Practice

Comparative analyses can be applied to investigate regional and intercontinental economic and political problems. It can also be applied in a limited area or its method can be useful for individual aims of companies, institutes or for the investigation of market positions of products. In other words, applying comparative analysis to any research is possible as well as useful. It can be used to investigate different issues. e.g. the data from a country can be used as a measurement element¹⁷⁹ in order to be able to measure the situation of another one. For example, the data from a certain period of time can be accepted as a reference value. This way of evaluation is widely used, e.g. by stock exchange brokers, rating agencies, trade performance analyses, and FDI decisions and even for medical diagnoses.

¹⁷⁹ Denscher, M., Vergleichende Analyse von Goethes „Wilhelm Meister“ und Handkers „Falsche Bewegung“ (Comparative analysis of Goethe's Wilhelm Meister and Handke's "The Wrong Move), Diplomarbeit Universität Wien, 1982, p. 2.

In order to find out the outcome of an investigation, there are basically three types of comparison and evaluation possibilities:¹⁸⁰

- Definition of the issue or the content analysis
- Correlation of the issue with comparative data or the analysis of existing statistics
- Grouping of data or comparative analysis of data

In comparison, it must be specifically defined for what and on what criteria this comparison is carried out. In the method of comparison, the issues that are to be compared must first be defined and categorized or classified. A decision must be made about which method of analysis is to be carried out.

For example, for comparison of the banking sector, it must be concretely defined what, how and which criteria are to be used based on these comparisons. Thus, an investigation in this area may be divided into three parts:¹⁸¹

- Organization of the OeNB (Austrian National Bank and ECB (European Central Bank)
- Monetary policy instruments
- New frameworks etc.

According to political sciences, country studies should be undertaken for at least four reasons:¹⁸²

- First, the difference between nations with different political cultures, economic and political systems must be identified and classified.
- Second, the development of differences and similarities must be considered.
- Third, those factors that designate what the differences and similarities between nations or regions are, as well as other indicators must be determined.

¹⁸⁰ Doeker, G., (Hrsg.), Vergleichende Analyse politischer Systeme, (Comparative analysis of political systems), Freiburg, 1971, p. 50

¹⁸¹ Gold., H., Eine Vergleichende Analyse der Geldpolitischen Instrumentarien der OeNb der EZB, Diplomarbeit, Wirtschaftsuniversität Wien, 1997, s.1-2.

¹⁸² Berg-Schlosser, Müller-Rommer, (Hrsg.), Vergleichende Politikwissenschaft (Comparative Politics), 2003, Lüneburg, p. 70

- Fourth, global explanatory variables for the differences and similarities of an examined object can be empirically verified or falsify a theoretical model.

When a country comparison is undertaken, the following structure and classification can be applied:

- I. Geographical and historical characteristics: location, area, neighbor countries, climate, natural hazards, historic roots)
- II. Characteristics of the society
 - Economic: growth rate, debt, inflation, GDP, FDI, exports, imports, energy sources, industry, agriculture, labor force, unemployment, poverty.
 - Demographic: population and its growth rate, birth and death rates, age structure, migration rate.
- III. Political characteristics: political structure, legal system, constitution, minorities.

The main objectives of this thesis are the economic, demographic and political challenges of the EU, Turkey and Morocco.

As we have seen in sections I, II and III, Turkey and the EU have many common interests and similarities, and they have many differences as well. Their economic, demographic and political structures are in some ways totally different. But it does not mean that they should keep distance from each other; indeed, they should find out how they can profit from their dissimilar positions.

Table 1 compares the main demographic and economic data of the EU-27, Turkey and Morocco.

Table 1: Comparison of the EU-27, Turkey and Morocco, 2011

	Population (million)	Popl. growth (%)	Area (sq km)	Net Migration (migrant(s)1 population)	Unemplo yment (%)	Labor potency	GDP-per capita USD
EU-27	503,824,373	0.212	4,324,782	1.90	9.5	228.4	34,500
Turkey	79,749,461	1.197	783,562	0.5	9.8	27.43	14,700
Morocco	32,309,239	1.054	446,550	-3.67	8.9	11.54	5,100

Source: The World Factbook, Central Intelligence Agency, Washington D.C.

<https://www.cia.gov/library/publications/the-world-factbook/geos/ee.html> (29 July 2012)

Both the Turkish and Moroccan population growth rates are higher in comparison to the EU population and their net migration rate is lower than EU's. However their unemployment rate is high and they have a significantly higher labor force. In comparison to the EU, their GDP per capita is lower; this fact is a particular challenge for the population of Morocco.

Concluding Remarks

We have shown the dynamics and the obstacles in the relations between EU, Turkey and Morocco. In fact, it is always a challenge for countries to stabilize their economic, demographical and political structures. Hence economic and political cooperation between countries help to achieve this goal.

Hereafter economic and political relations between EU, Turkey and Morocco are based on such a strategy, which aims to profit from the advantages of international collaboration. Such cooperation has following essential additional benefits:

Economically:

- More alternatives for investors and traders
- Expanding the volume of trade in an economy (more FDI, Export and Import between partner countries)
- More alternatives for employees as well as employers
- More alternatives for consumers

Social-Politically:

- Breaking down the social and cultural barriers in order to decrease social-cultural clashes between different nations
- Acquiring peace and prosperity
- Enabling the free movement of people, cultural and social activities
- More cultural and social exchange between governments as well as between citizens of partner countries

Nowadays countries try to strengthen their cooperation with one another and act together at the international level in order to make progress and to utilize essential advantages of globalization and to maximize their economic and political interests.

The principal determinants of these developments are:

- End of colonialism area
- Increasing globalization and decreasing importance of national borders
- Global and regional alliances are gradually taking over the role of national states
- Increasing search for production possibilities with competitive prices and most profitable markets.
- EU strategy to make its global economic and political decisions more decisive and effective.

Aside from the above mentioned actual developments, there also many other impacts on developments in Turkey. These are national and global economic and political crises and priorities:

- Membership of Turkey could economically as well as politically strengthen Turkey's geo-politic position in its region
- Being a member of EU could make the Turkish economy more attractive for international investments
- Economic and political crises around Turkey force the country to cooperate with EU and other national and supranational governments.

Moreover as crossroads countries, Turkey and Morocco are in a geo-politic position, where economic and political incidents around them could cause direct effects on their economic and political stabilities. For example recent effects of the Arab Spring put pressure on Morocco for political reform. In this sense, the Moroccan Kingdom has to stabilize the country's economic and political structure and reorganize the national and international power relations in order to overcome the effects of the Arab Spring.

EU's Advantages

Extending the economic and political relations between Turkey and Morocco with the EU brings more advantages for the EU as well as for Turkey and Morocco.

However, the EU as a supranational organization has the more advantageous position in almost every international handling with single countries like Turkey and Morocco. In fact, in comparison to the rest of the world, the total trade volumes as well as FDI inflows/outflows of Turkey and Morocco to/from EU countries are not as decisively important for the EU's economy as for the economy of these countries themselves. EU trade with these countries is crucially important for the economic growth and stability in Turkey and Morocco. Moreover, access to the hinterlands of Turkey and Morocco has a critical priority for EU international relationships. Arab, African states, and Iran are mentioned as hinterland countries of Turkey and Morocco. Turkey and Morocco both have common historical, economic, political and cultural experiences with these countries.

Turkey's Advantages

Turkey's strategic geographic location plays a role as a meeting point for business partners between Asia and Europe. Turkey represents large potential markets for FDI seekers, where labor and tax costs are low. Furthermore, the customs union with EU and ongoing EU negotiations between Turkey and EU gives new and wider perspectives for strengthening the position of Turkey and for attracting further investments. As a matter of fact, through exports and FDIs, the capital inflows to Turkey are significantly higher than capital outflows. All these facts show that Turkey as a business partner provides several fundamental location advantages for foreign investments. Consequently, Turkish relationships with the EU strengthen its regional position between Asia and Europe, so that Turkey can use these advantages more decisively as a crossroad country.

Morocco's Advantages

The greatest challenges for Morocco are economic and political infrastructural problems. The country was a former colony of France, and its economy and political infrastructures still show many traces of the colonial period. These signs can be

especially observed by the weaker entrepreneurship in the Moroccan economy. The Barcelona Process and its cooperation instruments, the MEDA projects, have been planned to close these challenging gaps. Without strong business entrepreneurs, the country's economy will not be able to integrate itself into global economic competitiveness.

Another challenge for Morocco lies in external factors like immigration from its hinterlands. Morocco is a semi-peripheral country between Africa and Europe and as such has been suffering more than its neighboring countries. In this sense, the EU is the most important positive neighbor of Morocco. Hence, developing the economic and political relationship with the EU is critically important.

Every single element of this relationship is like a ring in a chain. Each can be classified as economic (FDI in/outflows, exports, imports, trade agreements) and political (integration policy of EU towards Turkey and cooperation agreements through the Barcelona Process with Morocco and other Euro-Med members) parameters.

In this study, the inputs of the mentioned countries have been taken under complementary consideration. It has been seen that the EU as well as Turkey and Morocco need to act globally. If they did not act in this way, they would be unable to meet many requirements of globalization and to take part in the advantages of globalization. Finally, considering the issue from a global point of view, these relationships are necessary for all sides to take full advantage of global developments.

The analysis of this study revealed both similarities and differences between Turkey and Morocco. The common result shows notable parallels between these countries, both culturally and politically. Both countries have direct borders with EU territory and they have some parallel historical backgrounds with most important EU members. The hinterlands of Turkey and Morocco are floating in economic and political instability. Consequently, they are a gateway for unregulated immigration into EU territory.

As a result of diverse economic and political interests of the EU with these countries, the EU Commission follows different strategies towards Turkey and Mediterranean

countries. The reasons for implementing different policies towards Turkey and Morocco are:

- Both countries represent significant differences in economic, political as well as social structures.
- Turkey and Morocco hold different geo-political positions.
- Geographically, Turkey is located partly on the European continent.
- Economically and politically, Turkey has more potential and sources
- Turkey as a long term ally of western European countries, the USA, and as a member of NATO, plays a central role in its region.
- The Ankara Agreement, the membership process and the Customs Union with the EU obligated the EU to fulfill its responsibility towards Turkey and vice versa.
- In contrast to Turkey, Morocco relates with the EU only through the Barcelona Process. In addition, the colonial history of Morocco affected the economic and cultural relations with European countries.

Concerning foreign direct investments, these are are operated by multi-national companies around the world which invest in the major markets of developed countries, where there is sufficient infrastructure with economic and political stability. According to UNCTAD calculations, about 80% of foreign direct investments take place among the developed countries and the remaining 20% go to developing countries. That means, most goods are produced by companies from industrialized countries. To put these products on the market, they need consumers in developing countries. In other words, products of developed countries need to be exported to developing countries. There is also serious competition between developing countries, in order to receive a part of these FDIs. In this sense, Turkey and Morocco are in a position in which they have borders with developed as well as with developing countries and both countries show some characteristics of developed as well as of developing countries. As long as the free movement of people is restricted, it would be unrealistic to speak of a long term and full integration or cooperation between EU, Turkey and Morocco. Without the free movement of people neither the free movement of goods nor the free movement of capital is completely possible. In

this context, the EU, Morocco and Turkey are trying to protect as well as to improve their global economic and political interests through cooperation with each other.

Indicators from Table 2 show that EU membership brings significant improvement for the prosperity of citizens. In other words more economic resources can cause more prosperity and such prosperity is advantageous for the whole system.

Table 2: GDP per capita of Selected EU Members (as EUs average in %)

Country	Date of EU membership	GDP per capita in	GDP per capita 2010
Greece	1981	43 (1981)	65
Spain	1986	54 (1986)	84
Portugal	1986	23 (1986)	60
Ireland	1973	55 (1973)	119

Source: Yegen İkbāl, AB Mali Yardımları ve AB'nin yeni Üye Ülkeleriyle Türkiye Üzerine Ampirik bir İnceleme (An empirical sturdy on the EU's financial assistance to its new members and the case of Turkey), University of Süleyman Demirel, Master Thesis, Isparta/Turkey, May 2009, p.18

Table 2 indicates that being a member of the EU has a positive effect on the GDP per capita. Therefore it is very advantageous for European countries to complete their full integration process into the EU. In this respect, membership of Turkey and cooperation with Morocco could also increase GDP per capita in these countries

Besides these economic improvements in GDP per capita, full integration of Turkey into the EU and cooperation between Morocco and the EU, these countries and their hinterlands could increase the implementation of more EU values such as democracy and governmental quality. Higher economic and political standards in Turkey and Morocco could have positive effects on the trade and social–cultural exchange with the EU. Therefore, we argue in this work explicitly for further improvement as well as for the strengthening of relations between the EU, Turkey and Morocco.

Finally consideration of the EU's relations with Turkey and Morocco from an economic and political perspective verifies that these relations are correct, advantageous and of crucial importance for the entire region.

Section V: Agreements, Country Facts and MEDA Projects

I. Ankara Agreement

Ankara Agreement (Agreement establishing an association between the European Economic Community and Turkey; signed at Ankara, 12 September 1963)¹⁸³

TITLE I:

PRINCIPLES

Article 1

By this Agreement an Association is established between the European Economic Community and Turkey.

Article 2

1. The aim of this Agreement is to promote the continuous and balanced strengthening of trade and economic relations between the Parties, while taking full account of the need to ensure an accelerated development of the Turkish economy and to improve the level of employment and the living conditions of the Turkish people.

2. In order to attain the objectives set out in paragraph 1, a customs union shall be progressively established in accordance with Article 3, 4 and 5.

3. Association shall comprise:

- (a) a preparatory stage;
- (b) a transitional stage;
- (c) a final stage.

Article 3

1. During the preparatory stage Turkey shall, with aid from the Community, strengthen its economy so as to enable it to fulfill the obligations which will devolve upon it during the transitional and final stages. The detailed rules for this preparatory stage, in particular those for aid from the Community, are set out in the Provisional Protocol and in the Financial Protocol to this Agreement.

2. The preparatory stage shall last five years, unless it should be extended in accordance with the conditions laid down in the Provisional Protocol. The change-over to the transitional stage shall be effected in accordance with Article 1 of the Provisional Protocol.

¹⁸³Official Journal of the European Communities No L 361/1; 31.12.1977

Article 4

1. During the transitional stage the Contracting Parties shall, on the basis of mutual and balanced obligations:

- establish progressively a customs union between Turkey and the Community;
- align the economic policies of Turkey and the Community more closely in order to ensure the proper functioning of the Association and the progress of the joint measures which this requires.

2. This stage shall last not more than twelve years, subject to such exceptions as may be made by mutual agreement. The exceptions must not impede the final establishment of the customs union within a reasonable period.

Article 5

The final stage shall be based on the customs union and shall entail closer coordination of the economic policies of the Contracting Parties.

Article 6

To ensure the implementation and the progressive development of the Association, the Contracting Parties shall meet in a Council of Association which shall act within the powers conferred upon it by this Agreement.

Article 7

The Contracting Parties shall take all appropriate measures, whether general or particular, to ensure the fulfilment of the obligations arising from this Agreement. They shall refrain from any measures liable to jeopardize the attainment of the objectives of this Agreement.

TITLE II

IMPLEMENTATION OF THE TRANSITIONAL STAGE

Article 8

In order to attain the objectives set out in Article 4, the Council of Association shall, before the beginning of the transitional stage and in accordance with the procedure laid down in Article 1 of the Provisional Protocol, determine the conditions, rules and timetables for the implementation of the provisions relating to the fields covered by the Treaty establishing the Community which must be considered; this shall apply in particular to such of those fields as are mentioned under this Title and to any protective clause which may prove appropriate.

Article 9

The Contracting Parties recognize that within the scope of this Agreement and without prejudice to any special provisions which may be laid down pursuant to Article 8, any discrimination on grounds of nationality shall be prohibited in accordance with the principle laid down in Article 7 of the Treaty establishing the Community.

Chapter 1

The customs union

Article 10

1. The customs union provided for in Article 2 (2) of this Agreement shall cover all trade in goods.

2. The customs union shall involve:

– the prohibition between Member States of the Community and Turkey, of customs duties on imports and exports and of all charges having equivalent effect, quantitative restrictions and all other measures having equivalent effect which are designed to protect national production in a manner contrary to the objectives of this Agreement;

31.12.77 Official Journal of the European Communities No L 361/9

– the adoption by Turkey of the Common Customs Tariff of the Community in its trade with third countries, and an approximation to the other Community rules on external trade.

Chapter 2

Agriculture

Article 11

1. The Association shall likewise extend to agriculture and trade in agricultural products, in accordance with special rules which shall take into account the common agricultural policy of the Community.

2. Agricultural products' means the products listed in Annex II to the Treaty establishing the Community, as at present supplemented in accordance with Article 38 (3) of that Treaty.

Chapter 3

Other economic provisions

Article 12

The Contracting Parties agree to be guided by Articles 48, 49 and 50 of the Treaty establishing the Community for the purpose of progressively securing freedom of movement for workers between them.

Article 13

The Contracting Parties agree to be guided by Articles 52 to 56 and Article 58 of the Treaty establishing the Community for the purpose of abolishing restrictions on freedom of establishment between them.

Article 14

The Contracting Parties agree to be guided by Articles 55, 56 and 58 to 65 of the Treaty establishing the Community for the purpose of abolishing restrictions on freedom to provide services between them.

Article 15

The rules and conditions for extension to Turkey of the transport provisions contained in the Treaty establishing the Community, and measures adopted in implementation of those provisions shall be laid down with due regard to the geographical situation of Turkey.

Article 16

The Contracting Parties recognize that the principles laid down in the provisions on competition, taxation and the approximation of laws contained in Title I of Part III of the Treaty establishing the Community must be made applicable in their relations within the Association.

Article 17

Each State party to this Agreement shall pursue the economic policy needed to ensure the equilibrium of its overall balance of payments and to maintain confidence in its currency, while taking care to ensure a continuous, balanced growth of its economy in conjunction with stable prices. Each State party to this Agreement shall pursue a conjunctural policy, in particular a financial and monetary policy, which furthers these objectives.

Article 18

Each State party to this Agreement shall pursue a policy with regard to rates of exchange which ensures that the objectives of the Association can be attained.

Article 19

The Member States of the Community and Turkey undertake to authorize, in the currency of the country in which the creditor or the beneficiary resides, any payments or transfers connected with the movement of goods, services or capital, and any transfers of capital or earnings, to the extent that the movement of goods, services, capital and persons between them has been liberalized pursuant to this Agreement.

Article 20

The Contracting Parties shall consult each other with a view to facilitating movements of capital between Member States of the Community and Turkey which will further the objectives of this Agreement. They shall actively seek all means of promoting the investment in Turkey of capital from countries of the Community which can contribute to Turkish economic development.

With respect to arrangements for foreign capital residents of all Member States shall be entitled to all the advantages, in particular as regards currency and taxation, which Turkey accords to any other Member State or to a third country.

Article 21

The Contracting Parties hereby agree to work out a consultation procedure in order to ensure coordination of their commercial policies towards third countries and mutual respect for their interests in this field, *inter alia* in the event of subsequent accession to or association with the Community by third countries.

TITLE III

GENERAL AND FINAL PROVISIONS

Article 22

1. In order to attain the objectives of this Agreement the Council of Association shall have the power to take decisions in the cases provided for therein. Each of the Parties shall take the measures necessary to implement the decisions taken. The Council of Association may also make appropriate recommendations.
2. The Council of Association shall periodically review the functioning of the Association in the light of the objectives of this Agreement. During the preparatory stage, however, such reviews shall be limited to an exchange of views.
3. Once the transitional stage has been embarked on, the Council of Association shall adopt appropriate decisions where, in the course of implementation of the Association arrangements, attainment of an objective of this Agreement calls for joint action by the Contracting Parties but the requisite powers are not granted in this Agreement.

Article 23

The Council of Association shall consist of members of the Governments of the Member States and members of the Council and of the Commission of the Community on the one hand and of members of the Turkish Government on the other. The members of the Council of Association may arrange to be represented in accordance with its rules of procedure. The Council of Association shall act unanimously.

Article 24

The office of President of the Council of Association shall be held for a term of six months by a representative of the Community and a representative of Turkey alternately. The term of office of the first President may be shortened by a decision of the Council of Association.

The Council of Association shall adopt its rules of procedure. The Council of Association may decide to set up committees to assist in the performance of its tasks, and in particular a committee to ensure the continuing cooperation necessary for the proper functioning of this Agreement. The Council of Association shall lay down the terms of reference of these committees.

Article 25

1. The Contracting Parties may submit to the Council of Association any dispute relating to the application or interpretation of this Agreement which concerns the Community, a Member State of the Community, or Turkey.

2. The Council of Association may settle the dispute by decision; it may also decide to submit the dispute to the Court of Justice of the European Communities or to any other existing court or tribunal.

3. Each Party shall be required to take the measures necessary to comply with such decisions.

4. Where the dispute cannot be settled in accordance with paragraphs 2 of this Article, the Council of Association shall determine, in accordance with Article 8 of this Agreement, the detailed rules for arbitration or for any other judicial procedure to which the Contracting Parties may resort during the transitional and final stages of this Agreement.

Article 26

This Agreement shall not apply to products within the province of the European Coal and Steel Community.

Article 27

The Council of Association shall take all appropriate steps to promote the necessary cooperation and contacts between the European Parliament, the Economic and Social Committee and other organs of the Community on the one hand and the Turkish Parliament and the corresponding organs in Turkey on the other. During the preparatory state, however, such contacts shall be limited to relations between the European Parliament and the Turkish Parliament.

Article 28

As soon as the operation of this Agreement has advanced far enough to justify envisaging full acceptance by Turkey of the obligations arising out of the Treaty establishing the Community, the Contracting Parties shall examine the possibility of the accession of Turkey to the Community.

Article 29

1. This Agreement shall apply to the European territories of the Kingdom of Belgium, of the

Federal Republic of Germany, of the French Republic, of the Italian Republic, of the Grand Duchy of Luxembourg and of the Kingdom of the Netherlands on the one hand and to the territory of the Turkish Republic on the other.

2. The Agreement shall also apply to the French overseas departments so far as concerns those of the fields covered by it which are listed in the first subparagraph of Article 227 (2) of the Treaty establishing the Community. The conditions for applying to those territories the provisions of this Agreement relating to other fields shall be decided at a later date by agreement between the Contracting Parties.

Article 30

The Protocols annexed to this Agreement by common accord of the Contracting Parties shall form an integral part thereof.

Article 31

This Agreement shall be ratified by the Signatory States in accordance with their respective constitutional requirements, and shall become binding on the Community by a decision of the Council taken in accordance with the Treaty establishing the Community and notified to the Parties to this Agreement. The instruments of ratification and the notifications of conclusion shall be exchanged at Brussels.

Article 32

This Agreement shall enter into force on the first day of the second month following the date of exchange of the instruments of ratification and the notification referred to in Article 31.

Article 33

This Agreement is drawn up in two copies in the Dutch, French, German, Italian and Turkish languages, each of these texts being equally authentic.

PROTOCOL No 1

Provisional Protocol

THE CONTRACTING PARTIES, RECOGNIZING the importance to the Turkish economy, particularly in the preparatory stage, of exports of tobacco, dried grapes, dried figs and hazelnuts; DESIRING to adopt the Provisional Protocol provided for in Article 3 of the Agreement of Association, HAVE AGREED AS FOLLOWS:

Article 1

1. Four years after the entry into force of this Agreement, the Council of Association shall consider whether, taking into account the economic situation of Turkey, it is able to lay down, in the form of an additional Protocol, the provisions relating to the conditions, detailed rules and timetables for implementing the transitional stage referred to in Article 4 of the

Agreement. The additional Protocol shall be signed by the Contracting Parties and shall enter into force after completion of the respective constitutional procedures.

2. If the additional Protocol has not been adopted by the end of the fifth year, the procedure laid down in paragraph 1 shall be set in motion again after a period which shall be fixed by the Council of Association and which shall not exceed three years.

3. The provisions of this Protocol shall continue to apply until the additional Protocol enters into force or until the end of the tenth year, whichever is the earlier. If, however, the additional Protocol has been adopted but has not entered into force by the end of the tenth year, this Provisional Protocol shall be extended for not more than one year.

Should the additional Protocol not have been adopted by the end of the ninth year, the Council of Association shall decide on the arrangements to be applied in respect of the preparatory stage from the end of the tenth year.

Article 2

From the date of the entry into force of this Protocol, the Member States of the Community shall open the following annual tariff quotas for imports originating in and coming from Turkey:

(a) *24.01 – Unmanufactured tobacco: tobacco refuse*

Belgo-Luxembourg Economic Union 1 250 metric tons

Federal Republic of Germany 6600 metric tons

France 2 550 metric tons

Italy 1 500 metric tons

Netherlands 600 metric tons

Each Member State shall apply to products imported under these tariff quotas the customs duty which it applies to imports of like products within the framework of the Agreement of Association signed by the Community on 9 July 1961.

(b) *ex 08.04 – Dried grapes* (in containers of a net content not exceeding 15 kg)

Belgo-Luxembourg Economic Union 3 250 metric tons

Federal Republic of Germany 9 750 metric tons

France 2 800 metric tons

Italy 7 700 metric tons

Netherlands 6500 metric tons

Each Member State shall apply to products imported under these tariff quotas the customs duty which it applies to imports of like products within the framework of the Agreement of Association signed by the Community on 9 July 1961.

(c) *ex 08.03 – Dried figs* (in containers of a net content not exceeding 15 kg)

Belgo-Luxembourg Economic Union 840 metric tons

Federal Republic of Germany 5 000 metric tons

France 7 000 metric tons

Netherlands 160 metric tons

In the case of dried figs imported under these tariff quotas each Member State shall, pending the final alignment of the national rates of duty of the Member States of the Community on those of the Common Customs Tariff, apply a customs duty for dried figs equal to the basic duty within the meaning of Article 14 (1) of the Treaty establishing the Community, less half the reduction of duty which Member States of the Community allow to one another.

If this Provisional Protocol should still be in force at the date when the national rates of duty of Member States are finally aligned on the Common Customs Tariff, the Community shall adopt, for dried figs, the tariff measures necessary to ensure that Turkey retains commercial advantages equivalent to those which it has under the preceding paragraph, taking into account the provisions of Article 3.

(d) *ex 08.05 – Nuts, fresh, or dried, shelled or not: hazelnuts*

Belgo-Luxembourg Economic Union 540 metric tons

Federal Republic of Germany 14 500 metric tons

France 1 250 metric tons

Netherlands 710 metric tons

Each Member State of the Community shall apply an *ad valorem* customs duty of 2.5 % to products imported under this tariff quota. Furthermore, on the entry into force of this Agreement, the Member States of the Community shall abolish all intra-Community customs duties on this product and shall apply the Common Customs Tariff in its entirety.

Article 3

From the date of the final alignment of the national duties applied by Member States of the Community to products mentioned in Article 2 with those of the Common Customs Tariff, the Community shall each year open tariff quotas in favor of Turkey equal to the total of the national quotas open at the date of that final alignment. This procedure shall be implemented without prejudice to any decisions which may have been taken by the Council of Association pursuant to Article 4 in respect of the following calendar year. As regards hazelnuts, however, this procedure shall not be implemented until the national duties of Member States of the Community for all the three other products have been brought into line with those of the Common Customs Tariff.

Article 4

From the second year following the entry into force of this Agreement, the Council of Association may decide to increase the tariff quotas referred to in Articles 2 and 3. Unless the Council of Association should decide otherwise, these increases shall remain in force. Any increase shall take effect only from the beginning of the next calendar year.

Article 5

If this Agreement does not enter into force at the beginning of a calendar year, Member States of the Community shall, for the period from the date of entry into force of this Agreement until the beginning of the next calendar year, open tariff quotas of one twelfth of the tonnages mentioned in Article 2 for each month between the date of entry into force of this Agreement and the beginning of the -next calendar year. From the date of entry into force of this Agreement, however, the Council of Association may decide to increase the tariff quotas opened pursuant to the preceding paragraph so as to take into account the seasonal nature of exports of the products in question.

Article 6

At the end of the third year after the entry into force of this Agreement, the Council of Association may take appropriate measures to promote the disposal on the Community market of products other than those mentioned in Article 2.

Article 7

Once a common agricultural policy has been introduced for tobacco, hazelnuts or dried figs, the Community shall take any measures necessary to ensure that Turkey retains export openings equivalent to those which it has under this Protocol, taking into account the arrangements laid down for that common agricultural policy.

Article 8

If the Community should open tariff quotas for products mentioned in Article 2 of this Protocol, Turkey shall not, as regards the rates of customs duty chargeable within the framework of those tariff quotas, be treated less favorably than a country which is not party to this Agreement.

Article 9

Turkey shall endeavor to extend to all Member States of the Community the most favorable treatment which it grants to one or more of them.

Article 10

From the beginning of the preparatory stage each Contracting Party may bring before the Council of Association any difficulties regarding the right of establishment, the provision of services, transport or competition. Where necessary, the Council of Association may put forward to the Contracting Parties any appropriate recommendations for the solution of such difficulties.

Article 11

This Protocol shall be annexed to the Agreement.

PROTOCOL No 2

Financial Protocol

THE CONTRACTING PARTIES, DESIRING to promote the accelerated development of the Turkish economy in furtherance of the objectives of the Agreement of Association, HAVE AGREED AS FOLLOWS:

Article 1

Requests for the financing of investment projects which will serve to increase the productivity of the Turkish economy and further the objectives of the Agreement of Association, and which are part of the Turkish development plan, may be submitted by the Turkish State and

by Turkish undertakings to the European Investment Bank, which shall inform them of the action taken thereon.

Article 2

Projects for which requests are approved shall be financed by loans. These loans may be contracted up to a total of 175 million units of account, which may be committed in the five years following the entry into force of this Agreement.

Article 3

Requests for financing submitted by Turkish undertakings shall not be approved without the agreement of the Turkish Government.

Article 4

1. Loans shall be granted on the basis of the economic features of the projects which they are to finance.
2. Loans, especially those for investment projects the return on which is indirect or long term, may be made on special terms such as reduced rates of interest, extended repayment periods, interest-free periods and, where appropriate, any other special repayment terms which may facilitate the servicing of such loans by Turkey.
3. Any loan granted to an undertaking or to an authority other than the Turkish State shall be subject to a guarantee from the Turkish State.

Article 5

1. The Bank may make the granting of these loans subject to public invitation to tender or other tendering procedures. Participation in such public invitations to tender or other tendering procedures shall be open on equal terms to all natural and legal persons who are nationals of Turkey or of Member States of the Community.
2. Loans may be used to cover expenditure on imports or domestic expenditure, where such expenditure is necessary for carrying out approved investment projects.
3. The Bank shall ensure that the funds are used in the most judicious manner and in accordance with the objectives of this Agreement.

Article 6

Turkey undertakes to allow recipients of these loans to obtain the currency necessary for the repayment of the loans and of interest thereon.

Article 7

Assistance provided under this Protocol for carrying out certain projects may take the form of participation in financing operations in which, in particular, third countries, international finance organizations or credit and development authorities and institutions of Turkey or of Member States of the Community may be concerned.

Article 8

Aid to Turkish economic and social development under the conditions set out in this Agreement and in this Protocol shall be supplementary to the endeavors of the Turkish State.

Article 9

This Protocol shall be annexed to this Agreement.

II. Barcelona Declaration and Barcelona Process

Barcelona declaration adopted at the Euro-Mediterranean Conference - 27-28/11/95 in Barcelona, Catalonia – Spain.

The participants:

The European Union, Germany, Algeria, Austria, Belgium, Cyprus, Denmark, Egypt, Spain, Finland, France, Greece, Ireland, Israel, Italy, Jordan, Lebanon, Luxembourg, Malta, Morocco, the Netherlands, Portugal, the United Kingdom, Syria, Sweden, Tunisia, Turkey and the Palestinian Authority.

The Decision of Barcelona Conference:

- stressing the strategic importance of the Mediterranean and moved by the will to give their future relations a new dimension, based on comprehensive cooperation and solidarity, in keeping with the privileged nature of the links forged by neighborhood and history;
- aware that the new political, economic and social issues on both sides of the Mediterranean constitute common challenges calling for a coordinated overall response;
- resolved to establish to that end a multilateral and lasting framework of relations based on a spirit of partnership, with due regard for the characteristics, values and distinguishing features peculiar to each of the participants;
- regarding this multilateral framework as the counterpart to a strengthening of bilateral relations which it is important to safeguard, while laying stress on their specific nature;
- stressing that this Euro Mediterranean initiative is not intended to replace the other activities and initiatives undertaken in the interests of the peace, stability and development of the region, but that it will contribute to their success. The participants support the realization of a just, comprehensive and lasting peace settlement in the Middle East based on the relevant United Nations Security Council resolutions and principles mentioned in the letter of invitation to the Madrid Middle East Peace Conference, including the principle land for peace, with all that this implies;
- convinced that the general objective of turning the Mediterranean basin into an area of dialogue, exchange and cooperation guaranteeing peace, stability and prosperity requires a strengthening of democracy and respect for human rights, sustainable and balanced economic and social development, measures to combat poverty and

promotion of greater understanding between cultures, which are all essential aspects of partnership,

- hereby agree to establish a comprehensive partnership among the participants the Euro Mediterranean partnership through strengthened political dialogue on a regular basis, the development of economic and financial cooperation and greater emphasis on the social, cultural and human dimension, these being the three aspects of the Euro Mediterranean partnership.

Political & security partnership: Establishing a common area of peace & stability

The participants express their conviction that the peace, stability and security of the Mediterranean region are a common asset which they pledge to promote and strengthen by all means at their disposal. To this end they agree to conduct a strengthened political dialogue at regular intervals, based on observance of essential principles of international law, and reaffirm a number of common objectives in matters of internal and external stability.

In this spirit they undertake in the following declaration of principles to:

act in accordance with the United Nations Charter and the Universal Declaration of Human Rights, as well as other obligations under international law, in particular those arising out of regional and international instruments to which they are party;

develop the rule of law and democracy in their political systems, while recognizing in this framework the right of each of them to choose and freely develop its own political, socio-cultural, economic and judicial system;

respect human rights and fundamental freedoms and guarantee the effective legitimate exercise of such rights and freedoms, including freedom of expression, freedom of association for peaceful purposes and freedom of thought, conscience and religion, both individually and together with other members of the same group, without any discrimination on grounds of race, nationality, language, religion or sex;

give favorable consideration, through dialogue between the parties, to exchanges of information on matters relating to human rights, fundamental freedoms, racism and xenophobia;

respect and ensure respect for diversity and pluralism in their societies, promote tolerance between different groups in society and combat manifestations of intolerance, racism and xenophobia. The participants stress the importance of proper education in the matter of human rights and fundamental freedoms;

respect their sovereign equality and all rights inherent in their sovereignty, and fulfill in good faith the obligations they have assumed under international law;

respect the equal rights of peoples and their right to self-determination, acting at all times in conformity with the purposes and principles of the Charter of the United Nations and with the relevant norms of international law, including those relating to territorial integrity of States, as reflected in agreements between relevant parties;

refrain, in accordance with the rules of international law, from any direct or indirect intervention in the internal affairs of another partner;

respect the territorial integrity and unity of each of the other partners; settle their disputes by peaceful means, call upon all participants to renounce recourse to the threat or use of force against the territorial integrity of another participant, including the acquisition of territory by force, and reaffirm the right to fully exercise sovereignty by legitimate means in accordance with the UN Charter and international law;

strengthen their cooperation in preventing and combating terrorism, in particular by ratifying and applying the international instruments they have signed, by acceding to such instruments and by taking any other appropriate measure;

fight together against the expansion and diversification of organized crime and combat the drugs problem in all its aspects;

- promote regional security by acting, inter alia, in favor of nuclear, chemical and biological non-proliferation through adherence to and compliance with a combination of international and regional non-proliferation regimes, and arms control and disarmament agreements such as NPT, CWC, BWC, CTBT and/or regional arrangements such as weapons free zones including their verification regimes, as well as by fulfilling in good faith their commitments under arms control, disarmament and non-proliferation conventions.

The parties shall pursue a mutually and effectively verifiable Middle East Zone free of weapons of mass destruction, nuclear, chemical and biological, and their delivery systems. Furthermore the parties will consider practical steps to prevent the proliferation of nuclear, chemical and biological weapons as well as excessive accumulation of conventional arms.

Refrain from developing military capacity beyond their legitimate defense requirements, at the same time reaffirming their resolve to achieve the same degree of security and mutual confidence with the lowest possible levels of troops and weaponry and adherence to CCW.

Promote conditions likely to develop good-neighborly relations among themselves and support processes aimed at stability, security, prosperity and regional and subregional cooperation.

consider any confidence and security-building measures that could be taken between the parties with a view to the creation of an "area of peace and stability in the Mediterranean", including the long term possibility of establishing a Euro-Mediterranean pact to that end.

Economic & financial partnership: Creating an area of shared prosperity

The participants emphasize the importance they attach to sustainable and balanced economic and social development with a view to achieving their objective of creating an area of shared prosperity.

The partners acknowledge the difficulties that the question of debt can create for the economic development of the countries of the Mediterranean region. They agree, in view of the importance of their relations, to continue the dialogue in order to achieve progress in the competent fora.

Noting that the partners have to take up common challenges, albeit to varying degrees, the participants set themselves the following long-term objectives:

- acceleration of the pace of sustainable socio-economic development;
- improvement of the living conditions of their populations, increase in the employment level and reduction in the development gap in the Euro Mediterranean region;
- encouragement of regional cooperation and integration.

With a view to achieving these objectives, the participants agree to establish an economic and financial partnership which, taking into account the different degrees of development will be based on:

- the progressive establishment of a free-trade area;
- the implementation of appropriate economic cooperation and concerted action in the relevant areas;
- a substantial increase in the European Union's financial assistance to its partners.

a) Free-trade area

The free-trade area will be established through the new Euro Mediterranean Agreements and free-trade agreements between partners of the European Union. The parties have set 2010 as the target date for the gradual establishment of this area which will cover most trade with due observance of the obligations resulting from the WTO.

With a view to developing gradual free trade in this area: tariff and nontariff barriers to trade in manufactured products will be progressively eliminated in accordance with timetables to be

negotiated between the partners; taking as a starting point traditional trade flows, and as far as the various agricultural policies allow and with due respect to the results achieved within the GATT negotiations, trade in agricultural products will be progressively liberalized through reciprocal preferential access among the parties; trade in services including right of establishment will be progressively liberalized having due regard to the GATS agreement.

The participants decide to facilitate the progressive establishment of this free-trade area through

- the adoption of suitable measures as regard rules of origin, certification, protection of intellectual and industrial property rights and competition;
- the pursuit and the development of policies based on the principles of market economy and the integration of their economies taking into account their respective needs and levels of development;
- the adjustment and modernization of economic and social structures, giving priority to the promotion and development of the private sector, to the upgrading of the productive sector and to the establishment of an appropriate institutional and regulatory framework for a market economy. They will likewise endeavor to mitigate the negative social consequences which may result from this adjustment, by promoting programs for the benefit of the neediest populations;
- the promotion of mechanisms to foster transfers of technology.

b) Economic cooperation and concerted action

Cooperation will be developed in particular in the areas listed below and in this respect the participants:

acknowledge that economic development must be supported both by internal savings, the basis of investment, and by direct foreign investment. They stress the importance of creating an environment conducive to investment, in particular by the progressive elimination of obstacles to such investment which could lead to the transfer of technology and increase production and exports;

affirm that regional cooperation on a voluntary basis, particularly with a view to developing trade between the partners themselves, is a key factor in promoting the creation of a free trade area;

- encourage enterprises to enter into agreements with each other and undertake to promote such cooperation and industrial modernization by providing a favorable environment and regulatory framework. They consider it necessary to adopt and to implement a technical support program for SMEs;

emphasize their interdependence with regard to the environment, which necessitates a regional approach and increased cooperation, as well as better coordination of existing multilateral programs, while confirming their attachment to the Barcelona Convention and the Mediterranean Action Plan. They recognize the importance of reconciling economic development with environmental protection, of integrating environmental concerns into the relevant aspects of economic policy and of mitigating the negative environmental consequences which might result. They undertake to establish a short and medium-term priority action program, including in connection with combating desertification, and to concentrate appropriate technical and financial support on those actions;

recognize the key role of women in development and undertake to promote their active participation in economic and social life and in the creation of employment;

stress the importance of the conservation and rational management of fish stocks and of the improvement of cooperation on research into stocks, including aquaculture, and undertake to facilitate scientific training and research and to envisage creating joint instruments;

acknowledge the pivotal role of the energy sector in the economic Euro Mediterranean partnership and decide to strengthen cooperation and intensify dialogue in the field of energy policies. They also decide to create the appropriate framework conditions for investments and the activities of energy companies, cooperating in creating the conditions enabling such companies to extend energy networks and promote link-ups;

- recognize that water supply together with suitable management and development of resources are priority issues for all Mediterranean partners and that cooperation should be developed in these areas;

agree to cooperate in modernizing and restructuring agriculture and in promoting integrated rural development. This cooperation will focus in particular on technical assistance and training, on support for policies implemented by the partners to diversify production, on the reduction of food dependency and on the promotion of environment-friendly agriculture. They also agree to cooperate in the eradication of illicit crops and the development of any regions affected.

The participants also agree to cooperate in other areas and, to that effect:

stress the importance of developing and improving infrastructures, including through the establishment of an efficient transport system, the development of information technologies and the modernization of telecommunications. They agree to draw up a program of priorities for that purpose;

- undertake to respect the principles of international maritime law, in particular freedom to provide services in international transport and free access to international cargoes. The results of the ongoing multilateral trade negotiations on maritime transport services being conducted within the WTO will be taken into account when agreed;

undertake to encourage cooperation between local authorities and in support of regional planning;

recognizing that science and technology have a significant influence on socioeconomic development, agree to strengthen scientific research capacity and development, contribute to the training of scientific and technical staff and promote participation in joint research projects based on the creation of scientific networks;

agree to promote cooperation on statistics in order to harmonize methods and exchange data.

c) Financial cooperation

The participants consider that the creation of a free-trade area and the success of the Euro Mediterranean partnership require a substantial increase in financial assistance, which must above all encourage sustainable indigenous development and the mobilization of local economic operators. They note in this connection that:

the Cannes European Council agreed to set aside ECU 4 685 million for this financial assistance in the form of available Community budget funds for the period 1995-1999. This will be supplemented by EIB assistance in the form of increased loans and the bilateral financial contributions from the Member States; effective financial cooperation managed in the framework of a multiannual program, taking into account the special characteristics of each of the partners is necessary;

sound macro-economic management is of fundamental importance in ensuring the success of the partnership. To this end they agree to promote dialogue on their respective economic policies and on the method of optimizing financial cooperation.

Partnership in social, cultural and human affairs: Developing human resources, promoting understanding between cultures & exchanges between civil societies

The participants recognize that the traditions of culture and civilization throughout the Mediterranean region, dialogue between these cultures and exchanges at human, scientific and technological level are an essential factor in bringing their peoples closer, promoting understanding between them and improving their perception of each other.

In this spirit, the participants agree to establish a partnership in social, cultural and human affairs. To this end:

they reaffirm that dialogue and respect between cultures and religions are a necessary precondition for bringing the peoples closer. In this connection they stress the importance of the role the mass media can play in the reciprocal recognition and understanding of cultures as a source of mutual enrichment;

they stress the essential nature of the development of human resources, both as regards the education and training of young people in particular and in the area of culture.

They express their intent to promote cultural exchanges and knowledge of other languages, respecting the cultural identity of each partner, and to implement a lasting policy of educational and cultural program; in this context, the partners undertake to adopt measures to facilitate human exchanges, in particular by improving administrative procedures;

they underline the importance of the health sector for sustainable development and express their intention of promoting the effective participation of the community in operations to improve health and well-being;

they recognize the importance of social development which, in their view, must go hand in hand with any economic development. They attach particular importance to respect for fundamental social rights, including the right to development;

they recognize the essential contribution civil society can make in the process of development of the Euro- Mediterranean partnership and as an essential factor for greater understanding and closeness between peoples;

they accordingly agree to strengthen and/or introduce the necessary instruments of decentralized cooperation to encourage exchanges between those active in development within the framework of national laws: leaders of political and civil society, the cultural and religious world, universities, the research community, the media, organizations, the trade unions and public and private enterprises;

on this basis, they recognize the importance of encouraging contacts and exchanges between young people in the context of programs for decentralized cooperation;

they will encourage actions of support for democratic institutions and for the strengthening of the rule of law and civil society;

they recognize that current population trends represent a priority challenge which must be counterbalanced by appropriate policies to accelerate economic takeoff;

they acknowledge the importance of the role played by migration in their relationships. They agree to strengthen their cooperation to reduce migratory pressures, among other things through vocational training programs and programs of assistance for job creation. They undertake to guarantee protection of all the rights recognized under existing legislation of migrants legally resident in their respective territories;

in the area of illegal immigration they decide to establish closer cooperation. In this context, the partners, aware of their responsibility for readmission, agree to adopt the relevant provisions and measures, by means of bilateral agreements or arrangements, in order to readmit their nationals who are in an illegal situation. To that end, the Member States of the European Union take citizens to mean nationals of the Member States, as defined for Community purposes;

they agree to strengthen cooperation by means of various measures to prevent terrorism and fight it more effectively together;

by the same token they consider it necessary to fight jointly and effectively against drug trafficking, international crime and corruption;

they underline the importance of waging a determined campaign against racism, xenophobia and intolerance and agree to cooperate to that end.

Follow-up to the conference

The participants:

considering that the Barcelona Conference provides the basis for a process, which is open and should develop;

reaffirming their will to establish a partnership based on the principles and objectives defined in this Declaration

resolved to give practical expression to this Euro Mediterranean partnership;

convinced that, in order to achieve this objective, it is necessary to continue the comprehensive dialogue thus initiated and to carry out a series of specific actions;

hereby adopt the attached work program:

The Ministers for Foreign Affairs will meet periodically in order to monitor the application of this Declaration and define actions enabling the objectives of the partnership to be achieved.

The various activities will be followed by ad hoc thematic meetings of ministers, senior officials and experts, exchanges of experience and information, contacts between those active in civil society and by any other appropriate means. Contacts between parliamentarians, regional authorities, local authorities and the social partners will be encouraged.

A "Euro Mediterranean Committee for the Barcelona process" at senior-official level, consisting of the European Union Troika and one representative of each Mediterranean partner, will hold regular meetings to prepare the meeting of the Ministers for Foreign Affairs, take stock of and evaluate the follow up to the Barcelona process and all its components and update the work program.

Appropriate preparatory and follow up work for the meetings resulting from the Barcelona work program and from the conclusions of the "Euro Mediterranean Committee for the Barcelona process" will be undertaken by the Commission departments.

The next meeting of the Ministers for Foreign Affairs will be held in the first semester of 1997 in one of the twelve Mediterranean partners of the European Union, to be determined through further consultations.

Work Program

I. Introduction

The aim of this program is to implement the objectives of the Barcelona Declaration, and to respect its principles, through regional and multilateral actions. It is complementary both to the bilateral cooperation, implemented in particular under the agreements between the EU and its Mediterranean partners, and to the cooperation already existing in other multilateral fora.

The preparation and the follow-up to the various actions will be implemented in accordance with the principles and mechanisms set out in the Barcelona Declaration.

The priority actions for further cooperation are listed below. This does not exclude Euro Mediterranean cooperation being extended to other actions if the partners so agree.

The actions may apply to States, their local and regional authorities as well as actors of their civil society.

With the agreement of the participants, other countries or organizations may be involved in the actions contained in the work program. The implementation must take place in a flexible and transparent way.

With the agreement of the participants, future Euro Mediterranean cooperation will take account, as appropriate, of the opinions and recommendations resulting from the relevant discussions held at various levels in the region.

The implementation of the program should start as soon as practical after the Barcelona Conference. It will be reviewed at the next Euro Mediterranean Conference on the basis of a report to be prepared by the European Commission departments, particularly on the basis of reports from the various meetings and Groups mentioned below, and approved by the "Euro Mediterranean Committee for the Barcelona process" set up by the Barcelona Declaration.

II. Political and Security Partnership: Establishing a common area of peace and stability

With a view to contributing to the objective of progressively creating a zone of peace, stability and security in the Mediterranean, senior officials will meet periodically, starting within the first quarter of 1996. They will:

- conduct a political dialogue to examine the most appropriate means and methods of implementing the principles adopted by the Barcelona Declaration, and
- submit practical proposals in due time for the next Euro Mediterranean Meeting of Foreign Ministers. Foreign policy institutes in the Euro Mediterranean region will be encouraged to establish a network for more intensive cooperation which could become operational as of 1996.

III. Economic and Financial Partnership: Building a zone of shared prosperity

Meetings will take place periodically at the level of Ministers, officials or experts, as appropriate, to promote cooperation in the following areas. These meetings may be supplemented, where appropriate, by conferences or seminars involving the private sector likewise.

Establishment of a Euro Mediterranean Free Trade Area

The establishment of a free trade area in accordance with the principles contained in the Barcelona Declaration is an essential element of the Euro Mediterranean partnership.

Cooperation will focus on practical measures to facilitate the establishment of free trade as well as its consequences, including:

- harmonizing rules and procedures in the customs field, with a view in particular to the progressive introduction of cumulation of origin; in the meantime, favorable consideration will be given, where appropriate, to finding ad hoc solutions in particular cases;
- harmonization of standards, including meetings arranged by the European Standards Organisations;
- elimination of unwarranted technical barriers to trade in agricultural products and adoption of relevant measures related to plant health and veterinary rules as well as other legislation on foodstuffs;
- cooperation among statistics organizations with a view to providing reliable data on a harmonized basis;
- possibilities for regional and subregional cooperation (without prejudice to initiatives taken in other existing fora).

Investment

The object of cooperation will be to help create a climate favorable to the removal of obstacles to investment, by giving greater thought to the definition of such obstacles and to means, including in the banking sector, of promoting such investment.

Industry

Industrial modernization and increased competitiveness will be key factors for the success of the Euro-Mediterranean partnership. In this context, the private sector will play a more important role in the economic development of the region and the creation of employment. Cooperation will focus on:

- the adaptation of the industrial fabric to the changing international environment, in particular to the emergence of the information society;
- the framework for and the preparation of the modernization and restructuring of existing enterprises, especially in the public sector, including privatization;
- the use of international or European standards and the upgrading of conformity testing, certification, accreditation and quality standards.

Particular attention will be paid to means of encouraging cooperation among SMEs and creating the conditions for their development, including the possibility of organising workshops, taking account of experience acquired under MED-INVEST and inside the European Union.

Agriculture

While pointing out that such matters are covered under bilateral relations in the main, cooperation in this area will focus on:

- support for policies implemented by them to diversify production;
- reduction of food dependency;
- promotion of environment friendly agriculture;
- closer relations between businesses, groups and organizations representing trades and professions in the partner States on a voluntary basis;
- support for privatization;
- technical assistance and training;
- harmonization of plant health and veterinary standards;
- integrated rural development, including improvement of basic services and the development of associated economic activities;
- cooperation among rural regions, exchange of experience and knowhow concerning rural development;
- development of regions affected by the eradication of illicit crops.

Transport

Efficient interoperable transport links between the EU and its Mediterranean partners, and among the partners themselves, as well as free access to the market for services in international maritime transport, are essential to the development of trade patterns and the smooth operation of the Euro Mediterranean partnership.

The Transport Ministers of Western Mediterranean countries met twice in 1995 and, following the Regional Conference for the Development of Maritime Transport in the Mediterranean, the Mediterranean Waterborne Transport Working Group adopted a multiannual program.

Cooperation will focus on:

- development of an efficient Trans-Mediterranean multimodal combined sea and air transport system, through the improvement and modernization of ports and airports, the suppression of unwarranted restrictions, the simplification of procedures, the improvement of maritime and air safety, the harmonization of environmental standards at a high level including more efficient monitoring of maritime pollution, and the development of harmonized traffic management systems;
- development of east-west land links on the southern and eastern shores of the Mediterranean, and
- connection of Mediterranean transport networks to the Trans-European Network in order to ensure their interoperability.

Energy

A high-level Conference was held in Tunisia in 1995 with a follow up meeting in Athens and an Energy Conference in Madrid on 20 November 1995. With a view to creating appropriate conditions for investment in and activities by energy companies, future cooperation will focus, inter alia on:

- fostering the association of Mediterranean countries with the Treaty on the European Energy Charter;
- energy planning;
- encouraging producer-consumer dialogue;
- oil and gas exploration, refining, transportation, distribution, and regional and trans-regional trade;
- coal production and handling;

- generation and transmission of power and interconnection and development of networks;
- energy efficiency;
- new and renewable sources of energy;
- energy-related environmental issues;
- development of joint research programs;
- training and information activities in the energy sector.

Telecommunications and information technology

With a view to developing a modern, efficient telecommunications network, cooperation will focus on:

- information and telecommunications infrastructures (minimum regulatory framework, standards, conformity testing, network interoperability, etc.);
- regional infrastructures including links with European networks;
- access to services, and
- new services in priority fields of application.

Intensification of Euro Mediterranean exchanges and access to the nascent information society will be facilitated by more efficient information and communications infrastructures. A regional conference is planned for 1996 with the aim of paving the way for pilot projects to show the concrete benefits of the information society.

Regional planning

Cooperation will focus on:

- defining a regional planning strategy for the EuroMediterranean area commensurate with the countries' requirements and special features;
- promoting cross-border cooperation in areas of mutual interest.

Tourism

The Ministers for Tourism, meeting in Casablanca, adopted the Mediterranean Tourism Charter in 1995. The cooperation actions to be initiated will relate in particular to information, promotion and training.

Environment

Cooperation will focus on:

- assessing environmental problems in the Mediterranean region and defining, where appropriate, the initiatives to be taken;
- making proposals to establish and subsequently update a short and medium term priority environmental action program for intervention coordinated by the European Commission and supplemented by long-term actions;
- it should include among the main areas for action, the following: integrated management of water, soil and coastal areas; management of waste; preventing and combating air pollution and pollution in the Mediterranean sea; natural heritage, landscapes and site conservation and management; Mediterranean forest protection, conservation and restoration, in particular through the prevention and control of erosion, soil degradation, forest fires and combating desertification; transfer of Community experience in financing techniques, legislation and environmental monitoring; integration of environmental concerns in all policies;
- setting up a regular dialogue to monitor the implementation of the action program;
- reinforcing regional and subregional cooperation and strengthening coordination with the Mediterranean

Action Plan;

- stimulating coordination of investments from various sources, and implementation of relevant international conventions;
- promoting the adoption and implementation of legislation and regulatory measures when required, especially preventive measures and appropriate high standards.

Science and Technology

Cooperation will focus on:

- promoting research and development and tackling the problem of the widening gap in scientific achievement, taking account of the principle of mutual advantage;
- stepping up exchanges of experience in the scientific sectors and policies which might best enable the Mediterranean partners to reduce the gap between them and their European neighbors and to promote the transfer of technology.

- helping train scientific and technical staff by increasing participation in joint research projects.

Following the Ministerial meeting at Sophia Antipolis in March 1995, a Monitoring Committee was set up; this Committee will meet for the first time immediately after the Barcelona Conference. It will focus on making recommendations for the joint implementation of the policy priorities agreed at Ministerial level.

Water

The Mediterranean Water Charter was adopted in Rome in 1992.

Water is a priority issue for all the Mediterranean partners and will gain in importance as water scarcity becomes more pressing. The purpose of cooperation in this area will be as follows:

- to take stock of the situation taking into account current and future needs;
- to identify ways of reinforcing regional cooperation;
- to make proposals for rationalizing the planning and management of water resources, where appropriate on a joint basis;
- to contribute towards the creation of new sources of water.

Fisheries

In view of the importance of conservation and rational management of Mediterranean fish stocks, cooperation in the framework of the General Fisheries Council for the Mediterranean will be reinforced.

Following the Ministerial Fisheries Conference held in Heraklion in 1994, appropriate follow-up action will be taken in the legal sphere through meetings to take place in 1996.

Cooperation will be improved on research into fish stocks, including aquaculture, as well as into training and scientific research.

IV. Partnership in Social, Cultural and Human affairs: Developing Human Resources, Promoting Understanding between Cultures and Exchanges between Civil Societies

Development of human resources

The EuroMediterranean partnership must contribute to enhancing educational levels throughout the region, whilst laying special emphasis on the Mediterranean partners. To this end, a regular dialogue on educational policies will take place, initially focusing on vocational training, technology in education, the universities and other higher education establishments and research. In this context as well as in other areas, particular attention will be paid to the

role of women. The Euro-Arab Business School in Granada and the European Foundation in Turin will also contribute to this cooperation.

A meeting of representatives of the vocational training sector (policy makers, academics, trainers, etc) will be organized with the aim of sharing modern management approaches.

A meeting will be held of representatives of universities and higher education establishments. The European Commission will strengthen its ongoing MEDCampus programme.

A meeting will also be called on the subject of technology in education.

Municipalities and Regions

Municipalities and regional authorities need to be closely involved in the operation of the EuroMediterranean Partnership. City and regional representatives will be encouraged to meet each year to take stock of their common challenges and exchange experiences. This will be organised by the European Commission and will take account of previous experience.

Dialogue between cultures and civilizations

Given the importance of improving mutual understanding by promoting cultural exchanges and knowledge of languages, officials and experts will meet in order to make concrete proposals for action, inter alia, in the following fields: cultural and creative heritage, cultural and artistic events, co-productions (theatre and cinema), translations and other means of cultural dissemination, training.

Greater understanding among the major religions present in the EuroMediterranean region will facilitate greater mutual tolerance and cooperation. Support will be given to periodic meetings of representatives of religions and religious institutions as well as theologians, academics and others concerned, with the aim of breaking down prejudice, ignorance and fanaticism and fostering cooperation at grassroots level. The conferences held in Stockholm (15/17.6.1995) and Toledo (4/7.11.1995) may serve as examples in this context.

Media

Close interaction between the media will work in favor of better cultural understanding. The European Union will actively promote such interaction, in particular through the ongoing MED-Media program. An annual meeting of representatives of the media will be organized in this context.

Youth

Youth exchanges should be the means to prepare future generations for a closer cooperation between the Euro- Mediterranean partners. A EuroMediterranean youth exchange program should therefore be established based on experience acquired in Europe and taking account of the partners' needs; this program should take account of the importance of vocational training, particularly for those without qualifications, and of the training of organizers and social workers in the youth field. The European Commission will make the necessary proposals before the next meeting of EuroMediterranean Foreign Ministers.

Exchanges between Civil Societies

Senior officials will meet periodically to discuss measures likely to facilitate human exchanges resulting from the EuroMediterranean partnership, especially those involving officials, scientists, academics, businessmen, students and sportsmen, including the improvement and simplification of administrative procedures, particularly where unnecessary administrative obstacles might exist.

Social Development

The EuroMediterranean partnership must contribute to improving the living and working conditions and increasing the employment level of the population in the Mediterranean partner States, in particular of women and the neediest strata of the population. In this context the partners attach particular importance to the respect and promotion of basic social rights. To that end, actors in social policies will meet periodically at the appropriate level.

Health

The partners agree to concentrate cooperation in this area on:

- action on raising awareness, information and prevention;
- development of public health services, in particular health care, primary health centres, maternal and child health care services, family planning, epidemiological supervision systems and measures to control communicable diseases;
- training of health and health-administration personnel;
- medical cooperation in the event of natural disasters.

Migration

Given the importance of the issue of migration for EuroMediterranean relations, meetings will be encouraged in order to make proposals concerning migration flows and pressures. These meetings will take account of experience acquired, inter alia, under the MED-Migration program, particularly as regards improving the living conditions of migrants legally established in the Union.

- Terrorism

- Drug Trafficking, Organized crime

Fighting terrorism will have to be a priority for all the parties. To that end, officials will meet periodically with the aim of strengthening cooperation among police, judicial and other authorities. In this context, consideration will be given, in particular, to stepping up exchanges of information and improving extradition procedures.

Officials will meet periodically to discuss practical measures which can be taken to improve cooperation among police, judicial, customs, administrative and other authorities in order to combat, in particular, drug trafficking and organized crime, including smuggling.

All these meetings will be organized with due regard for the need for a differentiated approach that takes into account the diversity of the situation in each country.

Illegal Immigration

Officials will meet periodically to discuss practical measures which can be taken to improve cooperation among police, judicial, customs, administrative and other authorities in order to combat illegal immigration.

These meetings will be organized with due regard for the need for a differentiated approach that takes into account the diversity of the situation in each country.

V. Institutional contacts

EuroMediterranean Parliamentary Dialogue

An Inter-Parliamentary Conference on Security and Cooperation in the Mediterranean was held in Valletta from 1 to 4 November 1995. The European Parliament is invited to take the initiative with other parliaments concerning the future EuroMediterranean Parliamentary Dialogue, which could enable the elected representatives of the partners to exchange ideas on a wide range of issues.

Other institutional contacts

Regular contacts among other European organs, in particular the Economic and Social Committee of the European Community, and their Mediterranean counterparts, would contribute to a better understanding of the major issues relevant in the EuroMediterranean partnership.

To this end, the Economic and Social Committee is invited to take the initiative in establishing links with its Mediterranean counterparts and equivalent bodies. In this context, a EuroMediterranean meeting of Economic and Social Committees and equivalent bodies will take place in Madrid on 12 and 13 December.

III. Country Facts

a. The Republic of Turkey (Türkiye Cumhuriyeti)

Location: ¹⁸⁴

Southeastern Europe and Southwestern Asia (that portion of Turkey west of the Bosphorus is geographically part of Europe), bordering the Black Sea, between Bulgaria and Georgia, and bordering the Aegean Sea and the Mediterranean Sea, between Greece and Syria.

Area:

Total: 783,562 sq km

Country comparison to the world: 44

Land: 769,632 sq km

Water: 13,930 sq km

Land boundaries:

total: 2,648 km

border countries: Armenia 268 km, Azerbaijan 9 km, Bulgaria 240 km, Georgia 252 km, Greece 206 km, Iran 499 km, Iraq 352 km, Syria 822 km

Coastline:

7,200 km

Maritime claims:

Territorial sea: 6 nm in the Aegean Sea; 12 nm in Black Sea and in Mediterranean Sea
exclusive economic zone: in Black Sea only: to the maritime boundary agreed upon with the former USSR

Terrain:

high central plateau (Anatolia); narrow coastal plain; several mountain ranges

Natural resources:

coal, iron ore, copper, chromium, antimony, mercury, gold, barite, borate, celestite (strontium), emery, feldspar, limestone, magnesite, marble, perlite, pumice, pyrites (sulfur), clay, arable land, hydropower

Land use:

arable land: 29.81%

permanent crops: 3.39%

other: 66.8% (2005)

Irrigated land:

52,150 sq km (2003)

Total renewable water resources:

234 cu km (2003)

Freshwater withdrawal (domestic/industrial/agricultural)

total: 39.78 cu km/yr (15%/11%/74%)

per capita: 544 cu m/yr (2001)

Natural hazards:

severe earthquakes, especially in northern Turkey, along an arc extending from the Sea of Marmara to Lake Van

Environment - current issues:

water pollution from dumping of chemicals and detergents; air pollution, particularly in urban areas; deforestation; concern for oil spills from increasing Bosphorus ship traffic

Environment - international agreements:

party to: Air Pollution, Antarctic Treaty, Biodiversity, Climate Change, Desertification, Endangered Species, Hazardous Wastes, Ozone Layer Protection, Ship Pollution, Wetlands

signed, but not ratified: Environmental Modification

Geography - note:

strategic location controlling the Turkish Straits (Bosphorus, Sea of Marmara, Dardanelles) that link Black and Aegean Seas; Mount Ararat, the legendary landing place of Noah's ark, is in the far eastern portion of the country

Exchange rates:

Turkish liras (TRY) per US dollar - 1.3179 (2008 est.), 1.319 (2007), 1.4286 (2006), 1.3436 (2005), 1.4255 (2004)

Stock of direct foreign investment - abroad:

\$13.97 billion (2008 est.)

country comparison to the world: 40

Stock of direct foreign investment - at home:

\$124.8 billion (2008 est.)

country comparison to the world: 26

Debt - external:

\$294.3 billion (31 December 2008 est.)

country comparison to the world: 22

Reserves of foreign exchange and gold:

\$82.82 billion (31 December 2008 est.)

country comparison to the world: 20

Import partners:

Russia 13.8%, Germany 10.3%, China 7.8%, Italy 5.9%, US 4.8%, France 4.6% (2007)

Imports commodities:

machinery, chemicals, semi-finished goods, fuels, transport equipment

Imports:

\$204.8 billion f.o.b. (2008 est.)

country comparison to the world: 22

Exports partners:

Germany 11.2%, UK 8.1%, Italy 7%, France 5.6%, Russia 4.4%, Spain 4.3% (2007)

Exports commodities:

apparel, foodstuffs, textiles, metal manufactures, transport equipment

Exports:

\$141.8 billion f.o.b. (2008 est.)

country comparison to the world: 32

Current account balance:

\$-51.68 billion (2008 est.)

country comparison to the world: 186

Inflation rate (consumer prices):

10.2% (2008 est.)

country comparison to the world: 150

8.7% (2007 est.)

Public debt:

37.1% of GDP (2008 est.)

country comparison to the world: 58

Budget:

revenues: \$164.6 billion

expenditures: \$176.3 billion (2008 est.)

Investment (gross fixed):

21% of GDP (2008 est.)

country comparison to the world: 94

Distribution of family income - Gini index:

43.6 (2003)

country comparison to the world: 49

Household income or consumption by percentage share:

lowest 10%: 2%

highest 10%: 34.1% (2003)

Unemployment rate

7.9% (2008 est.)

country comparison to the world: 105

9.9% (2007 est.)

note: underemployment amounted to 4% in 2008

Labor force - by occupation

agriculture: 29.5%

industry: 24.7%

services: 45.8% (2005

Labor force:

23.21 million

country comparison to the world: 25

note: about 1.2 million Turks work abroad (2008 est.)

GDP - composition by sector:

agriculture: 8.5%

industry: 28.6%

services: 62.9% (2008 est.)

GDP (purchasing power parity):

\$906.5 billion (2008 est.)

country comparison to the world: 17

\$893.1 billion (2007)

\$853.8 billion (2006)

GDP (official exchange rate):

\$798.9 billion (2008 est.)

GDP - real growth rate:

1.5% (2008 est.)

country comparison to the world: 175

4.6% (2007 est.)

6.9% (2006 est.)

GDP - per capita (PPP):

\$12,000 (2008 est.)

country comparison to the world: 92

\$11,900 (2007 est.)

\$11,600 (2006 est.), **note:** all data are in 2008 US dollars

b. Kingdom of Morocco (Al Mamlakah al Maghribiyah)

Location:¹⁸⁵

Northern Africa, bordering the North Atlantic Ocean and the Mediterranean Sea, between Algeria and Western Sahara

Area:

total: 446,550 sq km

country comparison to the world: 64

land: 446,300 sq km

water: 250 sq km

Land boundaries:

total: 2,017.9 km

border countries: Algeria 1,559 km, Western Sahara 443 km, Spain (Ceuta) 6.3 km, Spain (Melilla) 9.6 km

Coastline:

1,835 km

Maritime claims:

territorial sea: 12 nm

contiguous zone: 24 nm

exclusive economic zone: 200 nm

continental shelf: 200 m depth or to the depth of exploitation

Terrain:

northern coast and interior are mountainous with large areas of bordering plateaus, intermontane valleys, and rich coastal plains

Natural resources:

phosphates, iron ore, manganese, lead, zinc, fish, salt

Land use:

arable land: 19%

permanent crops: 2%

¹⁸⁵ CIA- World Factbook /2008 and Moroccan institutes, <https://www.cia.gov/library/publications/the-world-factbook/22.07.2011>

other: 79% (2005)

Total renewable water resources:

29 cu km (2003)

Freshwater withdrawal (domestic/industrial/agricultural):

total: 12.6 cu km/yr (10%/3%/87%)

per capita: 400 cu m/yr (2000)

Natural hazards:

northern mountains geologically unstable and subject to earthquakes; periodic droughts

Environment - current issues:

land degradation/desertification (soil erosion resulting from farming of marginal areas, overgrazing, destruction of vegetation); water supplies contaminated by raw sewage; siltation of reservoirs; oil pollution of coastal waters

Environment - international agreements:

party to: Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Law of the Sea, Marine Dumping, Ozone Layer Protection, Ship Pollution, Wetlands, Whaling

signed, but not ratified: Environmental Modification

Geography-note:

strategic location along Strait of Gibraltar

GDP (purchasing power parity):

\$137.3 billion (2008 est.)

country comparison to the world: 59

\$129.7 billion (2007)

\$125.7 billion (2006)

note: data are in 2008 US dollars

GDP (official exchange rate):

\$90.47 billion (2008 est.)

GDP - real growth rate:

5.9% (2008 est.)

country comparison to the world: 66

3.2% (2007 est.)

7.8% (2006 est.)

GDP - per capita (PPP):

\$4,000 (2008 est.)

country comparison to the world: 153

\$3,800 (2007 est.)

\$3,800 (2006 est.)

note: data are in 2008 US dollars

GDP - composition by sector:

agriculture: 14.7%

industry: 38.9%

services: 46.5% (2008 est.)

Labor force:

11.5 million (2008 est.)

country comparison to the world: 42

Labor force - by occupation:

agriculture: 44.6%

industry: 19.8%

services: 35.5% (2006 est.)

Unemployment rate:

10% (2008 est.)

country comparison to the world: 126

9.8% (2007 est.)

Population below poverty line:

15% (2007 est.)

Household income or consumption by percentage share:

lowest 10%: 2.6%

highest 10%: 30.9% (1999)

Distribution of family income - Gini index:

40 (2005 est.)

country comparison to the world: 61

Investment (gross fixed):

31.9% of GDP (2008 est.)

country comparison to the world: 18

Budget:

revenues: \$26.09 billion

expenditures: \$28.41 billion (2008 est.)

Public debt:

60.2% of GDP (2008 est.)

country comparison to the world: 23

Inflation rate (consumer prices):

4.6% (2008 est.)

country comparison to the world: 80

2% (2007 est.)

Agricultural products:

barley, wheat, citrus, wine, vegetables, olives; livestock

Industries:

phosphate rock mining and processing, food processing, leather goods, textiles, construction, tourism

Industrial production growth rate:

5.8% (2008 est.)

country comparison to the world: 54

Current account balance:

-\$1.667 billion (2008 est.)

country comparison to the world: 138

Exports:

\$16.14 billion f.o.b. (2008 est.)

country comparison to the world: 76

Export commodities:

clothing and textiles, electric components, inorganic chemicals, transistors, crude minerals, fertilizers (including phosphates), petroleum products, citrus fruits, vegetables, fish

Export partners:

Spain 21.2%, France 19%, Italy 4.9%, UK 4.6%, India 4.2% (2007)

Imports:

\$34.44 billion f.o.b. (2008 est.)

country comparison to the world: 61

Import commodities:

crude petroleum, textile fabric, telecommunications equipment, wheat, gas and electricity, transistors, plastics

Import partners:

France 16.1%, Spain 13.6%, China 7.3%, Italy 6.7%, Saudi Arabia 6.4%, Germany 5.9%, US 4.5%, Netherlands 4.1% (2007)

Reserves of foreign exchange and gold:

\$27.29 billion (31 December 2008 est.)

country comparison to the world: 44

Debt - external:

\$21.11 billion (31 December 2008 est.)

country comparison to the world: 70

Stock of direct foreign investment - at home:

\$35.36 billion (2008 est.)

country comparison to the world: 53

Stock of direct foreign investment - abroad:

\$582 million (2008 est.)

country comparison to the world: 71

Exchange rates:

Moroccan dirhams (MAD) per US dollar - 7.526 (2008 est.), 8.3563 (2007), 8.7722 (2006), 8.865 (2005), 8.868 (2004)

IV. Projects with Maghreb- countries (Morocco)

a. Projects in/for Morocco¹⁸⁶

Projects forecast for supplies

- **Material for detection and transmission -the Kingdom of Morocco, Ministry of Internal Affairs**
Reference: Europeaid/121593/D/Sup/Ma
Status: Forecast
Type: Supplies
- **Supply of office furniture**
Reference: Europeaid/121794/D/Sup/Ma
Status: Forecast
Type: Supplies
- **Supply of material and equipments for the juridical ministry libraries**
Reference: Europeaid/121796/D/Sup/Ma
Status: Forecast
Type: Supplies
- **Materiel and equipment for governmental office**
Reference: Europeaid/122343/D/Sup/Ma
Status: Forecast
Type: Supplies
- **Travelling materials for Ministry of Internal affairs of the Kingdom of Morocco**
Reference: Europeaid/122392/D/Sup/Ma
Status: Forecast
Type: Supplies

Projects forecast for Works (Fabrication)

- **Program for drinking water in the provinces of Nador - Berkane - Taourirt**
Reference: Europeaid/120280/M/Wks/Ma
Status: Forecast
Type: Works
- **06/2005 Project Khenifra. Forestation and improvement for participative rural development under the exercice 2005.**
Reference: Europeaid/121994/M/Wks/Ma
Status: Forecast
Type: Works

¹⁸⁶ These project lists have been gathered from different EU and MEDA documents in France language. (Source: EURO AID, EUSTAT, and Moroccans, Algerian, Tunisian Institutes)

Projects forecast for services

- **Observation of public reforms in Morocco**
Reference: Europeaid/114331/C/Ser/Ma
Budget: € 400,000.--
Status: Forecast
Type: Services
- **Identification of future projects on water cleansing in rural areas**
ReferenForecast
Type: services
- **The fight against migration**
Reference: Europeaid/122342/D/Ser/Ma
Budget: € 2,438,000.--
Status: Forecast
Type: Services
- **Technical aid for the monitoring of unhealthy habitats in Morocco**
Reference: Europeaid/122493/C/Ser/Ma
Budget: € 1,250,000.--
Status: Forecast
Type: services
- **Technical aid for the evaluation of programs to improve unhealthy habitats in Morocco**
Reference: Europeaid/122494/C/Ser/Ma
Budget: € 750,000.--
Status: Forecast
Type: Services
- **Technical aid for the management and the coordination of programs to improve unhealthy habitats in Morocco** Reference:
Europeaid/122495/C/Ser/Ma
Budget: € 3,000,000.--
Status: Forecast
Type: Services

Open projects for supplies

- **Material and equipment for regional archives systems**
Reference: Europeaid/121795/D/Sup/Ma
Status: Open (since 20.02.2006)
Type: Supplies
- **Pager –projects: material for office and audio-visual**
Reference: Europeaid/122284/M/Sup/Ma
Status: Open (since 01.03.2006)
Type: Supplies
- **Equipment for control measures and tests of biomedical maintenance and systems of GMAO for the 5 hospitals in the eastern area**
Reference: Europeaid/122624/M/Sup/Ma
Status: Open (since 28.02.2006)
Type: Supplies

Open- grants

- **Proposals for actions and the organization of activities within the provinces of el Jadida and Taounate (Morocco) 2006**

Reference: Europeaid/122537/M/G/Ma

Budget: € 100,000.--

Status: Open (since 05.03.2006)

Type: Grants

Closed projects for supplies

- **Support for health and neonatal - materials**

Reference: Europeaid/110592/D/Sup/Ma

Status: Closed (since 23.02.2000)

Type: Supplies

- **Support for maternal health and neonatal - ambulances**

Reference: Europeaid/110593/D/Sup/Ma

Status: Closed (since 26.01.2000)

Type: Supplies

- **Vehicles- rural development integration and natural stock management - vehicles**

Reference: Europeaid/110924/D/Sup/Ma

Status: Closed (since 23.05.2000)

Type: Supplies

- **Support for maternal health and neonatal in Morocco**

Reference: Europeaid/110954/D/Sup/Ma

Status: Closed (since 07.09.2000)

Type: Supplies

- **Support for basic education - vehicles**

Reference: Europeaid/111017/D/Sup/Ma

Status: Closed (since 10.07.2000)

Type: Supplies

- **Support for basic education**

Reference: Europeaid/111419/D/Sup/Ma

Status: Closed (since 18.12.2000)

Type: Supplies

- **Support for maternal and neonatal health in Morocco**

Reference: Europeaid/112814/D/Sup/Ma

Status: Closed

Type: Supplies

- **Support for and neonatal maternal health in morocco – materials for anesthesia, etc.**

Reference: Europeaid/112816/D/Sup/Ma

Status: Closed (since 21.09.2001)

Type: Supplies

- **Material and equipment for the training of technical specialists in manufacturing techniques and for the repair of machines**

Reference: Europeaid/112830/D/Sup/Ma

Status: Closed (since 25.09.2001)

Type: Supplies

- **Acquisition of equipment intended for the metallurgies-welding sector**

Reference: Europeaid/112932/D/Sup/Ma

Status: Closed (Since 13.12.2001)

Type: Supplies

- **Acquisition of equipment intended for the fabrication techniques sector**

Reference: Europeaid/112933/D/Sup/Ma

Status: Closed (since 14.12.2001)

Type: Supplies

- **Purchase of materials for transport**

Reference: Europeaid/112934/D/Sup/Ma

Status: Closed (since 17.12.2001)

Type: Supplies

- **Acquisition of equipment intended for the agricultural sector**

Reference: Europeaid/112935/D/Sup/Ma

Status: Closed (since 12.03.2002)

Type: Supplies

- **Acquisition of equipment intended for sector BTP of PPT**

Reference: Europeaid/112936/D/Sup/Ma

Status: Closed (since 27.02.2002)

Type: Supplies

- **Acquisitions of equipment intended for the craft industry sector**

Reference: Europeaid/112937/D/Sup/Ma

Status: Closed (since 13.03.2002)

Type: Supplies

- **Acquisition of material for transport (vehicles and motor bikes)**

Reference: Europeaid/112938/D/Sup/Ma

Status: Closed (since 07.01.2002)

Type: Supplies

- **Acquisition of data-processing equipments and material for office furniture for the management of the CMA and the UMAQ**

Reference: Europeaid/112939/D/Sup/Ma

Status: Closed (since 30.04.2002)

Type: Supplies

- **Acquisition of equipment for data-processing of material and office furniture for the industrial technical centers**

Reference: Europeaid/112940/D/Sup/Ma

Status: Closed (since 29.04.2002)

Type: Supplies

- **Acquisition of equipment intended for the electric sector, of PPT**

Reference: Europeaid/112977/D/Sup/Ma

Status: Closed (since 11.03.2002)

Type: Supplies

- **Material supplies for transport to participative rural development projects, (Khenifra project)**

Reference: Europeaid/113154/D/Sup/Ma

Status: Closed (since 06.10.2003)

Type: Supplies

- **Acquisition of equipment intended for formation in the sectors of the industries of the perches and fishing**

Reference: Europeaid/113255/D/Sup/Ma

Status: Closed (since 31.07.2003)

Type: Supplies

- **Technical program for the encouragement of quality in Morocco**

Reference: Europeaid/113774/D/Sup/Ma

Status: Closed (since 24.09.2002)

Type: Supplies

- **Acquisition of equipment intended for vocational training in graphic arts of PPT**

Reference: Europeaid/114192/D/Sup/Ma

Status: Closed (since 22.03.2004)

Type: Supplies

- **Acquisition of equipment intended for vocational training in the clothing industry of PPT**

Reference: Europeaid/114193/D/Sup/Ma

Status: Closed (since 19.11.2002)

Type: Supplies

- **Acquisition of equipment intended for the vocational training in the cold and thermal sectors of the PPT**

Reference: Europeaid/114194/D/Sup/Ma

Status: **Closed** (Since 01.10.2003)

Type: Supplies

- **Acquisition of equipment intended for vocational training in the repair of machines and engines of PPT**

Reference: Europeaid/114195/D/Sup/Ma

Status: Closed (since 09.02.2004)

Type: Supplies

- **Acquisition equipment intended for vocational training in the cold and thermal sector of PPT**

Reference: Europeaid/114196/D/Sup/Ma

Status: Closed

Type: Supplies

- **Acquisition of equipment intended for the vocational training in the sector of tourism**

Reference: Europeaid/114205/D/Sup/Ma

Status: Closed (since 27.11.2002)

Type: Supplies

- **Acquisition of materials for medico-technique at 5 hospitals and 19 centers of basic health, Moroccan area of l'oriental**

Reference: Europeaid/114226/D/Sup/Ma

Status: Closed

Type: Supplies

- **Acquisition of data-processing and office furniture materials in the provinces of Taounate, Sefrou, Larache, Khemisset, Khenifra, el Jadida, Figuig, Chtouka to Baha and reduction/Morocco**
Reference: Europeaid/114442/D/Sup/Ma
Status: Closed (since 10.10.2003)
Type: Supplies
- **Acquisition of mobile library transportation and the documentary of resources intend ed for the provinces of Taounate Sefrou Larache Figuig Khemisset Khenifra El Jadida And Chtouka of Baha/Morocco**
Reference: Europeaid/114443/D/Sup/Ma
Status: Closed (since 16.12.2004)
Type: Supplies
- **Acquisition of furniture and school materials for the provinces of Taounate Sefrou Larache Kemisset Khenifra el Jadida Figuig and Chtouka of Baha/Morocco**
Reference: Europeaid/114444/D/Sup/Ma
Status: Closed (since 20.05.2003)
Type: Supplies
- **Acquisition of didactic materiel and pedagogical materials for the provinces of Taounate Sefrou Larache Khemisset Khenifra el Jadida Figuig and Chtouka to Baha/Morocco**
Reference: Europeaid/114445/D/Sup/Ma
Status: Closed (since 16.05.2005)
Type: Supplies
- **Acquisition of handbooks and school stationary for the provinces of Taounate Sefrou Larache Khemisset Khenifra el Jadida Fguig Chtouka to Baha/Morocco**
Reference: Europeaid/114446/D/Sup/Ma
Status: Closed (since 22.04.2003)
Type: Supplies
- **Component water and health**
Reference: Europeaid/114707/D/Sup/Ma
Status: Closed (since 06.01.2004)
Type: Supplies
- **Visual data-processing equipment and office automation intended for the Artistic and the Agricultural sectors**
Reference: Europeaid/114899/D/Sup/Ma
Status: Closed (since 28.06.2004)
Type: Supplies
- **Acquisition of equipment for ironwork on the craft industry sector**
Reference: Europeaid/115419/D/Sup/Ma
Status: Closed (since 17.07.2003)
Type: Supplies

- **Acquisition of material medico-technique for the Ministry of Health, the Oujda/Angads- eastern area - Morocco**
Reference: Europeaid/115909/D/Sup/Ma
Status: Closed (Since 30.06.2004)
Type: Supplies
- **Acquisition of equipment for technical use in the food industry- cetia reduction-Morocco**
Reference: Europeaid/115970/D/Sup/Ma
Status: Closed (since 25.07.2003)
Type: Supplies
- **Acquisition of the technical equipment for the textile industries, ctth-reduction-Morocco**
Reference: Europeaid/115972/D/Sup/Ma
Status: Closed (since 01.08.2003)
Type: Supplies
- **Acquisition of equipment for technical laboratories of metrology**
Reference: Europeaid/115978/D/Sup/Ma
Status: Closed (since 14.10.2004)
Type: Supplies
- **Rabat-Maroc – acquisition of equipment for technical use in electric sectors on crimes techniques**
Reference: Europeaid/115981/D/Sup/Ma
Status: Closed (since 28.07.2003)
Type: Supplies
- **Acquisition of technical equipment for the Center of Techniques and materials of reduction-Morocco construction-CETEMCO**
Reference: Europeaid/115982/D/Sup/Ma
Status: Closed (since 30.09.2004)
Type: Supplies
- **Acquisition of the equipment intended for the formation of the sector of new technologies of information and communication (NTIC) of the PPT Morocco**
Reference: Europeaid/116221/D/Sup/Ma
Status: Closed (since 25.07.2003)
Type: Supplies
- **The startup and after sale data-processing services for technical materials and office furniture**
Reference: Europeaid/116541/M/Sup/Ma
Status: Closed (since 09.06.2003)
Type: Supplies
- **Data-processing supply of materials and office automations**
Reference: Europeaid/116615/M/Sup/Ma
Status: Closed (since 04.08.2003)
Type: Supplies
- **Supply of materials for transport for the project “rocade mediterraneenne” in the province of Chefchaouen et al. Hoceima -**

Morocco

Reference: Europeaid/116658/M/Sup/Ma

Status: Closed (since 24.06.2003)

Type: Supplies

- **Supply of the fruit-bearing seedlings in participative development projects in rural areas in central Morocco (khenifra project)**

Reference: Europeaid/116782/D/Sup/Ma

Status: Closed (since 13.10.2003)

Type: Supplies

- **Supply of office furniture and photocopiers - Taounate/Morocco**

Reference: Europeaid/116785/M/Sup/Ma

Status: Closed (since 15.06.2004)

Type: Supplies

- **Acquisition and data-processing installations of materials and the software for the National Geological Information Systems (SNIG)**

Reference: Europeaid/116864/D/Sup/Ma

Status: Closed (since 30.09.2004)

Type: Supplies

- **Acquisition of materials for school canteens**

Reference: Europeaid/116964/D/Sup/Ma

Status: Closed (since 13.02.2004)

Type: Supplies

- **Data-processing of material supplies and office automation equipment - Argan project - Agadir (Morocco)**

Reference: Europeaid/117236/M/Sup/Ma

Status: Closed (since 25.09.2003)

Type: Supplies

- **Cross-country vehicles**

Reference: Europeaid/117237/M/Sup/Ma

Status: Closed (since 25.09.2003)

Type: Supplies

- **Data-processing acquisition of materials, audio-visual and office furniture**

Reference: Europeaid/117449/D/Sup/Ma

Status: Closed (since 06.05.2004)

Type: Supplies

- **Data-processing for the supply of materials for the project MEDA**

Reference: Europeaid/117500/M/Sup/Ma

Status: Closed (since 01.12.2003)

Type: Supplies

- **Technical supply of materials intended for the program MEDA**

Reference: Europeaid/117501/M/Sup/Ma

Status: Closed (since 01.12.2003)

Type: Supplies

- **Supply of fruit-bearing seedlings for projects in development of forest zones in the province of Chefchaouen**

Reference: Europeaid/117550/M/Sup/Ma

Status: Closed (since 10.12.2003)

Type: Supplies

- **Supply of materials for data-processing equipment: telephone and office automation - Agadir - Morocco**

Reference: Europeaid/117843/M/Sup/Ma

Status: Closed (since 13.01.2004)

Type: Supplies

- **Local offers of office supplies such as paper mills, printers and data-processing supplies**

Reference: Europeaid/119132/M/Sup/Ma

Status: Closed

Type: Supplies

- **Acquisition of manual portfolios and school stationery in the provinces of el Jadida and Khenifra**

Reference: Europeaid/119647/D/Sup/Ma

Status: Closed (since 05.07.2004)

Type: Supplies

- **Drinking water supply in rural areas and the cleaning of small centers**

Reference: Europeaid/119656/D/Sup/Ma

Status: Closed (since 21.12.2005)

Type: Supplies

- **Acquisition of equipment intended for vocational training in the clothing industry of the PPT**

Reference: Europeaid/119766/D/Sup/Ma

Status: Closed (since 12.08.2004)

Type: Supplies

- **Chechmate-trans-MEDA-01/2004: Acquisition of two vehicles (4x4), intended for projects with educational goals**

Reference: Europeaid/119891/M/Sup/Ma

Status: Closed (since 15.06.2004)

Type: Supplies

- **Acquisition of equipment for technical laboratory centers and enforcement of standardization and the encouragement of enhancing quality in Casablanca and Rabat**

Reference: Europeaid/119898/D/Sup/Ma

Status: Closed (since 08.08.2005)

Type: Supplies

- **Acquisition of equipment for medico-techniques for 5 hospitals**

Reference: Europeaid/119960/D/Sup/Ma

Status: Closed (since 16.11.2004)

Type: Supplies

- **Acquisition equipment intended for structures in the sector of new technologies within informational and communicational sectors (NTIC) of PPT**

Reference: Europeaid/119996/D/Sup/Ma

Status: Closed (since 02.09.2005)

Type: Supplies

- **Supply of fruit-bearing seedlings for the marketing year 2004-2005 for projects on rural development in the central province of Khenifra - Morocco**

Reference: Europeaid/120006/M/Sup/Ma

Status: Closed (since 06.07.2004)

Type: Supplies

- **Purchase of data-processing and didactic equipment**

Reference: Europeaid/120009/M/Sup/Ma

Status: Closed (since 15.07.2004)

Type: Supplies

- **Acquisition of equipment for libraries in the provinces of Taounate Sefrou Larache Khemisset Khenifra el Jadida and Chtouka to Baha - Morocco**

Reference: Europeaid/120238/D/Sup/Ma

Status: Closed (since 23.05.2005)

Type: Supplies

- **Librations tents-MEDA-07/2004: the acquisition of 12 tents for schools in the province of Figuig**

Reference: Europeaid/120283/M/Sup/Ma

Status: Closed (since 12.10.2004)

Type: Supplies

- **Acquisitions of a minibus for use in Doukkala**

Reference: Europeaid/120327/M/Sup/Ma

Status: Closed (since 30.09.2004)

Type: Supplies

- **Acquisition of the data-processing equipment intended for the graphical arts sector of PPT**

Reference: Europeaid/120353/M/Sup/Ma

Status: Closed (Since 27.09.2004)

Type: Supplies

- **Acquisition of equipment intended for vocational training in the textile clothing sector**

Reference: Europeaid/120408/D/Sup/Ma

Status: Closed (since 15.11.2005)

Type: Supplies

- **Purchase of data-processing and didactics equipment**

Reference: Europeaid/120423/M/Sup/Ma

Status: Closed (since 27.10.2004)

Type: Supplies

- **Purchase of data-processing and didactics equipment**

Reference: Europeaid/120424/M/Sup/Ma

Status: Closed (since 27.10.2004)

Type: Supplies

- **Acquisition of equipment for the Technical Center of Plastic and Rubber (CTPC) in Casablanca, Morocco**
Reference: Europeaid/120429/D/Sup/Ma
Status: Closed (since 05.08.2005)
Type: Supplies
- **Technical material (topographic recapture GPS equipment and material for observation)** Reference: Europeaid/120442/M/Sup/Ma
Status: Closed (since 02.11.2004)
Type: Supplies
- **Material for the project of participative rural development**
Reference: Europeaid/120448/M/Sup/Ma
Status: Closed (since 02.10.2004)
Type: Supplies
- **Material for the network project of Houses of Culture**
Reference: Europeaid/120472/M/Sup/Ma
Status: Closed (since 11.11.2004)
Type: Supplies
- **Project of participative rural development**
Reference: Europeaid/120480/M/Sup/Ma
Status: Closed (since 17.11.2004)
Type: Supplies
- **Technical material for radio transmission**
Reference: Europeaid/120510/M/Sup/Ma
Status: Closed (since 10.11.2004)
Type: Supplies
- **Print and paper supplies for data-processing and technical projects**
Reference: Europeaid/120512/M/Sup/Ma
Status: Closed (since 10.11.2004)
Type: Supplies
- **Supply of pharmaceutical and veterinarian products**
Reference: Europeaid/120530/M/Sup/Ma
Status: Closed (since 02.12.2004)
Type: Supplies
- **Material for the project of participative rural development in the province of Khenifra**
Reference: Europeaid/120582/M/Sup/Ma
Status: Closed (since 14.12.2004)
Type: Supplies
- **Purchase of technical materiel for infrastructure of the province of Chefchaouen**
Reference: Europeaid/120591/M/Sup/Ma
Status: Closed (since 14.12.2004)
Type: Supplies
- **Acquisition of echnical equipment for Moroccan leather**
Reference: Europeaid/120695/D/Sup/Ma

Status: Closed (since 21.03.2005)

Type: Supplies

- **Acquisition of technical equipment for the Technical Center of Transformation of Wood Furnishing (CTTBA) Casablanca, Morocco**
Reference: Europeaid/120696/D/Sup/Ma
Status: Closed (since 03.09.2005)
Type: Supplies
- **Acquisition of equipment intended for vocational training in the sector of new information and communication technologies**
Reference: Europeaid/120743/D/Sup/Ma
Status: Closed (since 21.11.2005)
Type: Supplies
- **Hotelier acquisition of equipment intended for vocational training in the tourism sector - hotel trade-**
Reference: Europeaid/120744/D/Sup/Ma
Status: Closed (since 25.07.2005)
Type: Supplies
- **Modernization project for jurisdiction in Morocco**
Reference: Europeaid/120811/M/Sup/Ma
Status: Closed (since 17.01.2005)
Type: Supplies
- **Acquisition of equipment for the technical center of industrialists of the equipment of vehicles (cities) in Casablanca, Morocco**
Reference: Europeaid/120888/D/Sup/Ma
Status: Closed (since 11.11.2005)
Type: Supplies
- **Acquisition of data-processing equipment and interactive terminals for the National Agency for the Promotion of Small and Medium-sized Companies (ANPME)**
Reference: Europeaid/121006/D/Sup/Ma
Status: Closed (since 24.05.2005)
Type: Supplies
- **Pager shutter eau/santé- acquisition of material for quality control of water**
Reference: Europeaid/121095/M/Sup/Ma
Budget: € 60,000.--
Status: Closed (since 08.04.2005)
Type: Supplies
- **Acquisition of vehicles, trucks for the Central Case of Guarantee (CCG) in Rabat (Morocco) - program with the companies**
Reference: Europeaid/121102/M/Sup/Ma
Status: Closed (since 31.03.2005)
Type: Supplies
- **Acquisition of data-processing equipment for the Central Case of Guarantee (CCG)**
Reference: Europeaid/121111/D/Sup/Ma

Status: Closed (since 14.06.2005)

Type: Supplies

- **Technical support for the Ministry for Health**

Reference: Europeaid/121183/D/Sup/Ma

Status: Closed (since 15.06.2005)

Type: Supplies

- **Acquisition of equipment for medico-techniques for 5 hospitals**

Reference: Europeaid/121274/D/Sup/Ma

Status: Closed (since 01.06.2005)

Type: Supplies

- **Acquisition of management for the promotion of small and medium-sized company (ANPME)**

Reference: Europeaid/121311/M/Sup/Ma

Status: Closed (since 28.04.2005)

Type: Supplies

- **Acquisition of utility vehicles for centers apprenticing in the sectors of tourism/ hotelier and textile/habiliment**

Reference: Europeaid/121437/D/Sup/Ma

Status: Closed (since 28.07.2005)

Type: Supplies

- **Purchase of materiel for justice infrastructure - province of Chefchaouen**

Reference: Europeaid/121546/D/Sup/Ma

Status: Closed (since 07.09.2005)

Type: Supplies

- **Acquisition of software package**

Reference: Europeaid/121551/M/Sup/Ma

Status: Closed (since 21.06.2005)

Type: Supplies

- **Supply data-processing material and office automation**

Reference: Europeaid/121602/M/Sup/Ma

Status: Closed (since 24.06.2005)

Type: Supplies

- **Supply of material for the program Meda- Taza, Morocco**

Reference: Europeaid/121780/M/Sup/Ma

Status: Closed (since 26.07.2005)

Type: Supplies

- **Electric rehabilitation and wiring network for 44 jurisdictions in Morocco**

Reference: Europeaid/121797/D/Sup/Ma

Status: Closed (since 23.01.2006)

Type: Supplies

- **Supply of software data-processing material**

Reference: Europeaid/121798/D/Sup/Ma

Status: closed

Type: Supplies

- **Acquisition of vehicles for the ANPME**

Reference: Europeaid/121816/M/Sup/Ma

Status: Closed (since 25.07.2005)

Type: Supplies

- **Purchase of animals: rabbits and lapines**

Reference: Europeaid/121943/M/Sup/Ma

Status: Closed (since 08.09.2005)

Type: Supplies

- **Purchase of fruit-bearing seedlings**

Reference: Europeaid/121980/M/Sup/Ma

Status: Closed (since 12.09.2005)

Type: Supplies

- **Purchase of technical material and accessories**

Reference: Europeaid/121981/M/Sup/Ma

Status: Closed (since 12.09.2005)

Type: Supplies

- **Various supplies for computer equipment and technical materiel**

Reference: Europeaid/121992/M/Sup/Ma

Status: Closed (since 06.09.2005)

Type: Supplies

- **Supply of fruit-bearing seedlings for the marketing year 2005-2006 for the project of participative rural development in the province of Khenifra**

Reference: Europeaid/121993/M/Sup/Ma

Status: Closed (since 08.09.2005)

Type: Supplies

- **Purchase of technical materiel**

Reference: Europeaid/122010/M/Sup/Ma

Status: Closed (since 08.09.2005)

Type: Supplies

- **Purchase of veterinary products and animal food**

Reference: Europeaid/122011/M/Sup/Ma

Status: Closed (since 08.09.2005)

Type: Supplies

- **Supply of data-processing equipment and geographic information System (SIG) for the Argan project**

Reference: Europeaid/122128/M/Sup/Ma

Status: Closed (since 11.10.2005)

Type: Supplies

- **Supply and installation of the equipment for the Argan project**

Reference: Europeaid/122130/M/Sup/Ma

Status: Closed (since 11.10.2005)

Type: Supplies

- **Acquisition of audio-visual and data-processing material for mobile libraries**

Reference: Europeaid/122136/M/Sup/Ma

Status: Closed (since 18.10.2005)

Type: Supplies

- **Purchase of office supplies, print and paper mill and supplies for data-processing and technical material**
Reference: Europeaid/122240/M/Sup/Ma
Status: Closed (since 28.10.2005)
Type: Supplies
- **Purchase of data-processing technical material and audio-visual material for the Chefchaouen project**
Reference: Europeaid/122293/M/Sup/Ma
Status: Closed (since 10.11.2005)
Type: Supplies
- **Supply of transport on foot of building materials for the district of Bni Khaled province the Oujda, -Morocco**
Reference: Europeaid/122310/M/Sup/Ma
Status: Closed (since 01.12.2005)
Type: Supplies
- **Support of communication and visibility materials- Agadir (Morocco)**
Reference: Europeaid/122315/M/Sup/Ma
Status: Closed (since 28.11.2005)
Type: Supplies
- **Supply of tracer accessories**
Reference: Europeaid/122321/M/Sup/Ma
Status: Closed (since 29.11.2005)
Type: Supplies
- **Supply of pharmaceutical and veterinary products**
Reference: Europeaid/122337/M/Sup/Ma
Status: Closed (since 06.12.2005)
Type: Supplies
- **Supply of 2 vehicles and ground 4cx4**
Reference: Europeaid/122532/M/Sup/Ma
Status: Closed (since 17.01.2006)
Type: Supplies

Closed projects-works (fabrication)

- **Travaux- rural roads and tracks in the north of Morocco**
Reference: Europeaid/110892/D/Wks/Ma
Status: Closed (since 27.06.2000)
Type: Works
- **Realization of the motor-way between el Jebha and Ajdir al Hoceima and Chefchaouen provinces in the north of the Kingdom of Morocco**
Reference: Europeaid/113970/D/Wks/Ma
Status: Closed (since 17.02.2004)
Type: Works
- **Work on infrastructure of the provinces of Berkane and Azilal**
Reference: Europeaid/115038/D/Wks/Ma
Status: Closed (since 29.05.2003)
Type: Works

- **Work on infrastructure of the towns of Berkane and Taourirt - Morocco**
Reference: Europeaid/115048/D/Wks/Ma
Status: Closed (since 08.04.2004)
Type: Works
- **Building work on rehabilitation of the primary schools in the provinces of Larache; Taounat, Sefrou and el Jadida**
Reference: Europeaid/116584/M/Wks/Ma
Status: Closed (since 01.06.2004)
Type: Works
- **Extension and adjustment of the urban health and rehabilitation of the district el Ayoun - province Taourirt eastern region of Morocco**
Reference: Europeaid/116835/M/Wks/Ma
Status: Closed (since 17.09.2003)
Type: Works
- **Restoration of hospital Hassan II in province of Figuig region eastern of morocco**
Reference: Europeaid/116836/M/Wks/Ma
Status: Closed (since 19.09.2003)
Type: Works
- **Work on management of four centers of health in Hassi Blal Gafait Tiouli and Oued el Himer (province of Jrada) eastern area of Morocco**
Reference: Europeaid/116837/M/Wks/Ma
Status: Closed (since 18.09.2003)
Type: Works
- **Work on management of the hospital Hassan I and two rural centers of health with module development and rebuilding of an urban center of health in the town of Nador, province of Nador eastern area of Morocco**
Reference: Europeaid/116838/M/Wks/Ma
Status: Closed (since 16.09.2003)
Type: Works
- **Work on management of the hospital al Farabi and four centers of health of province Oujda eastern region of Morocco.**
Reference: Europeaid/116839/M/Wks/Ma
Status: Closed (since 12.09.2003)
Type: Works
- **Work for management of the medical formations of the communal center of the province of Berkane eastern region of Morocco**
Reference: Europeaid/116840/M/Wks/Ma
Status: Closed (since 15.09.2003)
Type: Works
- **Afford station of 2000 ha - anti-erosive measures on fruit plantations and infrastructures on 1750 ha - regeneration and restoration (reafforestation) of drills on 750 ha pr**
Reference: Europeaid/116906/M/Wks/Ma
Status: Closed (since 26.09.2003)
Type: Works

- **Work for the management of anti-erosion and the management of water in Morocco**
Reference: Europeaid/117301/M/Wks/Ma
Status: Closed (since 14.11.2003)
Type: Works
- **Work for rehabilitation and entreties of 100 2 km tracks in connection with the project of participative rural development in the province of Khenifra - Morocco**
Reference: Europeaid/117397/M/Wks/Ma
Status: Closed (since 24.11.2003)
Type: Works
- **Work for hydro-agricultural management for the project in the province of Khenifra - Morocco**
Reference: Europeaid/117398/M/Wks/Ma
Status: Closed (since 24.11.2003)
Type: Works
- **Liquid cleansing of the town of Tafoghalt, reference publication 59/dam/m/03**
Reference: Europeaid/117419/M/Wks/Ma
Status: Closed (since 10.12.2003)
Type: Works
- **Withdrawn - building work of rehabilitation and installation in 326 primary schools**
Reference: Europeaid/117459/D/Wks/Ma
Status: **Closed (Since 03.03.2004)**
Type: Works
- **Work on fruit plantations, anti-erosive infrastructures regeneration of drills (afforestation.), participative development of the zones forests and peri- forests in the province of Chefchaouen - Morocco**
Reference: Europeaid/117625/M/Wks/Ma
Status: Closed (since 22.12.2003)
Type: Works
- **Work for management of the center of urban health of province Taourirt - eastern area of Morocco**
Reference: Europeaid/118796/M/Wks/Ma
Status: Closed (since 10.03.2004)
Type: Works
- **Work for management of four centers of health in the province of Jrada - eastern area of Morocco**
Reference: Europeaid/118797/M/Wks/Ma
Status: Closed (since 11.03.2004)
Type: Works
- **Work management of the medical formations of the communal health center of the province of Berkane - eastern area of Morocco**
Reference: Europeaid/118798/M/Wks/Ma

Status: Closed (since 09.03.2004)

Type: Works

- **Work for management of four centers of health - province Oujda eastern region of Morocco**

Reference: Europeaid/118800/M/Wks/Ma

Status: Closed (since 08.03.2004)

Type: Works

- **Work for management of two rural centers of health with module design and rebuilding and urban center of health in the province of Nador eastern area of morocco**

Reference: Europeaid/118801/M/Wks/Ma

Status: Closed (since 12.03.2004)

Type: Works

- **Mt 203/04 - work management in the town of tangier (district of beni makada)**

Reference: Europeaid/119680/M/Wks/Ma

Status: Closed (since 27.06.2005)

Type: Works

- **Installation of the Hospital Eddarrak - province of Berkane, eastern area of Morocco**

Reference: Europeaid/119690/M/Wks/Ma

Status: Closed (since 08.06.2004)

Type: Works

- **Installation of the hospital Hassan II of Bouarfa - province of Figuig, eastern area of Morocco**

Reference: Europeaid/119691/M/Wks/Ma

Status: Closed (since 11.06.2004)

Type: Works

- **Work on management of the Hospital Hassan I in the town of Nador - province of Nador region, eastern area of Morocco**

Reference: Europeaid/119692/M/Wks/Ma

Status: Closed (since 09.06.2004)

Type: Works

- **Work on management of the hospital al Farabi - prefecture the Oujda, eastern area of Morocco**

Reference: Europeaid/119693/M/Wks/Ma

Status: Closed (since 07.06.2004)

Type: Works

- **Building work of rehabilitation and installation of houses of culture al Hoceima (province Kalaat Sraghna)**

Reference: Europeaid/120129/M/Wks/Ma

Status: Closed (since 29.03.2005)

Type: Works

- **Equipment for the reorganization of the site Bni Oouriaghel**

Reference: Europeaid/120237/M/Wks/Ma

Status: Closed (since 09.11.2004)

Type: Works

- **Building works on primary schools in the provincial delegations of Chtouka to Baha Khemisset Sefrou and Khenifra**
Reference: Europeaid/120270/M/Wks/Ma
Status: Closed (since 18.05.2005)
Type: Works
- **Work on conservation of water and grounds improvement and collective infrastructures**
Reference: Europeaid/120314/M/Wks/Ma
Status: Closed (since 03.11.2004)
Type: Works
- **Work on installation of hydro-agricultural and anti- erosive infrastructures for the project of participative rural development in the province of Khenifra, Morocco**
Reference: Europeaid/120377/M/Wks/Ma
Status: Closed (since 12.10.2004)
Type: Works
- **Work on plantation improvement of forestry treatments for the participative project in the province of Khenifra**
Reference: Europeaid/120394/M/Wks/Ma
Status: Closed (since 13.10.2004)
Type: Works
- **Work of creation and adjustment of water for the project of participative rural development**
Reference: Europeaid/120435/M/Wks/Ma
Status: Closed (since 23.11.2004)
Type: Works
- **Work on plantation and anti-erosive infrastructures for the project of participative rural development**
Reference: Europeaid/120446/M/Wks/Ma
Status: Closed (since 24.11.2004)
Type: Works
- **Work the infrastructure anti- erosives for fruit plantations and collective infrastructures with Dpa al Hoceima**
Reference: Europeaid/120544/M/Wks/Ma
Status: Closed (Ssnce 03.11.2004)
- **Work on conservation of water and ground Infrastructures of Dpa- Taza**
Reference: Europeaid/120546/M/Wks/Ma
Status: Closed (since 03.11.2004)
Type: Works
- **Work on conservation of water and grounds amelioration, Oujda**
Reference: Europeaid/120551/M/Wks/Ma
Status: Closed (since 08.11.2004)
Type: Works
- **Work of conservation of water and grounds amelioration, Nador**
Reference: Europeaid/120552/M/Wks/Ma

Status: Closed (since 16.11.2004)

Type: Works

- **Work on conservation of water and the ground management of rural tracks, DPA Nador**

Reference: Europeaid/121338/M/Wks/Ma

Status: Closed (since 10.05.2005)

Type: Works

- **Operations on conservation of water and grounds, rural infrastructures, supplies of fruit-bearing seedlings and building materials for el Hoceima**

Reference: Europeaid/121339/M/Wks/Ma

Status: Closed (since 15.06.2005)

Type: Works

- **Work and equipment for the site el Mers slices 2 and reorganization of the site Bni Ouriaghel (2nde revival batch 1)**

Reference: Europeaid/121368/M/Wks/Ma

Status: Closed (since 06.06.2005)

Type: Works

- **Work and equipments for the site el Mers slices 2 and of reorganization of the site Bni Ouriaghel to Tangier (2nde revival batch 2)**

Reference: Europeaid/121370/M/Wks/Ma

Status: Closed (since 09.05.2005)

Type: Works

- **Project for management of agro-pastoral defense and restoration of the grounds of valorization of arable lands and collective infrastructures for Oujda**

Reference: Europeaid/121799/M/Wks/Ma

Status: **Closed (Since 05.09.2005)**

Type: Works

- **Khenifra project - work for creation and management of hydro-agricultural of participative rural development**

Reference: Europeaid/121929/M/Wks/Ma

Status: Closed (since 20.09.2005)

Type: Works

- **Work management of surfaces accrual in the national park of Talassemtane**

Reference: Europeaid/121942/M/Wks/Ma

Status: Closed (since 02.09.2005)

Type: Works

- **A- 6/dpa/2005 project Chefchaouen; work entertain and management of the administrative buildings**

Reference: Europeaid/122012/M/Wks/Ma

Status: Closed (since 02.09.2005)

Type: Works

- **A- 08/2005 Chefchaouen; work on construction of the buildings of the park Talassemtane in the province of Chefchaouen**

Reference: Europeaid/122013/M/Wks/Ma

Status: Closed (since 03.10.2005)

Type: Works

- **A- 2/2005/dpa/24/meda; work of conservation of water and the grounds management, Nador**

Reference: Europeaid/122051/M/Wks/Ma

Status: Closed (since 18.10.2005)

Type: Works

- **A- 05/2005 Khenifra: Work on building 4 formation centers for female participation (rural development) in the province of Khenifra - Morocco**

Reference: Europeaid/122061/M/Wks/Ma

Status: Closed (since 26.10.2005)

Type: Works

- **A- 17/2005 project Chefchaouen; work on rehabilitation of tracks and perimeters of PMH in the province of Chefchaouen**

Reference: Europeaid/122066/M/Wks/Ma

Status: Closed (since 20.10.2005)

Type: Works

- **A- 2/2005 DPA Taounate; initial work on infrastructures, anti-erosives and management of rural tracks- DPA Taounate in Morocco**

Reference: Europeaid/122082/M/Wks/Ma

Status: Closed (since 04.10.2005)

Type: Works

- **7/2005 Khenifra; work on rehabilitation of tracks of hydro-agricultural connection managements and anti-erosives infrastructures for the rural development in the layered branch**

Reference: Europeaid/122084/M/Wks/Ma

Status: Closed (since 08.11.2005)

Type: Works

Closed projects - services

- **Maroc1b/Ams/005-Morocco-1b/Ams/005**

Reference: Europeaid/110012/C/Ser/Ma

Status: Closed (since?)

Type: Services

- **Morocco - 1b/Ams/108- Morocco - 1b/Ams/108**

Reference: Europeaid/110013/C/Ser/Ma

Status: Closed (since 06.04.1999)

- **Morocco - 1b/ams/442- morocco - 1b/ams/442**

Reference: Europeaid/110014/C/Ser/Ma

Status: Closed (since 15.03.1999)

Type: Services

- **Morocco - med/ma/scre1/n10- morocco - med/ma/scre1/n10**

Reference: Europeaid/110129/C/Ser/Ma

Status: Closed (since 19.04.1999)

Type: Services

- **Support and promotion of development of tele - detection (ib/ams/406) - germinated glove**
Reference: Europeaid/110353/D/Ser/Ma
Budget: € 595,000.--
Status: Closed (since 29.09.2000)
Type: Services
- **Activities training expert Moroccans in the space tele - detection such as sensitizing to this technology (ib/ams/407)**
Reference: Europeaid/110354/D/Ser/Ma
Budget: € 290,000.--
Status: Closed (since 29.09.2000)
Type: Services
- **Support of financial institutions of guarantee at SME**
Reference: Europeaid/110442/C/Ser/Ma
Budget: € 4,151,750.--
Status: Closed (since 10.10.2003)
Type: Services
- **Technical aid for the realization of sport**
Reference: Europeaid/110468/C/Ser/Ma
Budget: €: 302,000.--
Status: Closed (since 02.10.1999)
Type: Services
- **Participative development of the zones of foresters and peri- foresters in the province of Chefchaouen**
Reference: Europeaid/110469/C/Ser/Ma
Budget: € 2,045,000.--
Status: Closed (since 01.10.1999)
Type: Services
- **Technical aid to the Ministry for the Public Sector and Privatization (MSPP)**
Reference: Europeaid/110471/C/Ser/Ma
Budget: € 2,900,000.--
Status: Closed (since 03.10.1999)
Type: Services
- **Support improvement to teaching in technical and the vocational training in Morocco**
Reference: Europeaid/110483/C/Ser/Ma
Budget: € 410,000.--
Status: Closed (Since 04.10.1999)
Type: Services
- **ib/ams/401 contract award note for protection and participative management of the forest eco- systems of RIF - phase II**
Reference: Europeaid/110723/C/Ser/Ma
Budget: € 165,200.--
Status: Closed (since 14.05.1998)
Type: Services

- **Ib/ams/456 contract award socio-economic note for study of the by-pass of the Mediterranean**
Reference: Europeaid/110724/C/Ser/Ma
Budget: € 266,560.--
Status: Closed (since 18.12.1998)
Type: Services
- **Principal technical aid to the ANRT within the framework of support to the program of regulation and liberalization of telecommunications**
Reference: Europeaid/110763/C/Ser/Ma
Budget: € 3,170,000.--
Status: Closed (since 24.01.2000)
Type: Services
- **Reinforcement of the national capacities for modification and evaluation of the impacts of the agreement association on the Moroccan economy**
Reference: Europeaid/110946/D/Ser/Ma
Budget: € 1,218,000.--
Status: Closed (since 17.04.2000)
Type: Services
- **Morocco/quality accreditation certification standardization etc**
Reference: Europeaid/111125/C/Ser/Ma
Status: Closed (since 22.06.1999)
Type: Services
- **Morocco/sport formation**
Reference: Europeaid/111146/C/Ser/Ma
Status: Closed (since 29.06.1999)
Type: Services
- **Morocco/Execution Sport-Preparation and management of the projects**
Reference: Europeaid/111147/C/Ser/Ma
Status: Closed (since 30.06.1999)
Type: Services
- **Network of Houses of Culture**
Reference: Europeaid/111251/D/Ser/Ma
Budget: € 771,000
Status: Closed (since 19.10.2000)
Type: Services
- **Shutter formed**
Reference: Europeaid/111404/D/Ser/Ma
Budget: € 300,000.--
Status: Closed (since 29.09.2000)
Type: Services
- **Geo- forma**
Reference: Europeaid/111408/D/Ser/Ma
Budget: € 2,953,700.--
Status: Closed (since 26.01.2001)
Type: Services

- **Sahla - project for hydro-agricultural installations on the perimeter of Sahla in the north of the province of Taounate**
Reference: Europeaid/111409/D/Ser/Ma
Budget: € 4,265,000.--
Status: Closed (since 11.06.2001)
Type: Services
- **Decentralized rural electrification**
Reference: Europeaid/111410/D/Ser/Ma
Budget: € 1,269,000.--
Status: Closed (since 13.07.2001)
Type: Services
- **Support to creation of employment. (Withdrawn)**
Reference: Europeaid/111411/D/Ser/Ma
Budget Eur: 1,657,200
Status: Closed (since 08.10.2001)
Type: Services
- **Morocco Mediterranean by-pass**
Reference: Europeaid/111664/D/Ser/Ma
Budget: € 3,500,000.--
Status: Closed (since 23.02.2001)
Type: Services
- **Technical aid for the Department of Privatization**
Reference: Europeaid/111761/D/Ser/Ma
Budget Eur: 2,900,000.--
Status: Closed (since 05.01.2001)
Type: Services
- **Technical aid for the project of the program of regulation and liberalization of telecommunications in Morocco**
Reference: Europeaid/111784/D/Ser/Ma
Budget: € 3,170,000.--
Status: Closed (since 26.01.2001)
Type: Services
- **Technical aid for the program structural modernization of the financial sector**
Reference: Europeaid/111991/D/Ser/Ma
Budget: € 300,000.--
Status: Closed (since 21.05.2001)
Type: Services
- **Technical aid for the reform program in medical areas**
Reference: Europeaid/111992/D/Ser/Ma
Budget: € 300,000.--
Status: Closed (since 21.05.2001)
Type: Services
- **Project social habitat Tangier**
Reference: Europeaid/112701/D/Ser/Ma
Budget: € 1,370,000.--

Status: Closed (since 03.09.2001)

Type: Services

- **Technical aid to the support of projects for job creation**

Reference: Europeaid/112708/D/Ser/Ma

Status: Closed (Since 10.10.2003)

Type: Services

- **Technical aid for the accompaniment of the companies to the demarche quality**

Reference: Europeaid/112710/D/Ser/Ma

Budget: € 3,880,000.--

Status: Closed (since 14.09.2001)

Type: Services

- **Mission for observation of the structural program in the sector of the Water.**

Reference: Europeaid/112736/C/Ser/Ma

Budget: € 500,000.--

Status: Closed (since 08.01.2002)

Type: Services

- **Services and technical support and formation for the projects of the Employment Ministry, training in social development and solidarity in the Kingdom of Morocco**

Reference: Europeaid/112866/D/Ser/Ma

Budget: € 1,028,000.--

Status: Closed (since 20.05.2002)

Type: Services

- **Project MEDA vocational training**

Reference: Europeaid/113017/D/Ser/Ma

Budget: € 230,000.--

Status: Closed (since 13.03.2002)

Type: Services

- **Project MEDA vocational training**

Reference: Europeaid/113018/D/Ser/Ma

Budget: € 358,750.--

Status: Closed (since 04.03.2002)

Type: Services

- **Project MEDA vocational training**

Reference: Europeaid/113019/D/Ser/Ma

Budget: € 600,000.--

Status: Closed (since 07.03.2002)

Type: Services

- **Project MEDA vocational training**

Reference: Europeaid/113020/D/Ser/Ma

Budget: € 750,000.--

Status: Closed (since 11.03.2002)

Type: Services

- **Technical assistance for the formation and raising the niveau of vocational training in the sector of tourism**
Reference: Europeaid/113101/D/Ser/Ma
Budget: € 800,000
Status: Closed (since 18.03.2002)
Type: Services
- **Technical assistance for management of participative rural areas and development in the center (Projet Khenifra)**
Reference: Europeaid/113162/D/Ser/Ma
Budget Eur: 1,458,400
Status: Closed (since 30.04.2002)
Type: Services
- **Urban management** Reference: Europeaid/113301/D/Ser/Ma
Budget: € 450,000.--
Status: Closed (since 16.04.2002)
Type: Services
- **Modernization project for jurisdiction in morocco**
Reference: Europeaid/113400/D/Ser/Ma
Budget: € 3,850,000.--
Status: Closed (since 16.09.2002)
Type: services
- **Technical aid for the reorganization of vocational training in the sector of the cold and thermal energy of the PPT**
Reference: Europeaid/113882/D/Ser/Ma
Budget: € 420,000.--
Status: Closed (since 13.09.2002)
Type: Services
- **Formation within the framework of the project participative development in the zones forests and peri-forests of the province of Chefchaouen - Morocco**
Reference: Europeaid/113912/D/Ser/Ma
Budget: € 600,000.--
Status: Closed (since 26.09.2002)
Type: Services
- **Studies of forests within the framework of the project of participative development of the zones forests and peri- forests of the province of Chefchaouen - Morocco**
Reference: Europeaid/113919/D/Ser/Ma
Budget: € 280,000.--
Status: Closed (since 30.09.2002)
Type: Services
- **Technical aid to support the project of employment creation**
Reference: Europeaid/113964/D/Ser/Ma
Status: Closed (since 12.07.2002)
Type: Services

- **Technical aid for the reorganization of vocational training in the sector of the graphic arts of the PPT**
Reference: Europeaid/114197/D/Ser/Ma
Budget: € 440,000.--
Status: Closed (since 02.10.2002)
Type: Services
- **Technical aid for the reorganization of vocational training in the sector of the clothing industry of the PPT**
Reference: Europeaid/114198/D/Ser/Ma
Budget: € 560,000.--
Status: Closed (since 05.08.2003)
Type: Services
- **Technical aid for the reorganization of vocational training in the sector of the repair of machine engines of the PPT**
Reference: Europeaid/114199/D/Ser/Ma
Budget: € 340,000.--
Status: Closed (since 26.09.2002)
Type: Services
- 1. **Technical aid in industrial technical centers and laboratories of metrology**
Reference: Europeaid/114233/D/Ser/Ma
Status: Closed (since 23.07.2003)
Type: Services
- **Technical studies and monitoring of work ofntracks and perimeter irrigation in the province of Chefchaouen - Morocco**
Reference: Europeaid/114322/D/Ser/Ma
Budget: € 400,000.--
Status: Closed (since 31.10.2002)
Type: Services
- **Network of Houses of Culture in Morocco**
Reference: Europeaid/114466/D/Ser/Ma
Budget: € 2,000,000.--
Status: Closed (since 17.12.2002)
Type: Services
- **Technical aid for the reorganization of vocational training in the sector of new technologies in information and communication of the PPT Morocco**
Reference: Europeaid/114554/D/Ser/Ma
Status: Closed (since 19.03.2003)
Type: Services
- **Technical aid at institutions responsible for standardization, certification, accreditation and promotion of quality in Morocco**
Reference: Europeaid/114572/D/Ser/Ma
Budget: € 450,000.--
Status: Closed (since 22.07.2003)
Type: Services

- **Support for development of vocational training in the sectors of tourism, textiles and new technologies**
Reference: Europeaid/114586/D/Ser/Ma
Budget: € 4,862,000.--
Status: Closed (since 28.02.2003)
Type: Services
- **Drinking water supply in rural areas and cleansing of small centers. component water - health**
Reference: Europeaid/114706/D/Ser/Ma
Budget: € 250,000.--
Status: Closed (since 19.06.2003)
Type: Services
- **Technical aid for the support project with the companies**
Reference: Europeaid/114766/C/Ser/Ma
Budget: € 5,700,000.--
Status: Closed (since 22.08.2003)
Type: Services
- **Technical assistance and management for the support project for rural problems in the south-west of Morocco (Project Argan)**
Reference: Europeaid/114782/D/Ser/Ma
Budget: € 1,600,000.--
Status: **Closed (Since 06.05.2003)**
Type: Services
- **Technical aid for the development of training in Morocco**
Reference: Europeaid/116216/D/Ser/Ma
Budget: € 720,000.--
Status: Closed (since 17.06.2003)
Type: Services
- **Technical aid for the development of vocational training alternate OF PPT Morocco**
Reference: Europeaid/116217/D/Ser/Ma
Budget: € 780,000.--
Status: Closed (since 17.06.2003)
Type: Services
- **Contract of services for the Organisation and formation of training courses and voyages etudes with the profit of the various speakers to the project rural development integers and natural stock management DRI/ GRN**
Reference: Europeaid/116383/D/Ser/Ma
Budget: € 1,100,000.--
Status: Closed (since 08.09.2003)
Type: Services
- **The project rural development integers and natural stock management DRI/ GRN**
Reference: Europeaid/116384/D/Ser/Ma
Budget: € 220,000.--

Status: Closed (since 24.07.2003)

Type: Services

- **Studies of forest management within the framework of the project of participative rural development in the province of Khenifra (Project Khenifra)**

Reference: Europeaid/116391/D/Ser/Ma

Budget: € 320,000.--

Status: Closed (since 09.09.2003)

Type: Services

- **Technical aid for visibility (communication and quality) of the project vocational training in the sectors of tourism and textiles and new information and communication technologies**

Reference: Europeaid/116501/D/Ser/Ma

Budget: € 400,000.--

Status: Closed (since 21.09.2004)

Type: Services

- **Technical aid for the development of professional education in the private sector in Morocco**

Reference: Europeaid/116534/D/Ser/Ma

Budget: € 430,000.--

Status: Closed (since 11.08.2003)

Type: Services

- **Technical aid for national companies**

Reference: Europeaid/116565/C/Ser/Ma

Budget: € 800,000.--

Status: Closed (since 15.12.2003)

Type: Services

- **Technical aid and support for companies**

Reference: Europeaid/116566/C/Ser/Ma

Budget: € 12,000,000.--

Status: Closed (since 04.05.2004)

Type: Services

- **Support to companies**

Reference: Europeaid/119648/C/Ser/Ma

Status: Closed (since 04.05.2004)

Type: Services

- **Mission for the observation of reforms in the public administration in Morocco**

Reference: Europeaid/119969/C/Ser/Ma

Status: Closed (since 10.09.2004)

Type: Services

- **Technical aid to support the emergence of requirements for competences for the companies in the sector for tourism**

Reference: Europeaid/120203/D/Ser/Ma

Budget: € 1,615,400.--

Status: Closed (since 20.12.2004)

Type: Services

- **Technical aid for the development of the free moving of employment in the sectors of tourism/hotel trade, the textile clothing and the NTIC**

Reference: Europeaid/120204/D/Ser/Ma

Budget: € 1,539,600

Status: Closed (since 20.12.2004)

Type: Services

- **Technical aid to develop quality and capacity in the sector of tourism**

Reference: Europeaid/120205/D/Ser/Ma

Status: Closed (since 20.12.2004)

Type: Services

- **Technical aid to support the emergence of requirements in competence for companies in the sector textiles - clothing**

Reference: Europeaid/120207/D/Ser/Ma

Status: Closed (since 20.12.2004)

Type: Services

- **Technical aid to develop the quality and the capacity in the sector of textile clothing**

Reference: Europeaid/120208/D/Ser/Ma

Status: Closed (since 20.12.2004)

Type: Services

- **Technical aid to support the emergence of requirements in competence of companies in the sectors for new technologies, information and communication (NTIC)**

Reference: Europeaid/120209/D/Ser/Ma

Status: Closed (since 20.12.2004)

Type: Services

- **Technical aid to develop quality and capacity in the sector of new information and communication technologies, the (NTIC)**

Reference: Europeaid/120210/D/Ser/Ma

Status: Closed (since 20.12.2004)

Type: Services

- **technical aid to management of frontier controls and unite management of the project**

Reference: Europeaid/120406/C/Ser/Ma

Budget: € 2,033,500.--

Status: Closed (since 27.12.2004)

Type: Services

- **Technical aid for the Technical Center of Information and Communication Technologies (CETIC) in Casablanca (Morocco)**

Reference: Europeaid/120685/D/Ser/Ma

Budget: € 250,000.--

Status: Closed (since 05.07.2005)

Type: Services

- **Technical aid for the Technical Center of Leather and Leather Working (CTCM) in Casablanca (Morocco)-**
Reference: Europeaid/120686/D/Ser/Ma
Budget: € 325,000.--
Status: Closed (since 04.07.2005)
Type: Services
- **Technical aid for the Technical Center of Transformation of Wood and Emblems (CTTBA) of Casablanca (Morocco)**
Reference: Europeaid/120687/D/Ser/Ma
Budget: € 530,000.--
Status: Closed (since 05.07.2005)
Type: Services
- **Technical aid in the Technical Center of Industrialists for the Equipment for Vehicles (CETIEV) of Casablanca (Morocco)**
Reference: Europeaid/120688/D/Ser/Ma
Budget: € 380,000.--
Status: Closed (since 04.07.2005)
Type: Services
- **Technical aid in the Technical Center of Plasturgie and Rubber (CTPC) in Casablanca (Morocco)**
Reference: Europeaid/120689/D/Ser/Ma
Budget: € 260,000.--
Status: Closed (since 30.06.2005)
Type: Services
- **Technical aid to the management of standardization and the promotion of the quality (dqn) of the Ministry of Industry, Trade of Rabat (Morocco)**
Reference: Europeaid/120690/D/Ser/Ma
Budget: € 1,650,000.--
Status: Closed (since 30.06.2005)
Type: Services
- **Technical aid to the unit of management of the project**
Reference: Europeaid/120994/C/Ser/Ma
Budget: € 1,908,500.--
Status: Closed (since 20.05.2005)
Type: Services
- **Setting up legal data bases**
Reference: Europeaid/121131/D/Ser/Ma
Budget: € 1,144,500.--
Status: Closed (since 17.06.2005)
Type: Services
- **Computerization of jurisdiction by the development of metier applications**
Reference: Europeaid/121132/D/Ser/Ma
Budget: € 1,500,000.--
Status: Closed (since 17.06.2005)
Type: Services

- **Technical aid for monitoring and control of the building and management Mediterranean by-pass**
Reference: Europeaid/121155/D/Ser/Ma
Budget: € 3,500,000.--
Status: Closed (Since 06.12.2005)
Type: Services
- **Actions of communication and visibility for the profit of the delegation of the European commission in Morocco**
Reference: Europeaid/121974/C/Ser/Ma
Budget Eur: 75,000
Status: Closed (since 07.10.2005)
Type: Services

Closed projects - grants

- **Cultural activities and local information - year 2004**
Reference: Europeaid/120244/L/G/Ma
Budget: € 70,000
Status: Closed (since 29.10.2004)
Type: Grants
- **Program of research to the arranger project**
Reference: Europeaid/120519/D/G/Ma
Status: Closed (since 01.02.2005)
Type: Grants
- **Apl arg 01 - call for proposals for actions with cooperatives of arrangers (argan project - support for improvement of the situation of rural employment of women and durable management of the arganeraie in the south-west of Morocco)**
Reference: Europeaid/120913/M/G/Ma
Status: Closed (since 11.04.2005)
Type: Grants
- **Call for proposals re-enforcing maritime safety and security**
Reference: Europeaid/121098/D/G/Ma
Status: Closed (since 25.04.2005)
Type: Grants
- **Call for proposals on development and implementation of legal organizational and technological instruments aimed at improving trade movements at borders in the framework of the association agreement between Morocco and the European Union.**
Reference: Europeaid/121099/D/G/Ma
Status: Closed (since 25.04.2005)
Type: Grants
- **Call for proposals to support the Ministry of Land Management, Water and Environment for integrated environment management, harmonization of the national environmental legal framework and convergence with EU environmental legislation.**
Reference: Europeaid/121100/D/G/Ma

Status: Closed (since 25.04.2005)

Type: Grants

- **Call for proposals for reinforcement of the operational capacity of the auxiliary forces of the Kingdom of Morocco in the field of monitoring the borders apart from the points of entry**

Reference: Europeaid/121438/C/G/Ma

Budget: € 250,000.--

Status: Closed (since 13.06.2005)

Type: Grants

- **Call to support of proposals with associations of micro credit with a suspense clause**

Reference: Europeaid/121672/M/G/Ma

Status: Closed (since 28.07.2005)

Type: Grants

- **Support with cooperatives, their arrangers and their groupings**

Reference: Europeaid/121858/M/Act/Ma

Status: Closed (since 07.09.2005)

Type: Grants

- **Call for proposals for actions to support the organization of peri-scalar activities**

Reference: Europeaid/121952/M/G/Ma

Budget: € 150,000.--

Status: Closed (since 13.10.2005) Type: Grants

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