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PANEL 3: THE ARAB SPRING IN TRANSATLANTIC PERSPECTIVE:

**Moderator:**

JONATHAN LAURENCE  
Nonresident Senior Fellow  
The Brookings Institution

**Panelists:**

TAMARA WITTES  
Deputy Assistant Secretary, Bureau of Near  
Eastern Affairs  
U.S. Department of State

HUGUES MINGARELLI  
Managing Director for the Middle East and  
Southern Neighborhood  
European External Action Service

ANA PALACIO  
Founding Partner  
Palacio y Asociados

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## PROCEEDINGS

MS. LAURENCE: Well, welcome back. Thank you all for returning to the afternoon session of the CUSE annual conference. My name is Jonathan Laurence. I'm a fellow here at the CUSE and a professor of political science at Boston College.

We're meeting at a very eventful moment. And for that reason, I'm especially grateful to our panel for agreeing to be here. As intellectuals and as policy makers, the members of this panel are faced with a deluge of developments every day. Each of them is contributing to decision making processes that are influencing the course of history and the lives of millions.

And during the extraordinarily eventful last 20 weeks or so, we've witnessed great displays of courage and personal sacrifice by the peoples of Tunisia, Egypt, Libya, Syria, Bahrain, among others. And we've seen the governments of the United States and Europe adapt. First cautiously, and later with great alacrity to the changing circumstances on the ground.

And as President Obama said yesterday at Westminster, "These are early days. It will be years before these revolutions reach their conclusion." And in terms of the revolutionary calendar, it's fair to say that we are rapidly approaching the critical month of Brumaire. And as one rather influential German theorist might have put it, how do we avoid having these outcomes of the volatile situations before us descend into either tragedy or farce?

As we speak, right now, G-8 leaders are meeting in Calvados, near Deauville, to discuss their support for uprisings in the Arab world. And it is expected that they will announce large aid packages in response to the requests by Egypt and Tunisia for roughly \$25 billion and \$12 billion, respectively.

The European Union inaugurated an office in Benghazi last week, and the Commission recently increased its humanitarian aid budget for Libya and updated its neighborhood policy for the region. The State and Treasury departments here have recently announced a debt swap arrangement that will permit Egyptians to invest in job creation and entrepreneurship.

So, the situation and the U.S. and European responses are evolving by the day. And here to offer some reflection on developments to date, and to speak about how the United States and Europe can continue to accompany their Arab partners during this crucial and rather molten phase, is a

panel of very distinguished guests. And I am grateful to each of them for taking the time to be here today.

To my immediate right is Tamara Wittes, deputy assistant secretary of state for Near Eastern Affairs, and formerly a senior fellow in Foreign Policy Studies here at Brookings. She is the author of the very influential book, *Freedom's Unsteady March: The American Role in Building Arab Democracy*.

To my right also is Mr. Hugues Mingarelli, managing director for the Middle East and Southern Neighborhood of the European External Action Service. He was previously deputy director general of the Commission's External Relations Directorate, and was also the founding director of the European Agency for Reconstruction.

And to my left is Madame Ana Palacio, former foreign minister of the Kingdom of Spain and founding partner of Palacio y Asociados, and who has also served in a number of key positions in both the Spanish and European Parliaments, in European and American think tanks, as well as a number of international organizations.

I've asked each of them to speak for about seven minutes, beginning with Tamara and following the order of introduction. After which I will ask a few questions and then open it up to the audience. So, please, Tamara. Thank you.

MS. WITTES: Well, thanks very much. And I'll just say first what a pleasure it is to be back in my former home here at Brookings and to join you for this wonderful annual event.

You know, I think that there are a lot of myths and stories about the Middle East and about external relations with the Middle East that have been blown apart by the events of the last months. And those of us who have been working on these issues are faced with these events -- with a sense of humility going forward, because so many preconceptions have been dismantled.

But I think that there are a number of ways in which that dismantlement has been highly constructive. Of course -- and as both Secretary of State Clinton and the President have noted certain myths about the region: that Arabs are somehow demobilized or politically passive; that they're not interested in the rights and freedoms that the rest of us enjoy and that are yearned for universally around the world. These myths -- to dismantle these is certainly worthwhile.

But I think that it's also been useful, recent events, to help us examine some

preconceptions about the role of external actors in the Middle East. I think that in many ways, we've been able to move in the last several months past some old and somewhat tired debates about the role of external actors, especially the U.S. and Europe, you know, old notions that external involvement is always somehow unwelcome interference, a violation of sovereignty, a new form of imperialism.

But also, the notion that external engagement on the set of issues is -- must always be either wholly altruistic or wholly self-interested. And I think also there's been a bit of deconstruction of the notion that, well, if only Western governments expounded clearly and resoundingly on democracy and human rights, the dictators would fall. So, I think that we're in a much more constructive place as we deal with these events.

Now, there's no question that the people of the Arab world have made their views clear. That they see political change as the best way for them to address all of the concerns that they face about their communities and their futures. Their economic concerns and their security concerns, as well as their political concerns.

Our role, therefore, is to welcome that development and to recognize it for what it is: that it provides us with an opportunity in many ways to strengthen and expand the foundations for a sustainable, long-term U.S.-Arab partnership, a partnership that President Obama has envisioned and worked toward really since he entered office; the notion that our relationships in the region should not simply be government to government, but that we must engage more broadly with citizens of the region and be responsive to their concerns.

What the events of the last months have highlighted is the extent to which the status quo at the governmental level, and the relationship between government and citizens in the region, is not stable. And it's not sustainable, and the President spoke about that at length last week. And that as a result of that, that status quo is no longer an environment in which we can reliably pursue all of our interests in the region.

And our interests in the region, I think both ours and the -- and European interests remain very much the same: to prevent terrorism and prevent the proliferation of weapons of mass destruction, to protect global commerce, to ensure the security of our partners in the region, and defend against aggression. All of these interests remain. All of them -- the achievement of these interests demand

stability. And I think what's become crystal clear -- if there was any doubt in some minds in the past -- is that stability in the region today demands democratic change.

So, as I said, from the beginning of the administration we've really sought to broaden our relationships in the region beyond governments, to reach out to people to find common ground, to work on the basis of mutual respect and mutual interest, and create greater reciprocity. And I think part of that common ground that the President spoke about in Cairo two years ago has been a shared commitment to freedom and dignity and opportunity. A shared commitment with people in the region to democratic values.

And we've worked hard in my bureau and the work that I do supervising the Middle East Partnership Initiative to build more and stronger partnerships on that basis. So that today, half of the projects that the Middle East Partnership Initiative has in the Middle East are direct partnerships with indigenous NGOs, as opposed to large projects run by organizations here inside the beltway. And I think that's just one example of the kind of change that we've tried to introduce from the beginning of the administration.

Now, going forward as the President laid out last week, our approach to supporting political and economic reform across the region -- our approach to supporting these indigenous demands for democratic change -- will rest on three pillars: political, economic, and security.

In terms of political change, as the President mentioned, we need to start with Egypt and Tunisia and ensure that we sustain a strong commitment diplomatically, programmatically, and in a variety of different ways for the transitions that are underway in those countries, because they will take a long time to come to fruition. But we also need to continue our support for democratic change in other places. And to support activists and civil society organizations who are working in their own communities on behalf of the agendas that they have set for their countries and their local communities. And to make clear our readiness to engage with all peaceful groups, even those with whom we may disagree on policy issues.

I want to talk a little bit more about the economic tools that we have to support democratic change in the region. Because I think it's important that we understand the role of those economic tools. And this is something that on which there's been intensive engagement between the U.S. and Europe in these last months.

There's no question that economic conditions in the region contributed to the events that we've seen underway, but I think it's important to emphasize that the drivers of these events are not simply economic. It's not just about economic deprivation; it's not just about unemployment. What's been going on in the region is about dignity and opportunity, which has economic elements but it's actually much broader than that. It's about equity, it's about fairness, it's about access to opportunities.

So, it's important as we work to create a supportive economic environment for political change that we keep our eye on those fundamental demands coming from citizens in the region. But it's also important for us to recognize that economic challenges in Egypt, in Tunisia, and elsewhere -- if they're not addressed effectively and urgently, can compromise the process of political transition. Not only in the short-term in terms of stabilization, which I think is a lot of the goal that we're seeing manifested in the decisions announced by the President last week in terms of debt relief for Egypt and loan guarantees. And also what's coming out of Deauville. But also, in the longer-term, to ensure that as these countries move down the democratic path that we are helping create an environment in which they can deliver for their citizens, and that that is an important element of creating the conditions for successful democratic consolidation.

So, economic stability is important, but so is a long-term commitment to expanding individual opportunity combating corruption, supporting private sector development and entrepreneurship. These are the things that will truly deliver on the promise of these changes for individuals on the ground in a way that they can see and feel. And those are long-term efforts, but they're important.

So, I could go on to talk a bit more about the specifics in each place and time, but I'll stop there and perhaps we can get into that in the discussion. Thanks.

MR. LAURENCE: Yeah, we'll get back to that. Thank you very much, Tami. Mr. Mingarelli?

MR. MINGARELLI: Many thanks. It's a pleasure, obviously, to be here to exchange views on what the European Union and a few other actors have been trying to do in what you call the Middle East, or the Near East. What we call the Maghreb and Mashreq Regions.

As you all know, Europeans have been present in these regions for good and bad reasons for centuries. And over the last two decades we have conducted our policies toward these

countries.

And there are two policy frameworks. In 1995 we launched the Euro-Mediterranean Partnership, better known as the Barcelona Process. And in 2005, in the wake of the latest EU enlargement and the European Neighborhood Policy.

We have been developing our relations with these countries since -- over the last five years, and other neighborhood policy. And we decided a few months ago to carry out an assessment of the impact of this policy on our neighbors. And we got a very mixed picture of what we have been doing. On the one hand, there are a few achievements. On the other hand, a lot of shortcomings.

The few achievements. First of all, there is no doubt that since 2005 we have been able to intensify in a considerable way our bilateral relationship with each of our countries in Eastern Europe, in the South Caucuses, in the Maghreb, and in the Mashreq Regions. These mean, obviously, that we have been able to better understand each other, to deepen our political dialogue, to enhance our economic and trade links, and to better understand the regional conflicts which still exist in these countries.

We have been able as well to support the democratic processes that some of these countries have known. And I have in mind in particular the revolutions which took place in Ukraine, in Georgia, and the democratic transformation in Moldova.

Some of our neighbors have conducted, as well, useful and necessary economic reforms. And the EU, thanks to our trade and economic links, have contributed to these. And I have in mind the reforms carried out in Morocco, in Jordan, in Ukraine, in Georgia.

Finally, the joint action plan that we have drawn up with our neighbors in the framework of this neighborhood policy have become reference documents for the authorities of our neighbors when they shape their domestic reform programs.

But obviously, the shortcomings are more numerous than the achievements. First of all, we have not been able to promote democratic reforms in the vast majority of these countries. In countries like Azerbaijan or Belarus, the situation has deteriorated. And in most of the Arab countries, there has not been any democratic progress, to say the least.

Weak governance and poverty remain serious challenges in most of our neighboring countries. In some countries, as I said, economic reform not being conducted. But overall, the living

conditions of the population remain very difficult.

And finally, regional conflicts remain there and continue to hamper the development of these countries. You all know what these regional conflicts are about. On our Eastern borders, we have Transnistria, Abkhazia, South Ossetia, Nagorno-Karabakh. In the South, we have Western Sahara, and obviously the Arab-Israeli conflict.

There has been, as well, a few developments over the last two years in the EU which lead us to think that we should review the way we develop our policy toward these neighbors. And these developments are well-known. Basically, the entry and to enforce the Lisbon Treaty in 2009 -- at the end of 2009 -- created a new situation. First of all, we have a provision in the Lisbon Treaty which provides for a special relationship between the EU and its neighbors. And it's a novelty.

So on point, we have now a representative for foreign policy with, at the same time, a vice president of the European Commission. And are that -- their disposal the European External Action Service. And all these should allow us to bring together all EU instruments which, up to a few months ago, were different heads.

So, we decided to review this policy and to try to draw the lessons of what had been wrong over the last years. And at the same time, to draw the conclusion of the Arab uprising. So, the popular uprising in the Arab countries taught us that, first of all, -- it has already been said but I want to re-insist on that -- stability without democracy is not sustainable. And here, I think that we have all collectively, at least in the EU, committed a mistake.

Second point, we have a confirmation that human rights and basic democratic principles are not Western values, but universal ones. And finally, we have to recognize that change has to come from within. There is only so much that outsiders can do.

The EU response to these events came in two steps. In early March, the Commission and the high representative issued a communication entitled "Partnership for Democracy and Shared Prosperity" to react to the events in North Africa and in the Middle East. And yesterday the Commission and the high representative issued a communication which embraces the rule of our neighborhood. Namely, our neighbors in Maghreb and Mashreq, but in our neighbors in the South Caucasus and Eastern Europe as well.

The key principles of the new approach that we intend to develop can be summarized as follows. First of all, in our policies towards these countries, more emphasis should be placed, obviously, on democratic reforms. Democratic reforms start with free and fair elections, but we have to go beyond. We have to redouble efforts to create in these countries freedom of expression, assembly, to establish independent judiciaries, to make sure that the law enforcement agencies are really and under democratic control. Basically, we have to ensure that in these countries, democracy does not stop at the election. But that we create, really, the institution which will allow a real and deep democracy to take root.

Second point, we have to put a stronger focus on the civil society. Up to now, we have tended to favor, to privilege, the government-to-government relationship. Now we will have really to put more focus on the civil society and the media. And in this regard, one of the main lessons of the Arab uprisings is that women and young people are central to the democratic progress, because they have played both in Tunisia and Egypt a key role -- a major role in the uprisings.

We will have as well to better differentiate between countries. Namely, we will have to make sure that the EU offer and this policy is tailored to the specific needs of each partner country. We were aware, obviously, that a one size fits all approach would not do the trick. But we are now more aware than ever that our policies have to be tailored to the specific situation and aspiration of each of our partner countries.

And finally, we would like to place at the center of our policy what the high representative, Cathy Ashton, has called "mutual accountability." Namely, we have to monitor very closely the reforms undertaken by our partner countries in the political and economic areas. But, they should be allowed as well to monitor that the EU deliver on its promises.

So, these are basically the key principles and outlying our policy. Now, obviously, our policy will be credible if we are able to put on the table a credible offer. And we have to recognize that up to now, we have not done enough for our neighbors. And we would like, in this regard -- and I will stop in one minute -- to beef up our EU offer, mainly in the following areas.

First of all, in order to establish a real partnership with civil societies, we will set up two new vehicles. We will set up a civil society facility, which will allow us to be more efficient in boosting NGOs. And second point, we will set up -- and this is a proposal which was put forward by the Polish

foreign minister, Sikorski, and backed by numerous members of the European Parliament. We want to set up a European endowment for democracy, in order for us to be able to back -- to support political parties and non-registered NGOs and trade unions.

Second point. We want to intensify our political and security cooperation with neighbors. This means, in one sentence, that the EU should be more involved in all the regional conflicts that I have just mentioned.

Third point. In order to better support sustainable economic and social development, we have to strengthen our industrial cooperation and support the improvement of the business environment. And obviously, we have to coordinate with our American friends.

We have to promote the direct investment of European small businesses in this country, and put in place a credit line and micro-credit to favor the development of small businesses. We would like, as well, to develop pilot regional development programs, because as you know, there are huge development disparities between regions in one single country.

If, for instance, you take the case of Tunisia, one of the main things that our Tunisian friends told us after January is that there is a huge disparity between the littoral -- the Riparian Regions and the Continental Regions, in terms of economic development. And this is a source of major economic imbalance in their country.

We would like, as well, to enhance our dialogue on social and employment policies, and make our macroeconomic policy develop more effective. There is an area as well where the EU should do far more, it is trade. In trade, we have a very clear objective. We would like to develop with all our partner countries, when the conditions are ripe, what we call deep and comprehensive free trade agreements. This means that in addition to removing the remaining customs tariff barriers, we would like to get rid of all non-tariff barriers. Which means that we should assist our partner countries to take over our regulation norms and standards, so that they can really export their products without any remaining difficulty.

We should, as well, in a number of key sectors enhance our cooperation. And we have particularly in mind energy, where we would like to integrate all our neighbors in our electricity and gas sectors. This is important for them, but this is important, above all, to consolidate the independence and

sovereignty of a number of them.

In this regard, we would like to favor the participation of these countries and in EU agencies and programs. All the sectors where we would like to redouble our efforts; climate change, environment, and transport. Because it is clear that in all these sectors we have no borders.

And finally, there is an area where all our neighbors expect more from the EU, but it is a particularly sensitive one for our member state. It is the area of mobility of people. In two words, what we would like to do is pursue visa facilitation with a selected number of neighbors, to pursue visa liberalization with the most advanced of them, and to develop with all of them mobility partnerships to reach a better management of migratory flows between these countries and the EU.

And my last word, obviously, will be about money. We will increase our funding, and the community instrument. We will get more funding, more loans, from the European Investment Bank. And we are struggling to extend the mandate of the European Bank for reconstruction and development to the countries of the Maghreb and Mashreq regions.

This is in few words how I can present our intention.

MR. LAURENCE: Thank you very much. We'll definitely come back to many of those points. And I'm sure I'm not alone in remarking -- the degree of convergence that exists, actually, that exists between American and European goals at this point. And perhaps our next panelist will show us where some of the daylight exists between the United States and Europe. You who do not have the burden of government at the moment. Please share your insights.

MS. PALACIO: Thank you. First of all, I must begin by saying (inaudible) that it's a great honor to be here, to be in Washington, to be at Brookings. And Brookings, it's a reference. It's a reference, as you know, for certain times. Especially we Europeans, we forgot that there was a Pacific coast to the United States. But now, often, we feel that Americans forget -- right or wrong -- but forget that there is an Atlantic coast to the United States. So, this is important for us.

This is my second comment after my gratitude. It's just methodological. In seven minutes you have to proceed by big brush strokes. So I will be provocative, and of course no nuances. Maybe in the questions and answers, there will be time for nuances.

Well, the first thing is that from a European perspective, yes of course there are

differences. And Hugues Mingarelli has made a really perfect presentation of the neighborhood policy. But of course there is Yemen. There are the Gulf Cooperation countries. And these are important for Europe -- as important for Europe, or even more important, if I may say so, than for the United States.

And frankly, there is the elephant in the room, Iran. There -- I mean, somewhere we have to mention that Iran is there. It's a big elephant in the room.

Now, second idea. This difference is not just about countries. And there are differences. The tensions in some countries -- these tensions between Shia and Sunnis, tribal force. It's also that our tools to address -- and through this, I join what Hugues Mingarelli has said -- our tools are different. We have the Neighborhood Policy.

On the Neighborhood Policy, just to complete what -- as I said, I fully agree with what he has said. But I would add two things. The first is that, yes, the (inaudible) process from '95 to 2004, 2005 just did not live up to the expectation.

If you take the Barcelona Declaration, you will see that out of -- if I remember correctly -- out of 18 paragraphs, 11 refer to reforms, democratization, et cetera. Reforms, in a sense. Five or six to security. But of course, in '95, we did not have the immigration pressure and we did not have the security pressure. So, after the Barcelona Process changed -- and in the end, it was not these goals that were behind the policy -- the -- you made Iranian policy. But this policy was driven reactively by immigration and by security. This is the first thing that I think we have to remember.

The second thing is that, yes. In 2004, we included the Southern border -- what we understood -- and in those days, I participated actively from government. We have to have a similar approach to the south and to the east. To the east, European Union was very tough -- or insistent on reforms to the east. To the south, as I say, we didn't live up to the Barcelona Declaration that was -- really stress this, but we didn't live to this expectations because of, you know, reality. Reality on the floor. We have to understand that we cannot just forget about the interests. Values are important but interests are everyday bread and butter. That's when you are there.

But what Mr. Mingarelli hasn't mentioned is the last, the (Spanish), where there, honestly, all idea of reform disappears. And all these goals of reforms are replaced by the idea of de-polluting the Mediterranean, which is, frankly, a very important task to do, but far from what was the Barcelona

Declaration.

So, unfortunately, we tried to equate European policy to the South -- European policy to the East. And just a clear example, the EBRD was not extended to the South. The EBRD, in its charter - in its constitutional charter, has an idea of reform promotion, of democracy promotion, which was not extended because of all these issues that I have mentioned.

So, this last updating of our Neighborhood Policy, I hope will be now the moment where really our -- we look to the east the same way we look to the south.

Now, I think that we have mentioned the timeline. And we also have to mention the realities on the ground. Many people try to equate the Arab Spring with the fall of the Berlin Wall. There are many differences, and maybe we can discuss this. But there are two major ones. We have no money -- really, the crisis means that there is issue.

And as European Union, we do not have the magnet of enlargement. Frankly, we have been extremely successful. The European Union is the most successful project in stabilizing, in bringing prosperity. But honestly, behind this was the magnet of belonging to the European Union which, frankly, it's not the case. Just as a telegram. Let's think of innovative approaches, like the European Economic Area, for instance, which is a clear possibility.

Now, having said all this, what are the challenges? With differences, with all that. I have put them under five headlines. The first is security. And of course, I fully agree with what Samantha White has said. And I will only add that security is also important for our neighbors. We have seen how much money Tunisia and Egypt are losing because of the lack of security. Because of tourism, because if there is no security there will not be investment, et cetera. So, security.

The second is institutions. The second heading. And of course, when we speak about the institution, I have to say we say, well, there was a hunger for democracy. As Tamara Wittes has said, it was a hunger or cry for dignity for just -- not exactly for democracy as we understand it. So, in all honesty, we have to ask ourselves, what democracy? What democracy? By this I mean a formal democracy? Just election? No. We need to reinforce institutions.

And I will just add there that at the same time, we cannot be Euro-Atlantic centered. And we have to understand that the legitimacy in these countries in general, but in certain countries -- I will think of

Jordan and Morocco -- the legitimacy of the king being the descendant from the prophet, being the commander of the faithful, is something that we have to put into this puzzle. I'm not saying by this at all that we have to give up or taint or diminish our stand for the universality of human rights. But this idea that legitimacy in those countries, we have to take into account this historical, traditional legitimacy that for us brings us to (inaudible). But it's not -- our reality is something that we have to do.

What I think that we have to understand is that what is asked for is sharing power, more -  
- empowering the Parliament truthfully. Having institutions that really just share the power. There is a shift of power. Not -- and this, I think that the word is reform. Wherever -- I mean, there are places where reform is -- it's a bit too late for it, reform. But anyway, in those where reform -- reform is -- it's okay.

In this idea of security, of course, there is another immense area. Which is, legal security and bringing to the rule of law. Because of course, the rule of law we cannot expect those countries to have the rule of law from one day to the next. But yes, we have to address corruption, to address all these issues. And this idea of legal security that has a lot to do with the possibilities of investment, of prosperity.

And with this, I -- my third heading will be market economy. Honestly, for us in the U.S. and in Europe, it's (speaking in a foreign language). Well, it doesn't -- it's not on the ground there. What we read so often that socialist approach to economy is disappearing, it's not true. If you listen to the voices on the ground, in many cases -- I'm not generalizing -- but in many cases, because they are asking for dignity, they are asking much more for equality. And not just for equal opportunities, for equality. And in many cases, free market economy is seen as the source of many evils. As a system that has privileged few, and that has gone against the majority.

And I think that there, we have a lot to do in pedagogy, in explaining what is really market economy. That market economy is not corruption. Market economy is legal security for everyone.

In relation, between these two headings, I think that we have a big challenge with parties there. And this is not for governments; this is for the IRIs, the NDIs, all these institutions, the EPPs, the socialists, internationalists. We need to be there to be in this area of citizenship, but, frankly, as political party.

My fourth heading is education. We haven't mentioned that. But frankly, when you see

that the Pew Attitude Report of 2010 tells you that 84 percent of respondents in Egypt favor lapidation of adulterous women, that 76 favor cutting the hand of the thief, and that 82 -- it's a little bit less -- of the respondents favor just death penalty for the apostate, well, you know, this idea of democracy and human rights and just this longing for democracy and human rights, we have to reinterpret it. Because as I said, these are the Pew Report figures.

So, what I think that in all these countries, there has been an effort in education. But frankly, the quality of the education is not there. And I think that as Europeans, as Americans, we can at least have an influence on just bringing a more inquisitive-oriented education. Not repetitive education. And I'm paraphrasing something written by Marwan Wasser in his book on how this is still -- this repetition and this ideas of religion, et cetera, are part of it.

And my last heading is we need to strengthen the middle classes. Because I would say that this is a summary of all the above. Strengthening the middle classes is the big challenge in all these countries. Even with all the differences. Strengthening the middle classes.

Because the middle classes ask for better services. For a Moroccan stability just are better armed to combat corruption, are better armed to organize themselves in political parties.

But of course -- this is my last remark -- you cannot just strengthen -- not create, because they exist -- create a middle class from one day to the other.

And my last, last remark is linked to this one, is that in countries where demography is so young, I think that what the -- our expectations can be high, and we can be optimistic. Because, I mean, I'm not Egyptian, I'm not Tunisian. But what I feel is that even the most illiterate young man or woman in the last village in the Nile or somewhere in the desert just feels more empathy and feels closer to this middle class model that he has seen in all these revolutions than to other classical models. And because he or she will appeal to this model, we have -- I mean, we have a real possibility for the future.

Is it going to be easy? No. Is it going to be messy? Yes. But that's the name of the game. So, thank you.

MR. LAURENCE: Thank you very much. Well, let me take one of Madame Palacio's points and put it to my two speakers on my right. Since she raises the point that we are in a time of budgetary austerity, money is not as plentiful as it was, perhaps, 20 years ago after the fall of the Berlin

Wall.

Tami, you've written in the past that the United States faces a choice of being either a midwife or a spectator for Arab democracy. Does the amount of money that we have available buy us a seat in the operating room? Is there, moreover, a chance to create the kind of positive conditionality that you've mentioned? And I know that the European Neighborhood Policy also speaks of the formula of more for more, in the same sense.

Would either of you be willing to comment on that, please?

MS. WITTES: Sure. Well, look. I think this is a very important question, because as Ana noted, we're in a different circumstance today than we were in 1989. And that requires us to be creative.

But I also think it's important to recognize that beyond the sort of urgent needs of economic stabilization, the real path to growth and development and a kind of development that reaches all people in this region is not going to be thorough assistance, primarily. Assistance is important in targeted sectors to help facilitate certain types of reforms, certainly to support civil society, because there isn't a really good mechanism for philanthropy for civil society in this region yet.

But what we really need to work on is what you were just talking about, which is the need to create a magnet for this region to keep countries and interest groups within countries pointed down the path of democratic reform. And that's about assistance money, primarily. It is about the issues that my colleague from the EU has been explaining are a challenge, and something we have to struggle with: trade, market access, and migration and mobility.

So these are really important issues for us to work on together. The President spoke about a trade and investment partnership initiative that we envisioned. But I think in order for it to be at its most effective, it's something that we will need to do together to really make that magnet as powerful as possible.

MR. LAURENCE: Thank you.

MR. MINGARELLI: No, I can just support what has just been said. Assistance is not the main vehicle we should use to support economic development. We should put a strong emphasis on trade; there is no doubt about that. Market access is important, but the removal of non-tariff barriers as far as the EU is concerned is even more important. Because the main obstacle of the exports of products

from North Africa to the EU market is not customs duties, but regulation norms and standards. And therefore, we have to assist them in taking over what we call (French), namely the body of (inaudible) which make our regulation norms and standards.

Second point, we have to work to make sure that these countries can attract the investments they need. The foreign investment they need. And therefore, we have to provide technical assistance, which is not extremely expensive, to ensure that they will create an environment -- a legal and regulatory framework, legal certainty -- which will allow foreign investors to go to these countries.

Finally, we have as well to better manage our limited resources in two ways. First of all, we have to be more cost-effective in the way we manage our assistance budget. And second point, we have to ensure that our limited resources go where we have our political priorities. And this is something, again, where in the EU we can do a lot. We have started by redirecting part of the resources of the region towards our neighborhood.

MR. LAURENCE: Now, if I could just -- if I could just follow up a little bit. In the second panel of today's conference there was very little agreement on the notion of the EU as a unitary actor. And you've been speaking of it in these terms. And if we can just drill down a little bit on the external action service and its competencies and its responsibilities, to what extent does it enjoy the consensus of its members? And to what extent can we accuse it of having competence creep, or whatever British politicians sometimes refer to it as?

MR. MINGARELLI: In certain areas, we have exclusive competencies. This is the case of trade, for instance. In other areas, obviously, we have to work on the basis of consensus that we have to forge among 27 member states. But this is what the EU is about. We have to live with that.

MR. LAURENCE: Thank you.

MS. PALACIO: Just one sentence. Do we need money? Honestly, yes. Let's not fool ourselves. Why? Because at -- I mean, one of the issues that we need to address is the regional integration. And we need to understand that there will -- there is a need of investment in infrastructures. And this is a must. I think that another of the changes from the Barcelona Process to the Neighborhood Policies -- that the Barcelona Process had a regional approach. Integration of the region approach.

The Neighborhood Policy is just radial. It's just European Union, which is -- with each of

the countries. Which is, by the way, the American approach as well. But we need to integrate this region. We need to vertebrate this region. These economies are absolutely enclaved. The regional exchange in many of them -- the commerce. The regional commerce is less than 10 percent, which is not really -- it's not realistic.

And investing in infrastructure, we will need to address this. And this is why I think it's so important that the European Union and the United States coordinate its effort and make sure that the money that the World Bank and other institutions invest there just goes to the priorities. I fully agree. We need to prioritize.

But among these priorities, we will need to vertebrate this region so this region just integrates physically. And not just physically, social. Which, by the way, has a footnote on what you mentioned about -- no, Hugues mentioned on the frozen or not frozen conflicts, especially the Western Sahara. The frontier between Morocco and Algeria is closed.

MR. MINGARELLI: Closed.

MS. PALACIO: We need to make these frontiers reopen. And that there is an exchange of electricity, of goods, of people. This is something that we have to address.

MR. LAURENCE: Thank you. And Tami, if we think about the announcement of charges against former president Mubarak, what is the effect of that on the U.S. Government's attempt to engage other governments in the region to go down the path of reform? Does it have a chilling effect? Or is it something that you simply have to work with?

MS. WITTES: Look, I think that, obviously, that's a question that's a subject of intensive debate inside Egypt, as transitional justice always is in such situations. And every country finds its own resolution to these challenges.

But I think the important point here and the point that we've worked hard to make to partners across the region is the importance of getting out ahead of these developments and of listening to people before things get to the crisis point, to initiate a process of real dialogue between government and opposition to bring in civil society who can help come up with solutions that can move a country forward in terms of legal reforms and institutional reforms that are necessary.

And so if you have that process ongoing, then you don't -- you know, it's not a question of

revolutions across the region. And our hope is that we'll see a more inclusive kind of politics taking place everywhere.

MR. LAURENCE: Thank you. Well, I'd like to open up to the audience. I'm going to be gathering three questions at a time. And I would just ask you to state your name and your affiliation, and put a question mark at the end of your question.

I'll start with this gentleman here.

MR. ISLA: Thank you. My name is Ron Isla from the American Institute for Contemporary German Studies. I have two questions to Mr. Mingarelli.

So, you are saying that the European Union now tries to be a stronger actor in security politics, trying to establish a strategic dialogue with its neighborhood. And I'm wondering if this really brings an added value, especially against the backdrop that even in former times, the EU already tried to be an actor in foreign policy and security policy.

I well remember the inauguration of the Union for the Mediterranean in 2008, when Mr. Sarkozy gave a warm welcome on a red carpet to one of the biggest slaughterers of our time. And there are also loads of references in the action plans of the Neighborhood Policy referring to security politics.

So I'm wondering -- and to be provocative, as a European, I would say, we don't need any more new buzzwords like "governance facility" or "endowment for democracy." We need the will and the determination of the Europeans because all the instruments are already at hand, I would say.

And secondly, just quickly, against the backdrop of the Syrian crisis. And I know of the sanctions the European Union took. I'm just wondering, is there any action also going on behind closed doors? So, what are the possibilities now for the European Union to seize influence on the Damascus Region?

Thank you.

MR. LAURENCE: There's the question mark I was looking for. Okay, next please.

MR. BEARY: Brian Beary, U.S. correspondent for *Europolitics*. I think my question is more directed towards Hugues and Tamara. Both of you used the same sentence; the status quo is not sustainable. And I find it kind of fascinating because I think if we were here six months ago, neither of you would have used that sentence.

MS. WITTES: Actually, I think I published it in 2008.

MR. BEARY: Oh, really? Okay. Well, which leads to my question, which is, did you in any extent see this coming? And if not, why not? Why wasn't it on your radar?

MR. LAURENCE: Let me take one more. From the back, the gentleman with his hand up. Yes.

SPEAKER: Thank you. My name is Yaya Fanusie. I'm the lead person for the Special Operations Division of the United States of Africa 2017 project.

I enjoy your recitation of what's going on in that area. What I'm specifically looking at -- North Africa. Can you tell me all the predictions focused in or recommendations you're making? Who are the people that you've been talking to? The new movement or representatives of the dying ruling class, political class?

MR. LAURENCE: Thank you, sir. Let me allow the panelists to respond.

MR. MINGARELLI: Okay. First question, the EU has already been an actor in foreign security policy. Yes, I just said that we should be more present in the regional conflicts in our neighborhood. Ana Palacio reminded that the Western Sahara conflict basically prevents any kind of regional cooperation in the Maghreb. The coast of the non-Maghreb is enormous for the four countries of the Maghreb Region. So, five -- if we are the Mauritania. And the EU is not present -- as such, is not present at all. You know, we are just supporting the efforts employed by the envoy of the UN secretary general. But the U.S. as such does not intervene in this conflict.

And we are not entirely absent of the Israeli-Arab conflict. We are not totally absent in what is going on in Transnistria. But above all, we do not place a role that we should play in these conflicts. If you want, I could elaborate. I don't know what more we could do, basically, to be full-fledged members of the format in which we are seeking political solution. And when there is a need for peacekeeping forces, we should be there as well.

Second point, the political will is more important than new instruments, new gadgets. You are right. Without a political will, there is very little we can achieve. But even when you have the political will, if you don't have the appropriate instruments you are in a predicament.

I said that we will set up a new endowment for democracy to fund political parties. I have

been struggling for more than 10 years to try to assist the civil society in Belarus without an impact, just because in Belarus NGOs cannot be registered. And we, with our current EU instruments, we cannot assist non-registered NGOs. I hope that tomorrow we will be more effective with this new instrument.

Syria, we have the sanctions. But at the same time we continue in various ways to try to convince President Assad that the best way forward and the only way forward for him is to stop the violence and to start to engage a national dialogue with the demonstrators.

I want to leave my friends answer as well a number of questions.

MS. WITTES: Sure. Let me perhaps start with the gentleman's question in the back about to whom are we speaking as we develop our response. And I think it's important to emphasize that there's an incredible diversity of groups on the ground in Tunisia and in Egypt. And indeed, since these revolutions the diversity has grown, so that in Tunisia today, for example, you have over 70 political parties, most of whom didn't exist a few months ago.

So it's absolutely imperative as we go about this work that we engage very broadly. And that's what we've been working to do through our embassies and in a variety of other ways. And I think again, that this type of broader engagement and expansion of the range of views to which we expose ourselves and which we integrate into our thinking is part and parcel of the broader engagement strategy that President Obama has brought to his approach to the region from the beginning.

To the provocative question, did you see this coming? And if not, why not? You know, I think if you poll Middle East experts and -- for better or worse, I guess after 15 years I would put myself in that category -- I think you'll find very, very few who, if any, who predicted these events. Why? Because revolutions are always unpredictable.

But I think what a number of people did recognize -- and I'll include among this my secretary of state -- is that pressures have been building in this region for some time. Ana referred to the demographic balance, and the trend in the region has been quite visible. And the rise of this young generation has placed new pressures on governments, pressures that they had a difficult time accommodating. The rise of satellite broadcasting and new media tools and the way that this changed organizational capacities outside of government.

And, you know, the sense -- the ability had to access information and become more aware of the

disparities between their aspirations and the realities that they faced. Their aspirations and what they saw elsewhere in the world, and what they had available to them at home. I think all of these trends have been building in the region for at least a decade. And while the approximate causes, I think, are inevitably unpredictable, the ingredients were there.

And finally, I'll just say on regional security issues -- because it has kept coming up. And I want to emphasize that this is absolutely an essential piece of how we do things going forward. And that we do need to recognize the interplay between regional conflicts and the other things that are going on. And I think that we've found in these last months very close cooperation between the U.S. and Europe on the broad range of security challenges in the region in a way that's been very constructive.

MS. PALACIO: Well, three very -- one sentence on each.

On the European Union, yes, of course you need political will. But, you know, bashing the foreign policy or the European Union as an actor is so easy. You know what? What -- I mean, it's a process. It's working in progress. And yes, it's not perfect and yes, there are many flaws. But I think that I would tend to see all, you know, the glass half full.

I will add a footnote on this idea that we have to -- we need to engage broadly with everyone. And just link this with the role of big formations of -- political formations. I mean, in Spain the first democratic elections there were more than 130 parties. And from 130 parties, well, this was filtered. And in great part was filtered through the big families -- the big political families. So these would be my footnotes there.

MR. LAURENCE: Thank you very much. Let me gather the next three questions. I have one in the back?

MR. DANZIG: Thank you. Two questions to Tami Wittes. Number one, could you also --

MR. LAURENCE: What is your name, please?

MR. DANZIG: Sorry. I'm Rafi Danzig with APEC. First question is could you also talk about Syria, specifically? What the policy is vis-à-vis Syria?

MS. WITTES: Sure.

MR. DANZIG: And number two, you said that we are engaging both with those groups with which we agree and those we disagree -- with which we disagree. I suppose you mean like the

Muslim Brotherhood, groups like that. And my question is is it possible to engage with all of them equally or to favor those groups with which we agree over those with which we disagree?

MR. DETKA: Dieter Detka, Georgetown University. I'd like to come back to the notion of regional integration and the concept that Ana Palacio mentioned, use regional integration in Europe's neighborhood.

And what I see happening now is that Europe uses too much a kind of hop and spokes approach without really furthering corporations in these neighborhoods. And that's essential, because millions and billions of dollars went into the Southern neighborhood -- into individual states -- without almost zero effect, to be honest.

And in that context, I think you need a regional approach plus a better and smarter approach to what is called usually conditionality. You know, there is a way of killing the good part with a conditionality trap. But Europe has power and has enormous economic power in trade, investment, many other things. And that needs to be on the table more than it has been before. And I want to hear you talk about it.

Thank you.

MR. LAURENCE: Okay, I'm going to gather two more questions so that we have three. Yes.

MR. ILLIG: Fazil Illig, WPI. I'm wondering if our policies in the region is going to mirror our spectacular successes in Afghanistan? And to return to that brilliant formulation by the affirmation to raticion (?). It said everything happens twice in history. First time as a tragedy, second time as farce, which may as well have been said about Afghanistan.

And a good small example as how this is turning out, now we're selling \$60 billion worth of weapons to Saudi Arabia. \$60 billion worth of weapons to Saudi Arabia may be the last thing Saudi Arabia needs, and it's going to turn out to be very destructive and self-destructive.

MR. LAURENCE: This has to be the first time that Marx was cited approvingly twice in one session at Brookings. Please, can we get a microphone to Ruth?

MS. SANTINI: Ruth Santini, Brookings. I have a question to Tamara, and then three very short questions to Managing Director Mingarelli.

To Tamara, don't you think there is a problem -- a rising problem for U.S. foreign policy in the region of expectations capability gap? I mean, since the Cairo speech there have been rising expectations in the region. And they've been dashed until the Arab uprisings in terms of U.S. engagement for pro-democracy movements on a pragmatic basis, more engagement with the Middle East peace process, maybe less presence of military troops on the ground, et cetera.

Don't you think that this -- I mean, the Obama speeches in the past couple of months are just going to increase this expectations capability gap in the region?

To Director Mingarelli on the revised ENP, I see it as a step not really forward; it's a step - the upgraded circle, the proposal to the European Parliament that has just come out. But I see three potential flaws in the revised approach. And I would really appreciate a comment on that.

The first possible flaw is -- you mentioned that we need a more cost-effective approach in our system in how we deal our assistance policies. I completely agree. But it's not just an intra-EU institution problem. It's mainly a challenge in terms of reaching vertical consistency between the EU and European member states. Is there any proposal concerning that? So, diminishing the divergences in how funds are used across member states in supporting democracy in the region?

The second point is linked to -- you mentioned differentiation. This is a long-standing claim of the European Neighborhood Policy. The real differentiation, though, is you mentioned at the beginning would be between the Mashreq and the Maghreb. So, subregional clusters within the ENP, which, obviously, need specific approaches. And they don't share much with the Eastern neighborhood. What is the kind of debate we are getting on this possible change of the ENP?

And the third and last point, you mentioned regional conflict. They remain there. They pose a huge problem to the consistency of our foreign policy. So, how are we thinking about linking -- for example, we should have done it since the very beginning in our action plans towards Israel or the Palestinian authority, the resolution of the Middle East peace process. Is there any chance we are thinking more strategically on linking the security that I mentioned in our democracy promotion policy?

MR. LAURENCE: I'm just going to reverse the order of respondents. Ana?

MS. PALACIO: Well, I will just pick up the -- in order to save time, this idea of conditionality. I think this is an extremely important aspect. And I personally, I favor conditionality.

I think that in part, the failure of the Barcelona Process and part of the failure of the Neighborhood Policy -- because it's true that the European Union has spent a lot of money in the region -- is that there was no conditionality whatsoever at all or little conditionality or the conditionality was watered down progressively, and especially the conditionality in terms of reforms, because there was other aspects of conditionality that were present and that were benchmarked and that worked better. And this is why in countries like, for instance, Morocco, when you have a reasonable legal security in economic terms -- I won't speak about freedom of the press or other areas, but in this area of economy, yes, you have.

I think that we have to go back to the Barcelona Declaration and just establish the conditionality with reforms; intelligent, feasible, realistic, but establish the conditionality.

MS. WITTES: Okay. I'll try and take each of these in turn quickly. First on Syria -- and Rafi, I know you attended the panel I was on about Syria yesterday. So perhaps I'm repeating this more for the benefit of others in the room than for you. But in case there's any lack of clarity in terms of our policy on Syria, I think what you heard from the President last week is a determination on our part to support the aspirations of the Syrian people. And their aspirations are clear: they want to transition to democracy.

So, the President's words to the Syrian government were that what we want to see is to see that government end violence, respect the rights of its citizens, release detainees, and, very specifically to President Assad, either to lead a transition to democracy or to get out of the way for that process to move forward. I think that's pretty clear.

The question of engagement with different kinds of organizations and what criteria do we use and do we have favorites? I think the first thing that's very important to say is that our interests -- and I think that this is something on which we would very much agree. Our interest is in seeing a credible and open democratic process. And we're concerned about the integrity of the process and the credibility of the process much more than about seeing any specific outcomes. That's a very important point.

And I think really, across the board, we -- our approach is conditioned on the fact that what's happening in the region is driven by people in the region. It's not driven by us and we have to be respectful of that.

That said, I think it's important to recognize that there are a set of criteria that are necessary for any political actor, no matter what their ideological or ethnic or religious coloring might be if you want to play a constructive role in a democratic process. And again, these are criteria that the President laid out in Cairo in June of 2009: that you have to be committed to nonviolence; that you have to respect equality under the law, including for women and minorities; and that you have to respect the democratic rules of the game after an election as well as before. And that's something that applies across the board.

Our view is that if you have good institutions -- as Ana said, if you have good rules in place and an open political marketplace where actors who embrace those core criteria for the democratic process are engaged, that you're going to see people able to have a good debate about who's going to meet the needs and aspirations of citizens. And you will see a quality election and a quality outcome.

There was a question raised about expectations following the Cairo speech, and U.S. policy. And I really have to say -- I mean, number one, again. What's going on in the region is really not about the United States. It's really about the citizens of the region themselves. And I think we have to keep our eye on the fact that their judgment about whether things are going well or badly is not primarily about how they feel about our policy. So, we may be very focused on our policy, but let's not make the mistake of seeing everything in the region through that lens.

That said, I think that we've done a tremendous amount of work to deliver on the expectations that the President laid out in Cairo, whether it's regarding our military posture in the region and the fact that we're on track to complete our drawdown of military forces from Iraq, as agreed, by the end of the year. The fact that in terms of support for democracy we have increased substantially in the last two years our support, for example, Egyptian civil society organizations. And as I said earlier, I think that that expanded engagement and expanded support for civil society across the region has been a really core feature of the work that we've done over the last couple of years.

And on the Middle East peace process as well, this is an issue that this President and his envoy have worked literally every day since they've come into office. There's no question it's a tough issue. If it weren't a tough issue, it would have been resolved a long time ago. And unfortunately, it's also not an issue that relies merely on the political will of the United States. In fact, it relies primarily on the will

of the parties on the ground.

But because of that, it's our firm belief that we're not going to get anywhere until those parties sit down and negotiate the issue directly. And that's what we've been working to do. It's not going to happen because we impose it on them.

MR. LAURENCE: Mr. Mingarelli?

MR. MINGARELLI: Everybody will agree with you when you say that regional integration is of the essence. And I think that the EU has been working on that for years now.

There is a free trade agreement between four countries of North Africa: Egypt, Jordan, Tunisia, and Morocco. This is the Agadir Agreement -- that has been instrumental in bringing about this Agadir Agreement. But we should do far more than that.

We have spent weeks talking about the secretary general of (French), the former Tunisian foreign minister. And they are perfectly aware of the fact that as I said, the non-Maghreb has a huge cost for the population of Tunisia, Morocco, Algeria.

But we should do far more and, you are right, we should probably apply some kind of conditionality. And there is no doubt about the fact that the EU could be serious about conditions, because simply we are the first trade block. And we have levers, many levers, but there is a question of political will.

The flows in our new approach need to have more coherence between what the EU institution and what the EU member states do. You are totally right. And by the way, in the communication we say as well that we should ensure that our member states feel bound by this European Neighborhood Policy. Because you are right, this Neighborhood Policy has been, up to now, something which has been promoted by the EU institution, while the EU member states have continued to develop their own national bilateral policies. So we have to make progress on this account.

Differentiation East and South. Well, for the first time in a paper written on our Eastern neighbors, there is an explicit reference to Article 49 of the Lisbon Treaty, which said, basically, that any country on the European Continent, provided it complies with a number of conditions related to rule of law and democracy, can apply to the EU. This is clearly to show that for some of our neighbors, there is a prospect to apply to the EU. For others, for the time being, there is no such prospect.

And as regards to regional conflict, we have already answered. I think it's clear that for many of our neighbors, the existing regional conflicts are a real obstacle to democratic and economic reform. This is true, as I said, for countries like Tunisia and Algeria, because they cannot develop their trade as long as the border is closed. But this is true as well in Moldova, in Georgia, or in Armenia and Azerbaijan.

So, we have to be more involved in the solution to these regional conflicts. And the EU is better placed than many other actors to play a key role in these conflicts.

MR. LAURENCE: Mr. Mingarelli, it sounds like you probably have enough on your plate with the rather Herculean task of herding 27 member states into a single policy front. But thinking about the transatlantic relationship, is there anything that you'd like to see happen on the American side that hasn't been happening? Or anything that your transatlantic partner has been doing that you wish it wouldn't?

MR. MINGARELLI: Well, over the last years I must say that we have seen a real improvement in the way we work in these countries. And we are in constant contact on the ground and in the capitols with our American partners to make sure that basically we have the same policy objectives. And we called on as much as we can -- we coordinate as much as we can our instruments.

I don't say that there is no room for improvement. There is, without any doubt. But we cannot say that we do not exchange views. And it's clear, once again, that over the last three to four years there has been a marked improvement in this regard.

MR. LAURENCE: Tami, what are those areas where there's room for improvement?

MS. WITTES: No, I think we have very regular coordination at -- across the capitals, as well as in each of the countries in the region, both in terms of donor coordination, which is important, and diplomatic coordination.

I think donor coordination is probably the hardest area, because things move quickly on the ground. We each have our own mechanisms, and so it's often a challenge to make sure that we're using funds effectively and we're not duplicating, and so on. But you know, in Tunisia for example -- I think we've learned some lessons here. So in Tunisia, within weeks after the revolution we had established a donor coordination group on the ground that's meeting, I think, every other week at this

point. And given that the U.S. and the EU are the two donors who are doing the most to support the electoral process, both the technical side and the political development side, it's absolutely crucial that we do that well. So, I think that's an area where we can probably do even more.

On the policy side, I think we've done a lot to work closely over the last year. I mean, I'm just thinking back to the period running up to Egypt's extremely flawed parliamentary elections last fall where we had a lot of back and forth as events were developing about how we were each engaging with the government of Egypt about our public stance. And I think that that was very important in having greater impact jointly.

MR. LAURENCE: Thank you both for your candor.

I'm going to gather the next set of questions. First is this gentleman in the front.

MR. MABROUK: Thank you. Asadin Mabrouk, World Bank retiree.

I hear a lot about regional integration. However, it seems to me that it's still the traditional way of seeing regional integration that is the MENA region versus Europe or the MENA region and the U.S.

But there is another regional integration that is really missing and lacking, and which will make a real difference mainly post-revolution. That's the integration between -- economic integration between the MENA countries as a whole. The trade between the MENA countries is so low. There's a kind of 2 percent only trade between the different MENA countries.

Ms. Palacio said, well we should promote market economy, and what have you, and emphasize this. I would think it's probably a waste of time because the idea of market economy is well sold within the MENA countries. Historically, geologically, religiously. I don't think you need to sell market economy or even invest one penny on promoting market economy. They all think about market economy. It's true, they are emerging political countries in -- political parties with the heading of Communism and Socialism and what have you.

First of all, if we are to promote democracy in this region, I think let them talk about communism and what have you. Why not? But the region, in essence, is market-oriented.

And I would think the best policy that Europe and the U.S. and other partners could do is to promote an economic integration between the MENA countries. And I think that would have a real

positive outcome, even for the traditional European integration. And that is -- I think we need to promote south-to-south cooperation rather than always north-to-south cooperation.

And I think we should have a vision. Europe should espouse a vision, as well as the U.S. for really pushing and naming that -- what you are trying to do is really to develop this regional integration between the Arab countries. And investment does not that --

MR. LAURENCE: I'm sorry, I'm going to have to cut you off. Our panelists have to leave

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MR. MABROUK: Just one thing, because these frozen issues like the Sahara, with regional integration between the MENA countries, that issue will just disappear by itself.

MR. LAURENCE: Thank you. I'm going to give our panelists to respond, since I know that Madam Palacio has to leave. And I just want to ask one quick question about the refugee issue, whether or not balancing a fair asylum policy in Europe is consistent with the desire to ensure a viable and secure environment at home in these countries of origin.

But please, a concluding remark.

MS. PALACIO: Well, you are speaking about immigration at large? Or refugees?

MR. LAURENCE: Refugees.

MS. PALACIO: Refugees. Well, you know, the issue right now is how to address the question of refugees. And who is a refugee and who is an economic immigrant?

And you know what? If we get into these waters, it's extremely complicated. Right now, it's difficult to claim for immigrants -- for citizens that come from Tunisia that they have -- that they qualify under any of the Geneva conventions. It's very difficult to justify.

So, what kind of refugees are we speaking about? The thing is that, of course, because of our immigration -- and I fully agree with Mr. Mingarelli that one of the main added values of this new version of the Neighborhood Policy is that it addresses, frontally -- I hope it will be implemented now because it addresses the paper frontally this issue of immigration, that we have to -- we cannot just -- I mean, because if not we are confronted people that, legitimately, try to circumvent all these hurdles by just going through the -- just one comment on what you said.

Absolutely, integration. Physical integration, I said first because you need to vertebrate

this integration. And, of course, economic integration. And I myself, I highlighted that all these economies are enclaves. That there is no trade between the region. And I think that you are absolutely right.

Honestly I disagree. Of course, as I said, this is brush strokes. But I'm not that sure that this idea of the benefits of the market economy is pervasive in the region. My impression is that it's not that pervasive. Yes, it is in certain strata of the society. It's not pervasive in all the society. But of course, we -- this is different perspectives.

MR. LAURENCE: Thank you. And we just have time for a concluding paragraph from each of you.

MS. WITTES: I'll just say very quickly on the trade issue. I don't think it's either/or. I really don't. I think that regional integration and integration with European and American markets are part -- should be part and parcel of the same process. And fundamentally, what we envision is something that is a high standards trade arrangement that -- you know. And so if you're working on the basis of common standards, then you can work all of those types of integrations simultaneously.

MR. MINGARELLI: There is no doubt that it is extremely important to boost south-to-south economic development and trade. This was, by the way, one of the main objectives of the Barcelona Declaration in 1995, to develop a free trade area in the south of the EU, not between the EU and North Africa, but between the countries of Maghreb, Mashreq. And it has been repeated last week by President Obama, when he said that we should, at the same time, open our markets to the exports of these countries, but, at the same time, boost intra-regional trade. So it has been one of our constant objectives.

We have not been very effective in promoting it. But here comes a problem of the conditionality. And it's another debate. But it's clear that it's not enough to put in a piece of paper that our intention is to develop or to boost. We have to take the necessary measures to make sure that it happens.

MR. LAURENCE: Well, thank you all for coming. And please join me in thanking our panel. (Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

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