

**The Moral Economy of EU Relations with North African States:
Deep and Comprehensive Trade Agreements under the European Neighbourhood Policy**

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Abstract

The EU has loudly voiced its intention to facilitate poverty reduction and democratisation in North Africa. In particular, the EU seeks to conclude Deep and Comprehensive Free Trade Agreements (DCFTAs) with Tunisia, Morocco and Egypt. These are seen as a vital response to the Arab Spring – integrating North African countries into the globalised economy, and resulting in ‘win-win’ outcomes for all concerned. The article argues, however, that while Normative Power Europe seeks to build more tranquil societies in the region, nevertheless, its trade policies threaten to exacerbate poverty and social unrest. Notably, the prospect of deindustrialisation in wake of FTAs will do much to entrench economic asymmetries between the European metropole and its neighbours. Utilising a moral economy approach (qua Andrew Sayer), the article argues that emerging success stories such as Morocco and Tunisia should contest European trade prerogatives on the normative terrain established by European officials themselves.

Keywords

European Union; North Africa; Maghreb; trade; development; FTA; poverty

Introduction

The European Union (EU) has taken upon itself an ambitious mission in its relationship with former colonies in North Africa. Under the European Mediterranean Policy (EMP) – also known as the Barcelona Process – and its de facto successor, the European Neighbourhood Policy (ENP) – European officials have made clear their intent to promote free market democracies in the region. This is stated with both a dual ‘realist’ and ‘liberal’ intonation in the official policy documents.¹ Indeed, a ‘realist’ note is struck as the EU emphasises that economic and social development in the Maghreb will translate into fewer security threats for the EU-28 (EEAS 2014). This has been notably apparent in European documentation in the wake of 9/11. Moreover, European personnel also emphasise that European member states will have fewer concerns regarding inward migration from North Africa if thriving economies can be built there via trade and aid measures. In terms of a ‘liberal’ intonation, moreover, the European Union emphasises that it fully endorses norms concerning poverty reduction, human rights, and democratisation (European Commission 2011, 2012a, 2013). Interventions in North Africa are not only seen as part of the EU’s own self-interest to manage its borders, but also to fulfil a moral mission enshrined in the ethical fabric of the EU itself.

Amidst this blend of both liberal and realist objectives, the European Commission (2006, 2012b, 2014a) has been particularly vocal about the progressive purposes of the European Neighbourhood and Partnership Instrument (ENPI). This aid device – an equivalent of the European Development Fund (EDF) utilised for sub-Saharan African countries – is viewed as a means of giving tangible financial assistance towards the building of free market societies. Not only will ENPI monies be given to support good governance and to support state capacity, but it will also be given to support the economic side of North African development (*ibid*). Specifically, ENPI monies will help countries in the Maghreb to adjust to the competitiveness concerns raised by economic globalisation. European aid, in this vein, will be utilised to support entrepreneurialism and to engender livelihood creation in industries that possess comparative advantages within EU-Maghreb trade networks. Again this is seen to serve both the EU’s interest in managing security and migration – by creating jobs for young North Africans who otherwise might be drawn into migration, or worse, into radicalisation. At the same time, it is viewed to demonstrate Europe’s genuine commitment to the well-being of more vulnerable peoples, and to strengthen the EU’s own normative foundations in relation to solidarity and human rights.

Significantly, however, the European Commission also insists upon North African states’ acquiescence to reciprocal trade involving further liberalisation of Maghreb economies. This began under the EMP (Barcelona Process) but has been invigorated by the EU’s pursuit of Deep and Comprehensive Free Trade Agreements (DCFTAs) with Morocco, Tunisia and Egypt in wake of the Arab Spring (European Commission 2014b, 2014c).² The DCFTAs are to be pioneered with these North African states and would further liberalise their domestic tariff regimes with regards to European products. This would be done in order to safeguard Maghreb countries’ current level of access to the markets of the EU-28. Moreover, the DCFTAs would seek to tackle non-tariff barriers

¹ Robert Cox (1982: 132) usefully explains the tensions between (neo)realism and liberalism in the realm of International Relations. Whereas realism focuses upon the pursuit of national self-interest, competitive struggle and power politics among rational actors, liberalism emphasises the pursuit of common objectives and ‘win-win’ co-operation based on shared norms and mutual understandings of the global environment.

² Outside of North Africa, the EU is also currently pursuing a DCFTA with Jordan which would likely take a similar shape to those being negotiated with Tunisia, Morocco and Egypt.

(NTBs), to usher in services liberalisation (the Singapore Issues), and to align North African states to EU regulations on matters of production (for instance, environmental standards and labour rights) (*ibid*). This is significant in terms of Europe's commitment to poverty reduction, and to democratisation. Indeed, many analysts predict that liberalisation under DCFTAs would not merely destabilise the economic base of the countries concerned, but would also worsen current political tensions and social inequalities (De Bock et al 2012; Chemingui and Thabet 2008; Martin 2004; Chourou 2003). In fact, there is evidence that the tensions unleashed in the Arab Spring itself were partly the result of pressures emanating from previous liberalisation. Most important here are concerns that deep liberalisation will undermine manufacturing in the region - as import flooding from the European metropole destroys local livelihoods. In addition, there are concerns that North African agricultural production – which should in theory enjoy certain comparative advantages – will remain hampered by the stringent regulations of the EU Common Agricultural Policy (CAP). DCFTAs, in this scenario, will damage Maghreb economies, leading to worsening conditions for poorer peoples in North Africa, with subsequent disruption to social and political tranquillity.

The article therefore examines whether the European Union's trade policies are antithetical to its professed 'realist' and 'liberal' agendas in the region. Utilising a moral economy perspective qua Andrew Sayer (2004; 2007), it first considers the normative discourse employed by European officials in their representation of trade and development ties with the Maghreb. This considers the normative drivers which are held to inform EU-Maghreb relations by those within the European Commission. Thereafter it examines the likely impact of further trade liberalisation under DCFTAs. This focuses, in particular, on the prospects of Morocco and Tunisia – deemed as relative success stories in the region.³ Significantly, this also considers whether the ENPI is capable of transforming the DCFTAs into a genuine development opportunity. The article then juxtaposes the empirical evidence with regards to premature DCFTA liberalisation with the ostensible normative concerns at the heart of EU-Maghreb relations. With its moral economy perspective, it contends that norms have been used to rationalise a policy platform (namely trade liberalisation) that in tangible terms will do much to negate the realisation of more prosperous and stable societies in Morocco and Tunisia. Finally, the article considers the options available to Maghreb countries, and whether the ethical basis of 'Normative Power Europe' might be utilised in such a manner as to pressurise the European Commission to adopt a more egalitarian trade policy in its dealings with former colonies.

Moral Economy and Normative Power Europe in the Maghreb

Moral political economy is an emerging area within the broader field of IPE. Most usefully articulated by Andrew Sayer (2004; 2007), its purpose is to identify norms embedded within economic systems and then to critique (possible) disjunctures between ethics and empirical realities. Crucially, the purpose of a moral economy perspective here is to radically interrogate strategic narratives and discourse – a point which in fact is left rather implicitly within Sayer's own work. A moral economy approach examines how norms are (re)embedded through narrative actions, which in turn set out the professed criteria for acceptable behaviour – and acceptable outcomes – in terms of the daily functioning of economic structures. In this way, the language employed within any given

³ This article focuses upon the empirical impact of the DCFTAs for Morocco and Tunisia. These are seen as relative 'success stories' in the region and therefore the impact of the free trade agreements is seen as potentially disrupting progressive transformation in these emerging economies. Moreover, EU negotiations with Egypt for the DCFTAs have recently stalled due to the coup d'état against elected President Mohammed Morsi. On-going human rights abuses committed by the military regime against Muslim Brotherhood supporters also hamper agreement on the trade frontier with Egypt at the present time.

‘moral economy’ (that is, the moralised economic structure that is the object of study) acts to establish common sense, shared understandings of the purposes of economic activities that can act to legitimise them in the eyes of economic agents, and those more broadly impacted by economic life (Fairclough 2001a: 64-66). In terms of scale, this approach might equally critique the norms deployed in daily speech surrounding household economies – for instance, the gendered division of labour in the home in Western societies (Sayer 2007: 261). Alternatively, it could equally be used to dissect dominant discourse in multilateral and bilateral trade negotiations on the global stage – for instance, the WTO Doha Round or, for our purposes, EU-Maghreb trade.

The intention of a moral economy approach is therefore to take seriously the moral statements and codes of conduct expressed by economic actors in their discursive interactions with one another. Moralised language is not dismissed as mere ‘propaganda’ or as ‘window-dressing’ for financial interests, but is analysed as a means of constructing dominant visions of how the world *should* operate (Langan 2012: 245-247). In short, a moral economy perspective – taking a social constructivist position (with debts to Gramscian theory) – considers how ‘common sense’ acceptance of economic systems is constructed through the creation of ‘moral economies’ imbued with repeated normative purposes, as expressed by elite narratives (*ibid*). Discourse and language are seen as central within power relationships – helping to, at times, conceal, downplay, or justify instances of exploitation (Fairclough 2001a; Wodak 2007; van Dijk 1995). Usefully here, Sayer (2007: 261-265) invokes a critical realist position that argues that such conditions of ill-being can be known (in an epistemological sense) by the researcher. Namely, that exploitation and subsequent poverty/destitution are not merely subjective states, but can readily be identified in relation to the physical needs of individuals and groups. Drawing on the human needs approach of Martha Nussbaum and Amartya Sen, a moral economy perspective seeks to contrast legitimising norms within moral economies with the *knowable* material impact of economic structures for their nominal beneficiaries (*ibid*). Judgement can thereby be made as to whether the ‘moral economy’ in question operates in a manner that fulfils ostensible normative parameters, or whether the ethical language associated within economic practice in fact plays a veiling function for activities that fall short of – or that wholly transgress – moral objectives. In this vein, Sayer (2007: 269) argues that ‘a moral economy approach can strengthen the standpoints from which economic life can be criticised by drawing attention to the ways in which it induces and involves unjust or unethical behaviour, institutions and outcomes and restricts flourishing’.

This moral economy approach is particularly relevant for consideration of EU trade with its neighbours, and former colonies. Indeed, there has been a great deal of discussion of the concept of *Normative Power Europe* in the wake of Ian Manners’s (2002) early work on the subject. In particular, liberal institutionalist scholars have enthusiastically sought to explain how Europe diffuses its progressive norms for the benefit of the external realm, in policy areas including the environment, health, good governance, human rights, and trade (for instance, see Rosamond 2014; Zito 2005; Scheipers & Sicurelli 2008). Many analysts here – in keeping with Manners himself – display a *prima facie* acceptance of Europe’s normative statements. That is, they broadly concur that the EU seeks to achieve its ethical goals, and, perhaps more worryingly, appear to concur that the EU tangibly upholds these norms by improving the conditions of partner countries (Langan 2012). In contrast, a moral economy perspective can challenge whether or not normative statements in fact provide a veneer of respectability for asymmetrical relationships based on exploitation and power. Moreover, it can consider how discourse plays an important function in building both internal *and* external

consent for such policy agendas. That is, it can consider how moral language plays a role within the corridors of EU institutions themselves – imbuing policy-makers with certainty as to the progressive credentials of their activities, and thereby helping to establish a degree of path dependency and resistance to policy alternatives (Langan 2012: 245-247). In addition, it can consider how ethical language plays a role in establishing common sense acceptance of policy content on the part of EU civil society, as well as on the part of external policy recipients outside of the EU (Fairclough 2001a).

A moral economy perspective, in this vein, can provide a useful antidote to overly optimistic accounts of Normative Power Europe that fail to consider the strategic utilisation of EU discourse to ‘lock-in’ policy actors to programmes that in fact might exacerbate poverty, worsen human rights, damage the environment, and entrench corruption within partner countries (Nunn and Price 2004). A moral economy approach – with a critical eye to potential transgressions of normative aims – can provide a much needed rejoinder to the liberal institutionalist literature, from its social constructivist angle concerned with power narratives. The power of discourse to perpetuate inequalities and to insulate EU elites from necessary criticisms is introduced to the examination of European external relations. In the case of EU-Maghreb trade, this approach is particularly pertinent given the moralised terrain upon which EU policy actors have situated themselves. As discussed, EU officials have deployed narratives that indicate a dual realist and liberal intonation. EU policy communications emphasise the need to deal with the security implications of Europe’s proximity to the North African states. Relations with the Maghreb are informed here by EU officials’ prerogative both to minimise risk in terms of security threats, particularly in terms of terrorism in wake of 9/11. Also, to minimise illegal migration flows often instigated by political instability and poor livelihood prospects for younger North African citizens.

Crucially, however, EU officials also state their liberal prerogative to improve human well-being in North African former colonies. In particular, European policy communications regularly emphasise the role of EU interventions in improving human rights, good governance, democratisation, and in alleviating poverty in the Maghreb. Note, for instance, the solemn pledge of the Barcelona Declaration that the Euro-Mediterranean Partnership (EMP) would entail ‘strengthening democracy and respect for human rights, sustainable and balanced economic and social development, measures to combat poverty and the promotion of greater understanding between cultures’ (cited in Martin 2004: 427). Or the more recent EU-Tunisia ENP Action Plan which states that:

This EU neighbourhood policy sets ambitious goals based on the mutually recognised acceptance of common values such as democracy, the rule of law, good governance, respect for human rights, market economies, free trade, sustainable development, poverty alleviation, and the strengthening of political, economic, social, and institutional reforms (European Commission 2005: 1).

Furthermore, both these realist and liberal objectives concerning EU security and Maghreb citizens’ well-being (respectively) rely upon economic policies for their success. The EU’s security dimension is seen to be bolstered by the achievement of thriving economies in North Africa, able to provide fulfilling jobs for younger people. Successful economic activity, in addition, is seen as a boon to democratisation and to provide the financial basis for political stability. The European Commission’s (2012b: 8) report on ENP implementation in the Southern Mediterranean explains here that:

democracy cannot take root unless accompanied by inclusive, smart and sustainable economic development with opportunities for all... [the EU will thus] support the adoption of policies conducive to stronger, sustainable and more inclusive growth, facilitating trade, innovation and investment partnerships, developing small and medium sized enterprises (SMEs) and promoting industrial co-operation.

This is echoed by Woolcock (2007: 3) who argues that 'the Euro-Med Association Agreements negotiations with the EU's southern neighbours were... largely motivated by a desire to promote economic and thus political stability in the Mediterranean'. Moreover, economic success is seen as the key driver of liberal goals of poverty reduction and the achievement of human well-being. The European Commission (2012b: 8), for instance, makes clear that the ENP in the Maghreb context will 'contribute to providing growth and jobs and addressing people's economic expectations, especially those of young people'. Meanwhile, the EU-Morocco Country Strategy Paper mirrors this liberal discourse on human prosperity through economic growth:

The Agreement highlights the need to ensure harmonious economic and social relations between the parties in order to foster the development and prosperity of Morocco and its people. It also lays down the conditions for the gradual liberalisation of trade and the conditions for establishing a free trade area between the parties. For this purpose it proposes the establishment of economic, social, cultural and financial cooperation [...] the objective is to increase the growth rate so as to generate jobs, which alone can reduce poverty, social inequalities and unemployment (European Commission 2007: 5-22).

In fact it is the EU's most recent emphasis on trade liberalisation within the ENP, and within bilateral Association Agreements with North African states, which is held as key. Specifically, the conclusion of Deep and Comprehensive FTAs (DCFTAs) - which combine second-generation liberalisation in manufacturing to services sector opening and regulatory reform - is seen as vital to achieving stable and socially just societies. In the normative language of the European Commission, the DCFTAs are viewed as a vital platform for the creation of a 'zone of shared prosperity' - indicating the belief in the possibility of win-win outcomes for both the EU member states and their neighbours in North Africa. As Zaafrane and Mahjoub (2007: 11) state:

The progressive implementation of the free trade zone is therefore one of the essential, although not exclusive, means of achieving the three desired objectives of: speeding up of development; reducing the development gap in the region; and promoting regional co-operation and integration.

However, it is this DCFTA agenda that has come under fierce criticism from those who fear the implications of premature trade liberalisation in the Maghreb. Note, for example, Martin (2004: 445) who states that it is a 'moral paradox' for the EU to protect its own social model while imposing regressive trade deals on more vulnerable peoples. It is therefore important to assess the likely consequences of the DCFTAs between the EU and its North African partners. Through a moral economy approach, the article can consider whether Europe's moralised pledges above do tally with the realities of its trade agenda, or whether in fact such discourse plays more of a veiling role for inequitable - and morally dubious - economic agendas.

The Moral Economy of DCFTAs Between Europe and the Maghreb

As discussed, Europe's pursuit of Deep and Comprehensive FTAs with the Maghreb has been a key policy platform in the timeframe of the European Neighbourhood Policy. The European Commission, in particular, wishes to conclude bilateral DCFTAs with individual North African states (Morocco, Tunisia and Egypt) with the view to eventually establishing a region-wide Euro-Mediterranean free trade area (EMFTA). This builds upon liberalisation measures undertaken in the 1980s and 1990s, including reforms undertaken as part of the EMP (the Barcelona Process) launched in 1995. These earlier reforms mostly focused on the reduction of North African tariff lines levied against manufactured products emanating from the European member states. Indeed, the Barcelona Process was particularly significant here as it marked the end of 'non-reciprocal' trade between the blocs. That is, the European Commission expected Maghreb manufacturing liberalisation if these countries were to maintain their existing level of access to European consumers. Trade ties thus became conditional upon free market reform in North Africa (Hagemeyer and Cieslik 2009: 7). The Tunisian Association Agreement signed in 1995, for instance, stipulated a twelve year timetable for implementation of sweeping manufacturing tariff dismantling, with only partial liberalisation of agricultural produce given by the European side in return (Wesselink and Boschma 2012: 41).

The new DCFTAs seek to build on these earlier liberalisation agreements to further the eventual construction of a Euro-Mediterranean free trade zone through successive bilateral negotiations. Notably, the European Commission's *Roadmap for 2010* indicated that there would be a 'move towards integration that goes beyond trade (shallow integration) towards one that [ensures] free trade in all goods and services with the harmonisation of the regulatory environment that impacts on trade' (cited in CASE 2009: 30). Simply put this means that traditional liberalisation in the form of tariff dismantling will be continued, *but* will be accompanied by services liberalisation *and* by North African states' adoption of the *acquis communautaire* concerning customs regulations, as well as hygiene, sanitary, and environmental standards in economic production (Dreyer 2012). The European Commission claims that this will have beneficial consequences for their neighbours in the Maghreb, since deep liberalisation will encourage greater foreign direct investment into the region. Moreover, consumers in North Africa are seen to benefit from smoother flow of imports from European destinations, leading to lower consumption prices as cheaper EU goods compete with more expensive local production. Improved standards in terms of environmental impacts and hygiene are also seen as possible gains for local people (European Commission 2014a).

However, there is widespread concern that the DCFTA agenda – as vigorously pursued by the EU with relative success stories such as Morocco and Tunisia – will have a detrimental impact both on the EU's realist and liberal agenda in the region. That is, premature trade liberalisation will not only worsen the social and economic condition of vulnerable peoples, but may destabilise emerging developing countries. In particular there is concern that DCFTAs 'do not provide for any new trade preferences or opportunities for these countries in exchange for opening up their markets to European companies' (Martin 2004: 428). On the contrary, continued tariff reduction in manufacturing sectors is seen to diminish a significant source of government income – a revenue stream that, if squeezed, will result in lower social spending in these North African states. In addition, lowering of tariffs is expected to lead to greater flows of imports of manufactured goods from Europe, displacing jobs in domestic sectors unable to compete with the industrialised economies of the European metropole. Such job displacement, it is feared, will not be relieved by increasing

numbers of livelihoods in agricultural production – since the Common Agricultural Policy (CAP) will remain in place, ensuring that North African producers cannot fairly access European consumers in face of this protectionist tariff wall. Martin (2004: 430) convincingly argues, in this context, that:

Insomuch as EMFTAs [DCFTAs] are not truly reciprocal, because there is no corresponding liberalisation of agricultural exports to the EU in exchange for opening up MPC markets to European industrial products, the best that can be said is that EMFTAs are potentially damaging to the MPC economies and will do nothing to alleviate, let alone improve, their social situation.

Interestingly, there is also grave concern as to North African countries' alignment to the stringent *acquis communautaire* of the European institutions. Adherence to strict environmental and sanitary conditions, for instance, may prove extremely costly to small and medium sized enterprises (SMEs) in the region and thus inhibit sectors that otherwise possess comparative advantages. Liberalisation of the tertiary sector is also deemed dubious in terms of development outcomes – with, for instance, an influx of Western chain hotels perhaps benefiting high income consumers, but with questionable impacts for workers on low wages and insecure contracts in the tourism industry.

Crucially, the existing empirical evidence suggests that a great many of these concerns will be borne out upon completion of the DCFTA agenda, particularly in the emerging economies of Morocco and Tunisia. On the first issue of likely deindustrialisation in wake of manufacturing liberalisation, the historical data underscores the growing concerns. Notably, Morocco's textiles sector has already lost 29,600 jobs since 1999 as a result of tariff line liberalisation vis-à-vis cheaper imports emanating from Europe. Since 190,000 Moroccans currently rely on the sector for direct employment (not including those employed in ancillary sectors such as transportation), the onset of further liberalisation (and job losses) upon the conclusion of a DCFTA would be deleterious (Martin 2004: 439). In the case of Tunisia, the situation is similarly bleak. The EU's own Sustainability Impact Assessment (SIA) confirms that:

Tunisia's textiles and wearing apparel sectors, which together account for about 4 per cent of the total value added, are estimated to incur losses as a result of the bilateral trade liberalisation with the EU. Value added will decrease 15.6 per cent in the textiles sector and by 2.4 per cent in the wearing apparel sector (ECORYS 2012a: 32).

In terms of manufacturing more broadly, Zaafrane and Mahjoub (2007: 18) explain that:

In...Tunisia, the portion of industrial production (approximately 10 per cent of GDP) threatened by the removal of imports on to tariffs from the EU has been estimated at 60 per cent of the total. Half of this output represents activities which are genuinely competitive in nature, while the remainder are protected and offer no real comparative advantage...[the evidence suggests that] one third of the industrial sector will have to be abandoned, while another third will have to be redeployed into the third sector.

Even firms that do not exit manufacturing altogether will experience production falls. Elberhri and Hertel (2004: 11) point out that 'when firms do not exit the industry, output per firm falls in almost all of the manufacturing sectors, and this contributes \$US 305.7 million to the aggregate welfare loss'. Again, this picture of deindustrialisation upon DCFTA implementation is upheld within the European Commission's own SIA. This not only concludes that Morocco and Tunisia will both

experience overall job losses of up to 8% of the total workforce in manufacturing sectors, but finds that industry will shrink by 64.1% and 65% in the two countries respectively (cited in Cermak et al 2012: 3). European manufacturers meanwhile, are optimistic that the DCFTAs will tangibly enhance *their* market access in the Maghreb, fulfilling Europe's offensive trade interests in the region. Notably, Luisa Santos of the European Apparel and Textile Confederation (EURATEX) has welcomed the trade negotiations as a means of ironing out cumbersome at-the-border barriers to North African consumers (Paun 2013).

On the question of agricultural production, meanwhile, the empirical evidence also underscores mounting concerns as to the development challenges posed by the DCFTA agenda. Specifically, there is anxiety that the failure to include meaningful agricultural liberalisation measures within the DCFTA negotiations will mean that EU tariff walls will remain in place against otherwise competitive Maghreb sectors. This will mean that the job losses incurred in the manufacturing base will not be compensated with trading gains in agriculture. Hagemejer and Cieslik (2009: 21) lament the fact that North African producers will not be able to capitalise on their 'comparative advantage... where a strong unexploited trade potential exists'. Indeed, CAP regulations are extremely detrimental to possible exports of North African agricultural produce. Note for example stifling tariffs in the olive oil sector, as well as fish and fruit and vegetables:

EU imports of olive oil are subject to high specific tariffs of €1,102 to €1,603... ad valorem tariffs of up to 26 per cent are charged on fish and fish products. Fresh fruit and vegetables are subject to ad valorem tariffs from zero to 20.8 per cent (Grethe et al 2005: 112).

Martin (2004: 445), furthermore, explains that the continued enforcement of the CAP prevents the creation of around 115,000 direct jobs in Morocco and 66,000 jobs in Tunisia, which would otherwise be mobilised if European tariff dismantling did in fact take place in relation to agriculture. Meanwhile, North African agricultural production may in fact face difficulties in terms of DCFTA liberalisation undertaken in manufacturing/agro-processing. Indeed, backward linkages established between domestic farmers and indigenous processing plants in Tunisia and Morocco will be undermined by manufacturing liberalisation as more processed agricultural goods enter the market from Europe (Garcia-Alvarez-Coque 2002: 403). This picture is again confirmed by the EU's own SIA on DCFTA completion which estimates that North African imports of processed meat from Europe will alone increase by 33% upon conclusion of free trade talks (ECORYS 2013b: 34). Manufacturing liberalisation may thus have a direct impact on agricultural livelihoods, as processing facilities with linkages to local agricultural producers suffer upon tariff removal under the DCFTA.

Furthermore, the empirical evidence also suggests negative repercussions for North African states in relation to the adoption of EU regulatory standards. In particular, there is concern that liberalisation of investment criteria will deplete Tunisian and Moroccan governments of their ability to limit foreign equity shareholdings, and to encourage domestic-external business partnerships. Knottnerus (2013: 6), for instance, notes that Tunisia currently permits external involvement in select 'monopoly activities (electricity, water, postal services)' *but* with strict limitations on their activities. He goes on to explain that such countries should 'refrain from signing any far-reaching investment agreement' until it is clear how such investments might be properly utilised for the achievement of social and economic development. Complete liberalisation under the DCFTA would in fact strip North

African states of their current policy space to discipline foreign direct investment in a manner that conforms to local business interests, and to the needs of the wider population (*ibid*).

Adoption of the *acquis communautaire* regarding EU standards on the environment and labour standards (among other issues) would also pose a threat to competitive production in the Maghreb. As Dreyer (2012) notes 'forging partner economies to implement the union's technical standards across their entire economy would raise prices, choke off domestic industries, foster black markets and create trade frictions with Europe'. Notably, sectors such as textiles – where a majority of firms are SMEs – would face a substantial burden in adapting to costly new regulations. Moreover, there is broader scepticism as to whether the EU nations should in fact 'kick-away-the-ladder' of development by imposing (premature) standards on emerging economies. For some it seems hypocritical for developed countries to impose regulations on the environment and labour standards upon developing nations which they themselves certainly did not abide by during their own phase of (dirty) industrialisation (Chang 2002).

Moreover, the European Neighbourhood and Partnership Instrument (ENPI) appears wholly insufficient in terms of aid monies allocated to building the competitiveness of Maghreb countries. This is despite the fact that the European Commission has promised to meaningfully assist North African states to overcome supply-side constraints in the context of DCFTA liberalisation. Historically, EU aid under the earlier MEDA programmes (as part of the EMP/Barcelona Process) allocated a mere €5 per person per annum in the region (Martin 2009: 241). This financial modesty is continued in the timeframe of the ENP/ENPI, with the Southern Regional Investment Facility imbued with only €128 million for North Africa between 2007 and 2010 (Wesselink and Boschma 2012: 15). This is matched by similarly modest bilateral assistance to the DCFTA candidate states – for instance, only €75 million per annum allocated to Tunisia (2007-2010). Crucially, it is even unclear whether the ENPI monies will fully compensate Maghreb countries for the equivalent of their lost tariff revenues in wake of DCFTA implementation. Tariffs imposed on EU commodities account for 10.3% and 15.9% of Moroccan and Tunisia fiscal revenues respectively (Garcia-Alvarez-Coque 2002: 403). Chourou (2003: 201) explains that the earlier MEDA monies were outstripped by lost tariff revenues under the EMP. In the case of Tunisia alone, this country experienced a cumulative revenue fall of around \$4,000 million from 1996 to 2008 as a result of twelve years of tariff dismantling set in place by the Barcelona Process. This compares to a mere \$428.4 million allocated under the first MEDA programme from 1995 to 1999, which covered 'only about 30 per cent of the annual budget deficit' (*ibid*). Meanwhile, Tunisia received only €135.69 million of European bilateral aid for SME assistance between 1995 and 2009; and Morocco received even less (in terms of per capita allocations) at €250.76 in the same period (Ayadi and Favelli 2011: 4-7). It appears that this scenario will be repeated under second generation liberalisation as part of the proposed DCFTAs. Monies under the ENPI will not be sufficient in relation to tariff losses, let alone constitute appropriate funding for meaningful competitiveness building in wake of free market opening.

The Moral Economy of EU-Maghreb Relations: A 'Lose-Lose' Scenario For All Concerned?

As the empirical evidence above makes clear, the EU's pursuit of DCFTAs will likely result in severe consequences for ordinary workers and producers in North Africa. Not only will the free trade agenda threaten manufacturing sectors (notably textiles) but it will also lead to retraction in agro-processing, as well as hamper Maghreb trade through imposition of costly *acquis communautaire* regulations. In this context, it appears that the moral economy of Maghreb-EU trade relations does in fact function in a manner that is wholly antithetical to professed normative drivers concerning poverty reduction and human well-being. Whilst the European Commission, in particular, emphasises the role of the DCFTAs – and the European Neighbourhood Policy – in delivering 'win-win' outcomes for both the EU and its Maghreb partners, nevertheless, it appears that North African citizens would suffer upon implementation of this liberalisation agenda.

Narratives and discourse surrounding the ENP and the DCFTAs would thus appear to play a central function in binding European officials to the on-going roll out of free market reform in the Maghreb. Despite mounting empirical evidence as to the likely regressive impacts of the DCFTAs, an entrenched 'common sense' narrative surrounding the pro-poor credentials of free trade liberalisation remains intact to cement EU officials to their policy agenda. Norms of poverty reduction, solidarity, and human well-being embedded in the moral economy of EU-Maghreb trade work to persuade European actors that their actions *are* ethical and, more importantly, are necessary to build more prosperous and stable societies in the Neighbourhood. Policy-makers, in this sense, are not only the producers of moralised language in terms of the official documentation of the European Commission and its sister institutions. But they are bound into, and moulded by, the narratives which they themselves help to (re)create (Fairclough 2001a; Langan 2012). Policy actors understand not only the technical 'rules of the game' in their respective institutions but also imbue the normative environment in which they operate, coming to see the 'common sense' case for the roll-out of long-lasting policy agendas, such as free trade strategies in developing countries. Note, for instance, the highly moralised tones of a recent speech given by Karel de Gucht, the EU Trade Commissioner, on the merits of European trade policy in bringing about fair globalisation:

Immanuel Kant famously postulated that world trade and the absence of peace inherently contradict each other... trade continues to be a crucial driver of international relations... trade policy can consequently be a powerful tool to positively shape globalisation... European trade policy can play a key role in maximising the benefits of globalisation both at home in Europe and in the developing world... Europe's strong position in trade makes trade policy a tool in promoting our values in the realms of human rights and sustainable development (European Commission 2014d).

EU promotion of free trade policies in the Maghreb (and beyond) are thereby envisaged as a means of establishing Kant's liberal 'zone of peace', imbuing EU actors with a degree of moral certainty and closing down space for alternate policies to be countenanced, much less implemented. The discourse of the moral economy of Maghreb-EU relations thereby plays a 'disciplining' role in that it helps to 'delimit fields of [permitted] knowledge and inquiry' and to 'govern what can be said, thought and done' in various EU policy areas (Luke 1997).

Moreover, the scope of Normative Power Europe to extend its policy preferences onto neighbouring countries is somewhat enabled by the veiling functions of its moral discourse. Indeed, the language surrounding poverty reduction and prosperity helps to establish common sense acceptance for the DCFTA agenda among EU civil society, as well as among North African policy recipients. In this fashion, EU officials' language plays a power role outside of the corridors of the European Commission, helping to establish a dominant vision of how trade policy *will* transform the lives of ordinary peoples for the better. That is, the discourse embedded in the moral economy of EU-Maghreb trade acts not only to establish 'representations of how things are and have been' but also to construct 'representations of how things might or could or should have been' that has wide repercussions in shaping mind-sets outside of EU institutions (Fairclough 2001b: 231). Indeed, many civil society activists repeat the normative language of European officials surrounding the potentiality of free trade to improve livelihoods, albeit often with greater emphasis on human rights and sustainability issues. Note, for example, an event held at the World Social Forum in Tunis in 2013 entitled *Another Trade is Possible*. Activists here from Solidar and the Global Progressive Forum explained that the DCFTAs sought to 'enhance trade and foreign direct investment' and called upon so-called 'progressives' to 'ensure that the negotiations are transparent, enclose human rights clauses and involve civil society' (GPA and Solidar 2013). In so doing, they in fact aligned with Europe's own discourse surrounding the potential benefits of free trade to boost economic *and* social prosperity – albeit qualified with the adjacent need to improve human rights, transparency, and local participation. This to a large degree illustrates the pervasiveness of EU discourse, with even self-identified 'progressives' failing to challenge the DCFTA agenda as a whole, and apparently failing to question whether such reforms should be sought in developing countries in the first instance.

It is important to recognise, however, that there is still critical space for the contestation of European free trade policies. The discourse embedded in the moral economy is pervasive, but as the critical scholarly literature (above) demonstrates there is growing awareness – and rejection – of the likely impact of DCFTAs for poorer peoples in North Africa. In fact, there is mounting discussion of the regressive character of the free trade agenda both within the scholarly literature, and within civil society associations rooted within the DCFTA candidate states in the Maghreb. This is highly significant in that it could possibly open up political space for the wholesale rejection of EU policies:

If [European free trade policies are]... perceived in the Southern Mediterranean countries as a new form of colonialism (economic one), in which the EU threatens to impose its own values, Southern societies will most likely reject the deal. For many people from the Mediterranean, the EMFTA is a European dictat backed by the local westernised elite (Escribano 2000: 11).

Perhaps paradoxically, however, this situation may in fact prove beneficial to the EU-28 member states. Namely, the imposition of premature free market opening in the Maghreb likely poses a threat not only to the livelihoods of poorer peoples, but also to the (ever cited) 'security' of European citizens. As noted in the introduction, the EU seeks to balance both its realist and liberal objectives in North Africa – being concerned with possible radicalisation and migration flows, as well as the well-being of people in the former colonies. It appears evident from the empirical analysis, however, that both sets of objectives (realist and liberal) are jeopardised by the continuing attempt to impose DCFTAs. Deindustrialisation and substantial job losses will not merely impact local people, but will also increase the likelihood of political instability, radicalisation and higher migration. Notably, the overthrow of the Ben Ali regime in Tunisia was itself sparked by economic dislocation – much

exacerbated by previous rounds of liberalisation undertaken as part of the EMP/Barcelona Process. Historically this has also been the situation in Morocco where 'adjustment processes led to urban riots in 1981, 1984 and 1990, which were put down only by the strong application of state force against the demonstrators' (Najeu 2001: 51-60). Further disruption to the economic base in this country under a DCFTA, or its neighbour Tunisia, would likely fuel greater political and social unrest, with unknown long-term consequences for the 'security' of the European metropole. EU elites might do well to forego short term mercantilist gains in the region in order to safeguard long-term tranquillity for both European citizens and their counterparts in the Maghreb.

It is clear, however, that any policy shift must contend with the dominant discourse embedded within the moral economy of free trade relations between Europe and the Maghreb. There is in fact a discursive 'battle' to be won if a meaningful paradigm shift (rather than piecemeal reform as envisaged by self-identified progressives) is to be brought about. Crucially, this must involve the contestation of the normative language of poverty reduction, democratisation, economic prosperity and social stability by those who seek genuine alternatives to the 'moral economy' of free market relations. North African officials, in particular – and/or North African civil society groups – could do well to rework the narratives established by European policy-makers to gradually dislodge EU elites from their entrenched commitment to trade liberalisation. If free markets per se can be divorced from the 'imaginaries' of fair globalisation and pro-poor trade as established with the wider Post Washington Consensus, then change might be possible in terms of the form of economic relations between the blocs. Just as the onset of debates surrounding the New International Economic Order (NIEO) pressurised European officials to bow to demands for non-reciprocal and preferential trade in the 1970s, so too could a radical movement for trade justice seek to not only ameliorate the worse effects of free trade politics, but to reject free market mechanisms altogether. This could then open up space to a discussion of the need for a return to non-reciprocal trade between developed and developing countries more broadly, as well as to the need for protectionist measures to protect nascent industries in emerging economies (in keeping with the historical strategies of the industrialised nations themselves in the early twentieth century) (Chang 2002). Moreover, the successful contestation of the moral economy of free trade between the EU and the Maghreb, might open up greater space for the recognition of the importance of South-South ties. Rather than merely rely upon Normative Power Europe for the delivery of poverty reduction, and social stability, North African officials could do well to establish discursive imaginaries that instead promote the fuller convergence of Maghreb economies themselves. This would do much to end the 'hubs and spokes' system entrenched by North-South agreements such as the DCFTAs, and place North African economies on a more prosperous and socially equitable path.

Conclusion

The moral economy of EU-Maghreb trade relations is founded upon key norms of poverty reduction, democratisation, and social equity. EU officials maintain that the implementation of DCFTAs, in particular, will result in 'win-win' outcomes for all concerned. Increased trade between the blocs upon tariff liberalisation, services liberalisation, and regulatory convergence, will mean more jobs and greater prosperity for peoples on either side of the Mediterranean Sea. Europe is thereby seen to be achieving liberal objectives in the sense of assisting less fortunate peoples in former colonies, as well as to be securing realist aims associated with the stability of the neighbourhood. As the article has argued, however, the empirical realities of DCFTA implementation wholly transgress espoused norms concerning poverty eradication and social prosperity in the Maghreb. The premature liberalisation involved in these agreements would not only result in livelihood disruption in the manufacturing base but (via agro-processing industries) would also severely impact on poorer peoples reliant on agricultural production. Moreover, the imposition of strict regulatory standards in terms of the EU *acquis communautaire* would not only burden SMEs with costly criteria but would also in many cases dilute their comparative advantage vis-à-vis European counterparts. In short, roll-out of the DCFTA free trade agenda would undermine – rather than help to obtain – the normative drivers which ostensibly stand at the heart of European policy.

In this scenario, it becomes incumbent for North African elites, in particular, to seek meaningful alternatives to the continued implementation of premature liberalisation in the Maghreb. By contesting the norms embedded in the moral economy of EU-Maghreb relations, local elites might win greater policy space for a wholesale re-imagination of fair and just economic relations between the partners. Again – and perhaps paradoxically – their success in this matter would likely benefit Europeans themselves in the longer term. Indeed, the premature imposition of free market stringents on the North African region would not only be detrimental to the livelihoods and well-being of people in countries such as Tunisia and Morocco, but could in the longer term provoke more social instability, more political turbulence, and ultimately greater resentment and hostility towards those in the European metropole. Abandonment of the DCFTA agenda would likely serve both sides.

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