

The Effects of Economic Dependency on the Implementation of the European Neighbourhood Policy in the MENA region

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Abstract:

This paper aims to examine the European Neighbourhood Policy from an international political economy perspective. Using a locally adapted version of world systems analysis as theoretical framework, the mode of “incorporation” into the EU’s regional economic system will be examined in the case of the EU’s southern “neighbourhood”. The focus of examination is put on the interplay between economic dependency patterns and the transformative capabilities of the EU vis-a-vie its neighbors. The hypothesis suggests that the success of the EU’s policy tools to transform neighbor states highly depends on the economic dependency patterns of the given states. Closer economic ties imply enhanced compliance with the EU’s policy tools while more economic autonomy gives space to more resistive behaviors. To test this assumption, first an overall examination of the economic dependency patterns of the southern neighbors needs to be carried out, including trade, investment and development aid figures, and then the compliance of these states with ENP policies needs to be examined and compared accordingly. The final outcome of this comparison can then shed some light on the interplay between the concepts of “Market Power Europe” and “Normative Power

Europe”, channeling this research into the contemporary scientific debate on ENP effectiveness.

Key words: EU, MENA, European Neighbourhood Policy, IPE, economic dependency

INTRODUCTION

The core ambition of the current paper is to analyze the European Neighbourhood Policy (ENP) from an international political economy (IPE) perspective, in order to show how the EU’s economic “gravitational force” interacts with the political and socio-economic reform agendas that are imposed on the southern neighborhood by Brussels.

As the EU is often referred as an “economic giant but a political dwarf”, it can be of high interest to study how these two factors interact and how the economic capabilities can –at least partially- be translated into some kind of political force. Analyzing the European Neighbourhood Policy (ENP) can be the most effective way of extracting insights on this phenomenon as the ENP is especially developed to exploit the EU’s economic leverage by using it to incentivize (“carrots”) and punish (“sticks”) the different behaviors of the EU’s neighbors. International political economy (IPE) is the segment of international relations (IR), which provides the most valuable insights to the interaction between political and economic forces, therefore it provides an excellent theoretical base for the outlined analysis.

However, theories alone will not show the geographic and other important specificities of the studied subject. Therefore, in order to gain deeper insights of the “micro-physics” of contemporary EU-MENA relations, it’s also important to include case studies and analyze some “raw data” on the economic dependency patterns and political compliance indicators. This is done here by the systematic comparison of

three southern neighbor countries based on their EU- trade figures together with their ENP compliance indicators extracted from the ENP progress reports. The hypothesis suggests that the compliance indicators will correlate with the trade dependency patterns, confirming the presence of the EU's economic force behind the ENP.

The relevance of this exercise is at least two-fold: Beyond the core ambition to understand in general the economic source of ENP-effectiveness, it has a second objective as well. This second aim is to provide policy-relevant findings in order to 'sharpen' the ENP in a way that it could not only serve better the EU's interests in the future, but it could also provide economic opportunities for the southern neighborhood on the long term.

LITERATURE REVIEW

Analysis of contemporary Euro-Mediterranean relations and the European Neighborhood Policy (ENP) has a rich literature. Several European think-tanks turned their attention to the analysis of the EU's forming common foreign policy recently and the growing interest in the European Neighbourhood Policy also attracted an increasing number of scholars during the last few years. In order to have a clearer overview on the subject, it's helpful to categorize these analytic approaches into the following four groups: (1.) Studies dealing with the general theorization of the ENP, (2.) Studies dealing with the geopolitical and security-related effects of the ENP, (3.) Studies analyzing the institutional environment and the governance aspects, and (4.) studies with an international political economy (IPE) perspective. As the core interest of the current study lies in the last category, it makes sense to draw up a short survey of studies that analyze the ENP from an international political economy (IPE) perspective in relation with the economic challenges faced by the southern neighbors:

- Sapir and Zachman (2012) argue in favor of a bold initiative by the EU to frame economic reform strategies, notably by setting the objective of constituting by 2030 a vast Euro-Mediterranean Economic Area (EMEA), which would draw inspiration from the existing European Economic Area (EEA) that links the EU to Norway, Iceland and Liechtenstein. They imagine the EMEA as the world largest economic area unifying around 700 million people with controlled south-north circular migration which would solve several economic problems on both sides².
- Selim (2011) argues that the success of the Arab transitions depends on the answers to the short term challenge of providing a secure political environment in the transiting countries by their new elites, and the long term economic challenge of providing prosperity for their citizens. This process could be supported with external (EU) assistance through (1) Reducing regulatory and other barriers to facilitate private sector entry, (2) Financing education/training programs for the youth, (3) Guarantying more market-access for the Mediterranean partners, (4) Strengthening of human rights and governance institutions, (5) Aiding for the development of the Mediterranean civil society.
- Balfour (2012) notes that the EU's response to the Arab Spring has first of all been marked by recognition that basic paradigms of its prior policy have been overturned, namely that regime stability would deliver greater security for both the region and the EU, and that economic reform would lead to more political pluralism. In addition, while not so much the subject of explicit comment by the EU, the Arab Spring has exposed as a myth the idea of 'Arab exceptionalism', based on culturalist interpretations of Islam being incompatible with democracy. She lists the changes and continuities of EU policies after the Arab Spring concluding that the three Ms: Money, Markets and Mobility are the most important factors of Euro-

Mediterranean relations and it's unclear yet that how the EU plans to "give more" of any of these Ms.

- N. Rózsa (2012) argues that the social and economic trends of globalization did not leave the Arab countries untouched and demographic movements, migration and urbanization play a key role in forming the current transitions in the Arab World. Legitimation for the new governments could come from political and economic stabilization, where the creation of jobs for the young generation plays a crucial role.

- Szigetvári (2012) follows the development of Arab economies in the last few decades, and shows how the demographic boom of the MENA and the dependence on oil exports led these countries to growing pressure for economic reforms in the 90s. As weak reform programs were unable to significantly change the trajectory of these countries, some made even more radical steps towards economic liberalization in the 2000s. As a consequence, these countries made significant gains in GDP growth in the last decade, but the society benefited from this unevenly. The short period of economic blooming ended with the global economic depression in 2008 which can be partially blamed for the growing social tensions in the region leading to the Arab Spring which shows the "bankruptcy" of the political bargain between ruling elites (dictators) and the people. Because of the diminishing incomes from tourism and the temporary decline of oil production the Arab Spring accounts for economic losses until now, but with an "inclusive growth" model this effect could be gradually reversed on the long term.

- Amoroso (1998) gives a detailed analysis of Euro-Mediterranean economic issues, and although being a quite early work on the topic, his work already lines out the most important questions of today about the region's economic future: (1) Economic co-development in the Mediterranean Basin is highly desirable and needs the active support of (at least) the southern EU-members. (2) The agro-protectionism of the EU has to come to an end, and a mutually beneficial agro-

trade system must be developed making benefits for both sides. This can be based on the different climate circumstances of the two regions which allows trade in different seasonal agro-products. (3) Environmental threats and issues (like overfishing) should be dealt with on an inter-regional level. (4) A Mediterranean consensus on commodity specialization should be developed making the cooperation and coordination of these industries inter-regional. (5) Market monitoring systems should be developed to adopt production and prices to changing circumstances therefore protecting producers. (6) Specialization and cooperation in industrial development should be a priority to benefit from comparative advantages. (7) Research and development policies should be also coordinated to help advance the technology and knowledge transfer.

- Manners (2002) theorizes the EU's "normative power" as a new kind of approach towards geopolitics with "attraction" and value-based influence rather than hard (military) power.

- Damro (2015) elaborates on the concept of "Market Power Europe", emphasizing on the attractiveness of the huge unified European market and identifying this as the main vehicle for the externalization of the EU's market-related policies and regulations. This approach is very much in line with the analysis outlined in the current article.

- Marchetti (2009) theorizes the EU's neighborhood as an economic periphery belt around the European industrial "core", highlighting the strong economic dependence of the neighbor states from EU economic activities.

The current study builds largely on the last two mentioned approaches (Damro's and Marchetti's), while contrasting them to the one before (Manners'): Rather than analyzing the ENP as value projection (via "normative power"), it will show that the ENP is mainly an economic power projection ("market power"). At this point the current study aims to make a modest contribution to the EU-as-a-power debates by putting together

the three mentioned approaches in a new constellation that serves best the following analysis. Instead of understanding the EU's identity as principles and shared beliefs that the member states adhere to and set an example with to extra-EU players (Manners), the current study sees the essence of the EU in its unified market (Damro), which attracts extra-EU players via their economic interests and exports its market-related regulations rather than its norms and values. Part of this regulation-export is openly formalized in the ENP's action plans, which are the cornerstones of EU-Neighborhood relations of nowadays. What makes this regulation-export especially feasible in the EU's neighborhood is further explained by Marchetti, who points to the geographic proximity of the neighbors and their economic periphery position vis-a-vie the EU as background for understanding the EU's regional economic leverage and policy export capabilities. This hybrid approach utilized here could be labelled as "Market-Economic Power Europe" (MEPE).

METHODOLOGY: ECONOMIC DEPENDENCE AND "MARKET POWER"

The methodology of this study will follow this hybrid "Market-Economic Power Europe" approach: first it will show supporting data for the economic EU-dependence of the neighbors (economic power), and second (in the next part), it will show how the regulations export (market power) works in case of the ENP by the utilization of the EU's economic power.

Examination of the ENP through world-systems theory "glasses" is not common in the contemporary literature. One of the few authors who picked up the subject is Andreas Marchetti, who writes: "the ENP can be understood as a manifestation of the EU's will to create a ring of states in its vicinity to serve its purposes of protecting itself and of exercising influence. To put it differently, the EU in its function

as regional centre intends to create – or maintain – a functioning periphery (via its neighbors) in order to create a buffer-zone”. Here Marchetti relies on Immanuel Wallerstein’s world system theory, and applies a locally adapted version of the theory to explain the ENP, emphasizing geo-economic relations as the base for European policy export. This study follows his theoretical path by analyzing asymmetric economic relations and centrum-periphery patterns between the EU and its southern neighbors.

Immanuel Wallerstein’s world system theory (1975) explains asymmetrical interdependencies by signifying different geographical areas as core, semi-periphery and periphery¹. While economies in the central areas (core) represent high value-added economic activities with highly productive labor and good infrastructure, economies in the periphery represent low value-added sectors and low productivity with weak infrastructure. Semi-periphery countries possess a place somewhere in between these two. This asymmetry generates a level of economic dependency between the core and the periphery, which in turn gives some leverage to the core entity to control the neighboring peripheries.

For the purpose of the current analysis it will be shown that the EU forms a core and its southern neighborhood forms a periphery, and this relation between the two can be drawn up by showing different economic asymmetries and dependency patterns. In order to prove the southern neighborhood’s economic dependence on the core-EU on Wallersteinian terms, Euro-Mediterranean trade patterns will be evaluated and the role of EU FDI and different forms of financial assistance in the MENA region will be tracked. The methodology of showing the economic dependence of the “South” on EU resources will therefore consist of the examination and quantification of these three different economic “arenas”: (1) Trade relations, (2) Investment relations, and (3) Aid figures. These will all show a

highly imbalanced and asymmetric dependence patterns, giving the EU some leverage in the “South” on economic terms.

(1) The best tool to test economic interdependence between the two examined regions is to draw up the trade relations amongst them showing how big “slices” they take from each other’s trade activities. As a country’s imports affect the available supply of goods for its population and the exports affects its income, the more engaged two countries are in these transactions is the more they depend on each other. The question of economic interdependence can be therefore partially translated to the examination of relative import/export ratios. Trade relations between the two halves of the Euro-Mediterranean are highly asymmetrical (trade data is taken from The Observatory of Economic complexity):

- EU countries tend to realize most of their trade within Europe. Both imports and exports of European countries (even non-EU members!) come at least in 60 percent from/to other European nations. On the other hand, only a small portion of European trade is directed towards the MENA countries, even in the case of the most “MENA-engaged” EU members like France trading with the MENA remains low (4.8 percent) in significance. This means that European economies do not depend on MENA exports or imports.
- Within the MENA, Maghreb countries realize a significant portion (around 60 percent) of their trade with Europe. EU states altogether tend to take at least half of the Maghreb’s imports and exports, which shows that the EU plays a very important role in the Maghreb sub-region’s economy.
- On the other hand, in the Mashreq sub-region the EU does not take a leader role in export/import relations, it comes only second or third behind other players like the US and Asia. This sub-region is therefore far less EU-dependent but even within the Mashreq there are

differences: Lebanon and Egypt trades a significant amount with Europe, while Israel focuses mainly on the US and Jordan on the MENA itself.

(2) Another good indicator of EU-MENA economic interdependency is the role of EU Foreign Direct Investment (FDI) inflows to MENA economies. FDI can be seen as the private economic players' (firms, banks, investment groups) main external financial contribution to a country's economic development. Not only brings it the necessary capital for development to less developed countries but it plays also a significant role in technological and managerial learning (technology transfer) and therefore facilitates economic progress. During the last decade FDI inflows to the MENA grew steadily compared to the region's traditionally low levels. On the other hand, FDI inflows to the MENA were still far lower than to almost any other region of the world with comparable size. Weak economies and business-unfriendly investment regulations kept global FDI flows away from the region and global investors (EU, USA, Japan) preferred to invest in more stable developing regions with better economic growth potentials. Even the EU, the most engaged player in MENA economies invested only a marginal portion of its extra-EU FDI flows into MENA economies. The "consumption" of EU-originated FDI flows is dominated by North America (34%) and other European states (25%) and the share of MENA countries represents only a marginal 3%. Although comprehensive data is not available on FDI inflows to MENA countries, from the partial datasets it seems that in general around 70% of the region's incoming FDI comes from the EU. This might not be true in the exceptional case of Israel where American investments dominate. In petro-states the interest of EU oil companies causes a huge EU FDI involvement while the relative openness of Lebanon, Jordan and Tunisia also leads to that EU FDI presence is dominant in these countries. We can conclude that contrary to the low (3%) share of global EU

investments going to the MENA, this 3% forms around 70% of the MENA's FDI income, which shows that in this field relations are very much asymmetrical. (Available data was used from EUROSTAT and UNCTAD sources.)

(3) Aid figures further strengthen this asymmetry, although development assistance has a much lower impact on EU-MENA economic interdependencies than the other two areas. Still, a short examination of EU aid "exports" towards the MENA can underline the main assumption of MENA economic dependence on the EU. Although the quantities of development assistance will never reach the level of quantities involved in EU-MENA trade and FDI interactions, their impact on political relations is undeniable. From the available data-sets we can arrive to the conclusion that the US is the single biggest aid supporter of the MENA, giving around 10 billion dollars yearly, while Germany comes second with around 5 billion. If we add other EU-member contributions to Germany's, we can calculate around 13-14 billion dollars of total yearly EU assistance to the MENA, with which the EU altogether clearly occupies the pole position. On the other hand, this number is not that much bigger than the US contribution, therefore we cannot find a clear EU aid dominance similar to the trade and FDI ratios. MENA aid incomes are not monopolized by the EU, rather "duopolized" by the EU-US "team". (Data was used from the different sources of the OECD Development Assistance Committee.)

As summary, data examination shows that the EU is vastly dominating economically the MENA region in both trade and FDI figures, while it also leads in providing development assistance. This provides a serious economic leverage over the region for the EU, which -if smartly used- can serve as a base of coercion for regional EU policies, especially for the European Neighbourhood Policy.

These findings underline Marchetti's argument for an existing economic periphery belt on the southern shores of the

Mediterranean, and lead the analysis towards Damro's insight on the “market power” of the EU, which could be used as an effective coercion tool in order to catalyze the neighbor states' ENP compliance and help the EU's policy export. How the strength of this economic dependence (“economic power”) interplays with the EU's policy and norm export capabilities (“market power”) will be analyzed further in the following part of the study.

ANALYSIS AND FINDINGS: ECONOMIC DEPENDENCE VERSUS ENP COMPLIANCE

After confirming the existence of a Wallersteinian “periphery belt” at the southern borders of the EU and examining the overall economic dependency patterns of the MENA region, the next step of the methodology is to test the ENP-compliance of some individual states in the region and ask the question of how this compliance is affected by the examined economic figures. For this purpose, three representative countries are selected from the region and tested with the following methodology: (1.) In order to measure ENP compliance, the EU's official ENP progress reports on the given countries need to be examined, and the relevant data needs to be extracted to create an “ENP compliance score” for each country. (2.) Trade dependence (as this is the dominant type of economic dependence) needs to be quantified for each country: this can be done by taking the average of the export and import ratios to/from the EU as the percentage of the given country's total trade. (3.) Finally, the compliance and dependence figures need to be examined for correlation. The three countries for implementing this “experiment” were chosen according to their importance, size and geographical location within the MENA region. Morocco and Egypt were chosen as dominant and large countries representing the Maghreb and Mashreq sub-regions,

while Tunisia was chosen to represent a largely EU-dependent small state in-between.

When studying the latest ENP progress reports (EC, 2015), we can immediately see the six different societal sectors that these reports are structured into: (1.) political, (2.) socio-economic, (3.) trade and market, (4.) justice and security, (5.) transport, energy and environment (6.) education and health. As the reports are all similar in structure, the described progress in these sectors can give a perfect base for ENP-compliance “scoring”, e.g. we can provide a score for each sector as “mainly positive (+)” or “mainly negative (-)” according to the report’s assessment. Finally, the sector-based scores can be aggregated to provide an overall ENP compliance score to the given country, which can be utilized for the analysis later on.

Starting with the case of Morocco, the 2015 progress report shows a quite rosy picture: (1.) on the political reforms and especially on the implementation of the new constitution the report finds “encouraging developments” and the rest of this sector is also regarded as mainly positive. Regarding the socio-economic landscape (2.), Morocco is again seen in a positive light, as the report cites “prudent macroeconomic policy” and “reinforced social dialogue”. The trade and market regulations (3.) are also seen positively as the report mentions “the operational implementation of convergence” in market regulations and that several trade agreements “help strengthen the attractiveness of Morocco”. Justice and security (4.) also shows progress, especially on the issue of migration: “implementation of the new migration policy, launched in September 2013, was encouraging”, while transport and energy cooperation (5.) shows positive signs as well, especially on the regulatory harmonization of the aviation sector and the progress of large-scale renewable energy projects (solar plants). Finally, as the education strategy (6.) and the necessary reforms of the Moroccan educational system shows also a

satisfying picture, the report concludes with an all-positive assessment of the country's progress on ENP-compliance.

The case of Tunisia shows almost similarly positive outcomes: (1.) the political reforms as “major democratic advances, notably marked by the adoption of the Constitution and the holding of legislative and presidential elections” are regarded as very positive. However, the socio-economic landscape (2.) looks less bright as the economy “continued to be negatively affected by regional instability and an international environment of low growth”, while the balance of payments is also on critical levels. The trade and market regulations (3.) are seen positively as the report cites the progressing negotiations on the implementation of the DCFTA agreement and also the ratification of the agreement on rules of Pan-Euro-Mediterranean preferential origin. Justice and security (4.) also shows progress, as the report cites the new EU-partnership on mobility and migration while also praises the strengthening of the capacity of the authorities and civil society. Transport and energy cooperation (5.) shows positive signs: the report cites the harmonization of the aviation sector and the new vision for the energy mix for Tunisia on the medium and long term. Finally, the education system (6.) also shows a quite positive picture, as the report regards the development of vocational training and the participation in different EU training programs as positive developments. We can conclude with an all-but-one positive assessment of the country's progress on ENP-compliance.

On the other hand, the case of Egypt shows a very different picture: (1.) the political reforms are stalled with “restricting the freedom of association and strengthening controls on civil society”, while the “liberal spirit” of the new constitution is not implemented. The socio-economic landscape (2.) looks also dark as the “macroeconomic situation remained weak and fragile, with persistent external and internal imbalances”, while the fiscal deficit remained unsustainably high. The trade and market regulations (3.) are seen positively

although “trade and investment continued to be affected by a number of trade irritants, regulatory barriers and restrictions on investment”. Similarly to Tunisia, the report cites the progressing negotiations on the implementation of the DCFTA agreement and also the ratification of the agreement on rules of Pan-Euro-Mediterranean preferential origin as positive signs. Justice and security (4.) shows negative signs, mainly because of human trafficking and irregular migration while also “there were no developments regarding Egypt’s accession to the Hague Conventions on judicial cooperation”. Transport and energy cooperation (5.) shows positive signs: “a number of steps were taken to develop the country’s transport infrastructure”, while the cut on fuel subsidies is also regarded positively. Finally, the education system (6.) shows some problems as the reforms (although started) progress slowly and “access to culture remained a challenge”. We can conclude with an all-but-two negative assessment of the country’s progress on ENP-compliance. As a summary, the findings can be presented systematically in the following table:

Figure 1: ENP compliance scores of Morocco, Tunisia and Egypt 2015 (the author’s own work, source: EC 2015)

Countries/ENP-Sectors	Morocco	Tunisia	Egypt
Political reform	mainly positive (+)	mainly positive (+)	mainly negative (-)
Socio-economic reform	mainly positive (+)	mainly negative (-)	mainly negative (-)
Trade and market regulatory reform	mainly positive (+)	mainly positive (+)	mainly positive (+)
Justice and security	mainly positive (+)	mainly positive (+)	mainly negative
Transport, energy and environment	mainly positive (+)	mainly positive (+)	mainly positive (+)
Education and health	mainly positive (+)	mainly positive (+)	mainly negative (-)
Overall ENP “score”	6	5	2
EU-trade dependence*	60%	65.5%	36.5%

*Formula: $(\text{eu export}/\text{total export} + \text{eu import}/\text{total import})/2$. Data source: Observatory of Economic Complexity

The table shows that the three countries have different ENP-compliance indicators: While Morocco has shown significant progress in all the six societal sectors that the report assesses (which is 'normal' from the only 'advanced partner'), Tunisia

has positive assessments in all sectors but one. On the other hand, the bigger, less EU-dependent and therefore more autonomous Egypt has all of its sectors assessed as negative except two. Based on this, the three countries got a summarized ENP compliance score of +6, +4 and -2 respectively.

The last row of the table shows a basic EU-trade dependence indicator for each country which is calculated with the following formula: $(\text{EU export}/\text{total export} + \text{EU import}/\text{total import})/2$, which shows the average of the export and import ratios to/from the EU as the percentage of the given country's total trade.

Finally, we can draw up the conclusive analysis based on the last two rows of the table and test the hypothesis on the ENP-compliance versus trade dependence correlation. Based on the three used examples, the hypothesis stands the quantitative test: the two highly trade-dependent MENA countries, having 60-65% average dependency, perform much better in ENP compliance than the far less dependent one (36 %), which scores quite low. However, it needs to be noted that this table is obviously not fully representative as only three countries were examined and only the 2015 reports were used, but it already shows the compliance-dependency nexus quite well.

By adding a longitudinal component to this exercise by the examination of the previous reports from 2013 and 2014 with a similar methodology, we can filter out the time-related fluctuations of the EU-assessments, and also show a trend how the examined countries developed during the past years according to their ENP assessments. Moreover, aggregating data from three different years provides a more solid source to assess the countries' general behavior. Because of the space limitations of the current work, it's not possible to make a similarly detailed examination of the 2013 and 2014 reports as was done to the 2015 ones, but their content can still be analyzed and summarized in a similarly structured table:

Figure 2: ENP compliance scores of Morocco, Tunisia and Egypt, 2013- 2015 (the author’s own work)

Countries	Morocco			Tunisia			Egypt		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Political reform	(-)	(-)	(+)	(+)	(+)	(+)	(+)	(-)	(-)
Socio-economic reform	(-)	(+)	(+)	(+)	(-)	(-)	(-)	(-)	(-)
Trade and market regulatory reform	(+)	(+)	(+)	(+)	(-)	(+)	(-)	(-)	(+)
Justice and security	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(-)	(-)
Transport, energy and environment	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)
Education and health	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(-)	(-)
Overall ENP “score”	4	5	6	6	4	5	3	1	2
Average ENP score*	5			5			2		
EU-trade dependence	60%			65.50%			36.50%		

*Formula: (score2013+score2014+score2015)/3.

Data source: ENP progress reports (EC 2013, 2014, 2015)

As visible from the table, adding a longitudinal element to the study did not change significantly the discovered correlation: the average ENP-compliance scores keep correlating with the trade-dependency percentages, the only change is that the one-point difference between Morocco and Tunisia has been evened out. However, there are several important side-findings worth mentioning:

- Between 2013 and 2015 Morocco showed lineal progress in ENP-compliance (4-5-6), while the other two countries had both progress periods and backdrops
- The yearly sum of scores (13-10-13) shows that 2014 was generally a “backdrop year” in ENP compliance, while the other two years can be considered the average
- Aggregating the points horizontally sector-by-sector shows that the “Transport, energy and environment” sector shows an excellent ENP-compliance (9/9), while the “Socio-economic reform” sector scores significantly low (3/9)

All of these side-findings could open up new directions of research, especially if the report-analysis exercise would be extended both geographically (within the MENA, but also to the Eastern Neighborhood), and longitudinally (using all available

reports from 2007 onwards). The latter could also shed some light to the effects of the Arab Spring, showing how ENP-compliance evolved before, during and after the political upheavals of the region.

CONCLUSIONS

This paper aimed to show some details of the ENP-compliance – economic EU-dependence nexus in the EU's southern neighborhood. After a theoretical introduction, the paper utilized the combination of two theories as conceptual framework in order to analyze the ENP from an international political economy (IPE) perspective: The integration of the southern neighborhood into the EU's geo-economic order was explained by Immanuel Wallerstein's world systems theory, while the ENP-compliance – economic dependence nexus was explained by Damro's market power theory showing the ENP as policy and regulations export based on the EU's economic dominance over its neighbors.

The findings confirmed the hypothesis outlined in the paper's introduction: the ENP-compliance of the different MENA states closely correlates with their level of economic dependence from the EU. Out of the three observed states two (Morocco and Tunisia) showed high trade dependency from the EU and they received mainly positive comments in their yearly ENP progress reports, while the far less EU-dependent Egypt received mainly negative comments.

Expanding the examined dataset longitudinally by analyzing the previous ENP reports from 2014 and 2013 gave an even stronger confirmation to the discovered correlation as it showed that the correlation did not change significantly during the recent years. This expansion also delivered some interesting side-findings about the temporary evolution of the ENP compliance of the given countries and about the general yearly regional fluctuations in ENP-compliance as well. Another

interesting finding is related to the sectorial differences: while some sectors give mixed performance in the country-by-country comparison, some others perform constantly low or high regardless which year and country we examine. This could give hints to decision makers which sectors are worth to watch more closely when implementing the ENP in general.

However, in order to become an effective decision-support tool, this research needs to be expanded significantly. The current study can be seen as only an embryo of a potentially fertile research line, which systematically examines the evolution of all the neighbors' ENP-compliance indicators and contrast them to their respective economic EU-dependence. The "European Neighbourhood" can be drawn up as an economic periphery belt at the Eastern and Southern borders of Europe, and the ENP can be seen essentially an experiment of expanding the EU's governance (via policy and regulations export) onto these extra-EU peripheries. The implementation of this governance expansion however strongly depends on the deployable economic incentives (sticks and carrots) that the EU is able to utilize vis-a-vie each of its neighbors, which in turn depends on the given neighbors' economic dependence on Europe. Expanding this research both longitudinally (by the utilization of the available ENP reports all the way back to 2007), and geographically (by expanding the research to other MENA countries and to the Eastern Neighborhood as well) could inform EU decision makers about the applicability of the ENP's economic incentives, which could improve the EU's neighborhood strategy on the long term.

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