

Centro Interdipartimentale di Ricerca  
sul Cambiamento Politico  
*Centre for the Study  
of Political Change*



# EXPORTING GOVERNANCE: THE RELATIONS OF THE EU WITH OTHER REGIONS OF THE WORLD

José M. Magone

N.11/2003

Università degli Studi di Siena  
Dipartimento di Scienze Storiche Giuridiche Politiche e Sociali  
Via Mattioli, 10 53100 SIENA  
CIRCaP Tel. +39 0577 235299 Fax: +39 0577 235292  
e-mail: [circap@unisi.it](mailto:circap@unisi.it) <http://www.gips.unisi.it/circap>

José M. Magone is Lecturer at the Department of Politics and International Studies, University of Hull (UK). Among his recent publications, *Iberian Trade Unionism. Democratization under the impact of the European Union*, New Brunswick, Transaction Publishers.  
E-mail: J.M.Magone@hull.ac.uk

### *1. Introduction: On the New System of Post-National Relations*

Although not intended in the beginning, the European Union has become a major player of world politics. After almost fifty years of European integration, the project became solid enough to be a model for other regions of the world. Being one of the richest parts of the world, it really became the main donor in terms of democracy-assistance and development aid. Although it is a dwarf in terms of military capacity, it may be characterised as a giant in the fields of international cooperation and development policy.

Such prominence of the European Union became only possible in the 1990s, when the old order defined by the bipolarism of the Cold Order broke down, and it was replaced by a new transitional (dis) order of post-national relations. The role of the United Nations was very much upgraded, and the main military hegemon increased in importance as a world policeman.

This new system of post-national relations is leading to the erosion of the borders of the nation-state from all sides. Indeed, the internationalisation of the economy in the 1970s and 1980s led to the weakening of the nation-state as conceptualised since the 17<sup>th</sup> century. The so-called Westfalian state based on the notion of independent sovereignty was replaced by a softer concept of shared sovereignty. This shared sovereignty leads to the principle of integrated international cooperation, of which the European Union is the prime example.

Erosion is also happening within the nation-state, particularly by the pressure exercised by the subnational level. In recent years, it led to the creation of inter-regional cooperation between regions of different member-states of the European Union. All this shows that the nation-state is no longer the same as it was some 30 years ago, it underwent a transformation in the late 20<sup>th</sup> century.

At the same time, global and regional governance began to appear as complementary new devices for the reorganisation of the system of post-national relations. In the 1990s, the concept of governance began to be widely used by the international organisations, finding their way into the jargon of the European Union. As now the famous „White Paper on

European Governance“ clearly states, governance is claimed for these regional and global efforts for the restructuring of post-national relations.

The most advanced system of regional governance is naturally the European Union, which is still in a process of definition. This may remain open-ended as long as it has not achieved the complete expansion to central and eastern Europe.

This paper is divided into four parts. Firstly, we will deal with the definition of governance and apply it to global and regional governance. Secondly, we discuss the European Union as regional governance. Thirdly, we discuss the European Union as Exporter of Governance and fourthly, some examples and related problems are addressed, before we move to the conclusions.

## *2. Defining Governance, global governance and regional governance*

Governance is one of the fashion words of present political scientists. In terms of etymology it is an old word that was rediscovered very recently to characterise a system of interactions between and within institutions as well as institutions and the environment.<sup>1</sup> It is more than the sum of these interactions. Governance can be used for different organisational types. It can be public and private. It is regarded as a different way of organising politics, policy and polity. It is something that may be characterised between economics and politics. It brings the two together and creates another way of organising the relationship between the two. This becomes quite explicit in the publications of the OECD related to the new public management literature where the public administration learns intensively from the private sector, particularly in terms of efficiency. All member-states of the European Union and the European Commission are involved in such process of implementing new public management principles. Naturally, governance becomes then a softer approach of the nation-state or public organisations towards the environment. It not only shapes by the social landscape, but it has to respond to it, so that it becomes an integrated feedback loop.<sup>(2)</sup>

---

<sup>1</sup>) Quite crucial is the seminal article by R.A.W.Rhodes, The New Governance: Government Without Government. In: Political Studies, volume 44, Number 4, September 1996, pp.652-667. Meanwhile the literature on governance has become quite extensive. On the European Union see particularly Gary Marks, Fritz Scharpf, Philippe Schmitter, Wolfgang Streeck, *Governance in the European Union*. (London: SAGE 1996); see also the excellent textbook by Helen Wallace and William Wallace (eds.), *Policy-Making in the European Union*. (Oxford: OUP 2000)

<sup>2</sup>) Rhodes, The New Governance, pp.663-664.

The transformation from government as a closed well-defined structure is moving rapidly towards governance as a open less defined space of processes.<sup>(3)</sup> ) This transition is complicated by the fact that it is not longer happening in closed nationally defined space, but it is multilevel process of spatial redefinition. It is erosion from above and below the nation-state. New more blurred boundaries and borders begin to appear in the European continent which are created by European public policies such as Interreg.<sup>(4)</sup> )

Multilevel governance is changing the nature of public administration and transforming it into an integral sustaining part of it. The main characteristic is the capture of government by the dynamics of the market and the growing importance of civil society in the European Union. What it seems to be happening is the move towards a light network-state which uses the rationale of the market and citizen-friendliness to reform itself. Governance changes the political dimension of the state. It is no longer political. It merged with the market and became governance. The overall new language of public administration and reform of the state is about delivery, products, customers and suppliers. It is about public-private partnership, privatisation and regulatory agencies. Governance summarises the symbiosis between state and market, which were distinctive categories until the 1970s.

Indeed, these public administration reforms are spearheaded by the Public Management Committee(PUMA) of the OECD. Their policy brief papers are bringing to the fore the main developments of future government. One crucial aspect is to improve the relationship between citizens and public administration. The overall strategy is to create a policy mix that will fit the needs of a particular country. Instead of having an opportunistic anticipatory policy formulation controlled merely by civil servants, the new public management will focus on strategic policy making based on consultation and participation of the public. The new information and communication technologies are regarded as quite crucial for this transformation of public administration. Recent developments towards what is called electronic government (e Government)can be found across the European Union. This would include electronic voting as well.

---

<sup>3</sup> ) Thomas Christiansen, Tensions Of European Governance: Politicized Bureaucracy And The Multiple Accountability In The European Commission.In:*Journal Of European Public Policy*,4,1,1997, March :73-90; Andreas Maurer, Jürgen Mittag,, Wolfgang Wessels.,Theoretical Perspectives on administrative interaction in the European Union.In:Thomas Christiansen,, Emil Kirchner;(eds.), *Committee Governance in the European Union*. (Manchester: Manchester University Press 2000) ,Pp.21-44

<sup>4</sup> ) Thomas Christiansen,Knud-Erik Jorgensen , Transnational Governance „Above“ and „Below“ the State:The Changing Nature of Borders in the New Europe.In:*Regional Studies*,vol.10,Summer ,vol.2,2000,pp.62-77; Hooghe, L.,Marks,G. , *Multilevel Governance and European Integration*.(Rowman and Littlefields 2001); Jachtenfuchs,M.(2001), The Governance Approach to European Integration.In:*Journal of Common Market Studies*, vol.39,n.2,pp.245-64

This reordering of the borders of the nation-state towards global and regional governance is a factor that is affecting the nature of world politics. Although the process towards global governance is still in development and transition, one can already see some elements of it, which may gain importance in the future. This is particularly, the emergence of a transnational civil society which more and more includes interest groups that are aggregated in global level structures and able to influence discussions. This became quite clear in the conference on Sustainable Development in Johannesburg in August 2002. This so-called transnational/global civil society is making a contribution in shaping the present system of international institutions which need a major reform and overhaul. The importance of international institutions which are adapted to the present system of post-national relations cannot be overestimated. There are about 20 000 international organisations operating in some way at the global level, 18 000 are non-governmental organisations. It shows that a so-called global civil society is emerging that is putting the international system under pressure. Their linkages to the regional, national and subnational level makes them strong actors in the emerging global governance system. Global governance cannot aim at creating a world super-state, but achieving more steering and coordination in world affairs towards a common good based on the principles of peace, democracy, protection of human rights and development without structural violence.<sup>(5)</sup>

The European Union is an important player in this context, because it is the most advanced successful form of regional governance. This naturally strengthens the case for pushing towards similar structures at the global level. The European Union is a more flexible, open-ended model of politics and economics at the same time, which makes it an important actor of the new system of post-national relations.

In a recent interview to the Italian newspaper *La Stampa* Law Professor James Sabel from the University of Columbia praised the European Union as the new laboratory for new formula in the context of globalisation. One of the main lessons that one can learn from the European integration process is the ability to harmonize policy areas in the context of globalisation. Indeed, the European Union is the model of globalisation par excellence.<sup>(6)</sup>

The European Union is becoming to be outward looking and acting as a facilitator of regional integration projects across the globe. This role of exporter of governance has been so far

---

<sup>5</sup> ) Franz Nuscheler, *Global Governance, Development and Peace*. In: Paul Kennedy, Dirk Messner and Franz Nuscheler (eds.), *Global Trends and Global Governance*. (London: Pluto Press 2002), pp. 156-183.

neglected in the literature. Over the past fifty years, the European Union developed a unique way of steering their member-states towards a common good, in terms of economics, politics and the social field. This is now emerging as an important strategy to create more stability across regions.

The introduction of the Euro is a major element in this new world architecture. The EU is propagating a new model of capitalism against the American model, which has been recently under considerable criticism. The corporate scandals around Enron and Worldcom are major setbacks for American capitalism. Although the European social model of capitalism is still in the making, it has a powerful attraction, and if really works within the next ten years, it may become hegemonic in world politics. The military imperial overstretch of the United States, which we are witnessing now, is compromising the economic position of the country. As Paul Kennedy clearly expressed in his book „The Rise and Fall of Empires“, there is a danger that the US may follow the fate of the USSR, if it is not aware of limits of imperial overstretch.<sup>(7)</sup> In the system of post-national relations, the US is a necessary counterbalance to the emerging European Union, which is still has difficulties speaking with one voice, but soon or later it has to achieve it. The stability and world expansion of the Euro will be the key for European success. It is important that all member-states make important efforts to keep the stability pacts. The main reason is that if there is default, the credibility of the Euro is damaged and it is difficult to recover again. It is quite astonishing that Spain has been quite successful in keeping to a zero budget deficit, while countries such as Germany, the main architect of the present stability pacts, France and Italy are trying to find a way around it. Portugal clearly accepted that it has to make major reforms to become more competitive. In this emerging system of global governance and regional governances, democracy and democratic accountability will become quite crucial. It is too early to make an assessment, but the call for democratization of global institutions is major issue in the new system of international relations.<sup>(8)</sup>

### *3. The European Union as Regional Governance*

The development of the European Union as regional governance becomes only evident after the presidency of the Commission by Jacques Delors. In a period of desorganised world wide

---

<sup>6</sup> ) La Stampa, 23.3.2002,p.11.

<sup>7</sup> ) Paul Kennedy, *The Rise and Fall of the Great Powers. Economic Change and Military Power 1500 to 2000*(New York:Random House 1987)

<sup>8</sup> ) Michael Zürn, *Democratic Governance Beyond the Nation-State:The EU and other International Institutions*.In:*European Journal for International Relations*,vol.6(2):183-221.

**TABLE 1:THE GREAT TRANSITION OF THE END OF 20<sup>th</sup> CENTURY**

	<b>1945-1970s</b>	<b>1980s</b>	<b>1990s-</b>
<b>STATE</b>	Welfare State	Competition State	Cooperative State
<b>ECONOMY</b>	Organised Capitalism	Desorganised Capitalism	Reorganised Capitalism
<b>INDUSTRIAL RELATIONS</b>	Rigid interventionist Neocorporatism	Pluralism, disappearance of corporatism	Light Regulatory Corporatism (Grote,Schmitter)
<b>MEMBER-STATE-SUPRANATIONAL INSTITUTIONS RELATIONS</b>	Dominance of the Member-State, „Empty Chair Policy“, Coreper	Dominance of Member-State, Transition of Relationship	Cooperation of member-states and supranational institutions
<b>SOVEREIGNTY</b>	National sovereignty	Decline of national sovereignty	Shared pooled sovereignty
<b>GLOBAL ORDER/IDEOLOGY</b>	Cold War; Bretton Woods System;	Global liberalism; Democratisation; Reaganomics	Global governance;calls for democratisation of global institutions; pax democratica

capitalism initiated by the Thatcherite and Reagan reforms<sup>9</sup>, he pushed the member-states to move towards the project of a Single European Market(SEM) and the Economic and Monetary Union(EMU). These were projects that failed in the 1960s and 1970s, but now were being pushed by Delors. Delorsism is the key to this new self-understanding of the EC/EU. Between 1985 and 1995, there was a steady incrementalism of policy areas initiated by the European Commission which led eventually to establishment of a thickening of the overall EU multilevel governance system. Such an effort of incrementalism declined during the Santer and Prodi commissions. It shows that personalities may be crucial actors in transforming an organisation, that it was regarded as technocratic and rigid before 1985.<sup>10</sup> Indeed, an interpretative account by Fulvio Attinà shows that the EC/EU had to make major transformations before it was able to become a regional governance system sui generis. Fifty years were necessary to establish a high level of complexity.<sup>(11)</sup> It shows also that until 1985, the member-states did not feel that they would gain from a system of shared sovereignty.<sup>(12)</sup> The efforts of the Delors Commission transformed also the relations between member-states and the supranational institutions. Processes of fusion could be witnessed at transnational level. Indeed, the system of comitology became more sophisticated in the past fifteen years.

<sup>9</sup> ) ; José Magone, *Iberian Trade Unionism.Democratization Under the Impact of the European Union*(New Brunswick:Transactions 2001) on the transformation of the 20<sup>th</sup> century see particularly chapter 1.

<sup>10</sup> ) George Ross, *Jacques Delors and European Integration*.(Cambridge:Polity Press 1995)

<sup>11</sup> ) Fulvio Attinà, *Integrazione e Democrazia:Un'analisi evoluzionista dell'unione europea*.In:*Rivista Italiana di Scienza Politica*, a.XXX,n°2,agosto 2000,pp.226-256; particularly pp.230-239.

<sup>12</sup> ) William Wallace, *The Sharing of Sovereignty:The European Paradox*.In:*Political Studies*,1999, XLVII,pp.503-521

Regional governance was also reinforced by the fact, that EU expanded to the south and to the north creating the conditions for the expansion of certain policies areas such as cohesion and environmental policies. Enlargement is a major aspect of the success of the European Union. Even more important was the „Russian dolls approach“ which led to subsequent Intergovernmental Conferences between 1985 and 2000. What the Nice Treaty has shown is that such an IGC approach exhausted itself, because of a growing gap between the larger and the smaller countries. This gap became evident during the negotiations towards the Nice Treaty. It seems that Portugal was quite instrumental in coordinating the position of the smaller countries in this process towards the Treaty of Nice.<sup>(13)</sup>

The Laeken Council finally made a decision to establish a European Convention, which may become a permanent regular body to further the European integration process. Indeed, such a convention was already established to decide on the Charter on Fundamental European Citizen's Rights and led to a successful outcome. <sup>(14)</sup> One cannot deny that the European Convention in Brussels is still characterised by a lack of presence of organised civil society. This may change over the next months, but the problem seems to be the lack of mobilisation at national level. This naturally is not very positive in relation to overcoming the so-called democratic deficit.<sup>(15)</sup>

The main tasks of the European Convention were defined by the Laeken Council:

- 1.Scenarios for the further development of the European Union
- 2.Better distribution and limitation of competences of the European Union
- 3.Simplification of the Instruments of the European Union
- 4.More democracy, transparency and efficiency in the European Union.<sup>(16)</sup>

---

<sup>13</sup> ) Francisco Seixas da Costa, Portugal e o Tratado de Nice. Notas sobre a estratégia negocial portuguesa. In: *Negócios Estrangeiros*, nº1, Marco de 2001, pp.40-70; see particularly the last days of negotiation in Nice pp.61-68.

<sup>14</sup> ) Daniel Göler, Der Gipfel von Laeken: Erste Etappe auf dem Weg zu einer europäischen Verfassung?. In: *Integration*, vol.25,2,2002:99-110; Wolfgang Wessels, Der Konvent: Modelle für eine innovative Integrationsmethode. In: *Integration*, Vol.25,2,2002:83-98

<sup>15</sup> ) EESC, European Convention/European ESC: Reaching out to candidate country civil societies will be a huge challenge, Press Release 41,2002 Brussels 28.5.2002, EESC, Joint Declaration on the European Convention by the Presidents of the European ESC and the Spanish Economic and Social Council, Press Release nº45,2002, Brussels 18.6.2002; EESC, European Convention/EESC: "Mobilising national organisations is also the responsibility of European civil society". Jean Luc Dehaene declares, Press Release nº50,2002, Brussels, 28.6.2002

<sup>16</sup> ) Daniel Göler, Der Gipfel von Laeken: Erste Etappe auf dem Weg zu einer europäischen Verfassung?. In: *Integration*, vol.25,2,2002:99-110; particularly pp.104-106.

The example of the European Union governance shows that it is an open-ended flexible project which clearly is more advanced than others, but far from having achieved its final shape.

**TABLE 2: THE MEMBERS OF THE CONVENTION ON THE FUTURE OF THE EUROPEAN UNION**

<b>CATEGORY</b>	<b>President and Vice-Presidents</b>	
	3	
	<b>National Representatives</b>	
	<b>European Union</b>	<b>Candidate Countries</b>
<b>GOVERNMENT</b>	15	13
<b>NATIONAL PARLIAMENT</b>	30	26
	<b>Supranational Representatives(Full Members)</b>	
<b>EUROPEAN PARLIAMENT</b>	16	
<b>EUROPEAN COMMISSION</b>	2	
<b>TOTAL</b>	<b>105</b>	
	<b>Supranational Representatives(Observers)</b>	
<b>ECONOMIC AND SOCIAL COMMITTEE</b>	3	
<b>EUROPEAN SOCIAL PARTNERS</b>	3	
<b>COMMITTEE OF THE REGIONS</b>	6	
<b>TOTAL</b>	<b>117</b>	

In sum, governance is not a rigid transferable package of institutions, but a system that has to be accompanied by a culture over long period of time. In the EU it took fifty years, and it is expected that any exporting or transferring of governance needs to be accompanied by cultural changes of behaviour over a long term period. Nevertheless, the European Union can be regarded as a model for many regions of the world, and it is more and more aware of this role.

**TABLE 3.:FROM CONSTITUTIONALISM TO TREATYISM:**

**Phases from Rigidity to Flexibility of Institutionalism**

**PHASE I(1946-1957):**Departure from the Nation-State:The Formative Years(ECSC,Euratom and the EEC). The movement from a mere political grand design to a more small steps approach related to functional integration

INTERVAL(9 years)

**PHASE II(1966):** The Constitutional crisis of the Community and the Luxembourg compromise of 29 January 1966. De Gaulle's empty chair policy led to a stagnation of the integration process. Intergovernmentalism brought rigidity back in the agenda.

INTERVAL(4 years)

**PHASE III(1970-74):**The introduction of European Political Cooperation.The standstill in the process of European integration was overcome at the end of 1969 at the summit meeting of the EC heads in Denmark. The harmonisation of foreign policies and the creation of the "European Council" in 1974 flexibilised the intergovernmentalist approach in the EU.

INTERVAL(2 years)

**PHASE IV(1976-79):**The introduction of Direct Elections to the European Parliament. It gave more democratic legitimacy to the European integration process, even if its competences remained mere consultative.

INTERVAL(3 years)

**PHASE V(1982-1987):**The Single European Act. It made the decision-making process in view of the implementation of the Single European Market more flexible.

INTERVAL(5 years)

**PHASE VI(1992-1993):**The Treaty on the European Union. It made the framework even more flexible. It strengthens the future-oriented nature of the European integration process. The schedule for the Economic Monetary Union was enshrined in the Treaty.

INTERVAL(3 years)

**PHASE VII(1996-99):** The Amsterdam Treaty. Flexibility became a major element of the whole institutional framework

INTERVAL(1 year)

**PHASE VIII(2000):**The Nice Treaty still in phase of ratification. Institutional reform, preparation for enlargement.

INTERVAL(4 years)**EUROPEAN CONVENTION**

**PHASE IX(2004):** The fictitious Dublin or Rotterdam Treaty. National parliaments, relationship between Commission and European Parliament.; Presidency of Council or Commission

Interval(3 years)**EUROPEAN CONVENTION**

**PHASE X(2007):** Constitutional Politics

#### *4. Exporting Governance to other Regions of the World*

After almost fifty years of governance-building the European Union has become an exporter of this flexible form of regional integration. It is the 1990s that the relations of the European Union with other regions of the world increase. Several fora were organised to establish a more long term relationship between different parts of the world. The most recent one was the EU-Africa summits which are leading to a kind of African Union in the long term. If one looks at the international role of the European Union before 1985 and today, one has to acknowledge that something is happening, which is involving more funding and naturally more coordination. Meanwhile, the EU is the main donor of development aid, when counted with the individual programmes of the member-states. There is naturally one aim behind this engagement of the European Union. It is the intention to expand the influence of the EU internationally, particularly in economic and political terms

Looking at the world wide commitments of the OECD countries in 1997 , the European Union alone is the fifth largest contributor with 12.2 % or US\$ 6.6 billion. Together with the contributions of the individual member-states of the EU which represents 43.6 % of total aid or US \$ 23.7 billion, the European Union is contributing 55.7 % of all OECD aid or US \$ 30.3 billion. Japan and USA respectively give each US \$ 9.4 billion or 17.4 % of total aid. The rest of countries give US \$ 5.3 billion and 9.7 % of the overall aid.<sup>(17)</sup> These figures show that the European Union is becoming a giant in terms of development aid. One problem until 1995 was the fact it was not focused and monitored. This is naturally to the available human resources to deal with so many programmes across the globe. According to recent data.the number of people managing the programmes and dealing with external relations is still in comparison to the huge task(see table 4)

Naturally, the EU is encouraged about the success they had with the southern enlargement, which led to a flow of structural funds in the pursuit to improve the living conditions in Portugal, Greece and Spain. Moreover, it is also encouraged by the role it played to stabilise and democratise the structures of the central and eastern European candidate countries,

---

<sup>17</sup> ) Aidan Cox, Jenny Chapman,*The European Community. External Cooperation Programmes. Policies, Management and Distribution.Report prepared by the Overseas Development Institute for the European Commission*(Brussels:Office of the Official Publications of the European Union 2000),p.p.1-2

including Turkey. This so-called stability export and institutional transfer function strengthened the belief in their methodology of governance export.<sup>(18)</sup>

**TABLE 4: Comparative Analysis of External Relations Group: Financial Responsibilities and Staffing Levels**

Directorate-General	Financial Responsibilities	Forecast Commitments (in €) 1999	HQ Staffing	HQ Staffing(per € 10 million )
External Relations	TACIS MEDA ALA Balkans Human Rights	2170	769	2.8
Development DG	EDF Food Aid NGO's Thematic Budget lines	3540	394	1.1
Enlargement Service	Pre-accession instruments	1318 (2000:3166)	228	1.7
ECHO	Humanitarian assistance	558	130	2.3
Common Service for External Relations(SCR)	Common Service For External Relations(SCR)	5570	650	1.2

**SOURCE:**COX,Aidan, CHAPMAN,Jenny,*The European Community. External Cooperation Programmes. Policies, Management and Distribution.Report prepared by the Overseas Development Institute for the European Commission*(Brussels:Office of the Official Publications of the European Union 2000),p.23.

Governance export is extremely linked with the aspect of democracy and peace. The concept of democratic peace(*pax democratica*) was shaped by the United Nations and further developed as an alternative to any claims of superpower hegemony. This kind of *pax democratica* approach could be seen in Bosnia-Herzegovia, Kosovo and naturally East Timor. It includes both pacification and democratization of societies. The European Union is very closely link to such projects, particularly in the Balkans through the Stability Pact for Southeastern Europe.

The Stability Pact for Southeastern Europe coordinated by the Bodo Hombach on behalf of the European Union wants to transform the region into a peace, democracy and prosperity

<sup>18</sup> ) Darina Malová, Tin Houghton, Making Institutions in Central and Eastern Europe, and the Impact of Europe.In: Peter Mair, Jan Zielonka(eds.), *The Enlarged European Union.Diversity and Adaptation. Special Issue of West European Politics*, Vol.25,n°2, April 2002,pp.101-120; Johannes Varwick, EU-Erweiterung:Stabilitätsexport oder Instabilitätsimport?In:*Aus Politik und Zeitgeschichte*, B1-2/2002, pp.23-30; Wade Jacoby, Tutors and Pupils:International Organizations, Central European Elites, and Western Models.In:*Governance:An International Journal of Policy and Administration*,vol.14,n°2, April 2001,pp.169-200

zone by promoting political and economic integration into the European Union. In long term perspective, it is hoped that these countries will fulfil the criteria for membership set up in Copenhagen in 1992, which are (i) stability, democracy, rule of law and respect of human rights and minorities;(ii) a functioning market economy and ability to compete in the European market; (iii) the ability to fulfil the duties of a member-state as well as to support the aims and objectives of the political union and economic and monetary union; and (iv) the adaptation of administrative structures so that is able to absorb the *acquis communautaire*. Meanwhile, the European Union has allocated since 1991 € 4.5 billion for aid programmes within Phare and the Obnova humanitarian programme. Further € 5.5 billion will be invested in southeastern Europe over the next six years. During the Portuguese presidency the whole project became more concrete. The European Union established a *European agency for Reconstruction* in Thessaloniki to contribute to the reconstruction of the Kosovo. Several regional and European institutions such as the Black Sea Economic Cooperation Group, the Central European Initiative, the Southeastern Cooperation initiative, the American sponsored Cooperation process in Southeastern Europe and the Royaumont-process, the European Bank for Reconstruction and Development and the Organization for Economic Cooperation and Development are taking part in project.<sup>(19)</sup>

There is always a desire that economic cooperation will lead to political results in terms of democratization. In the EU has been instrumental in pursuing a strategy of governance building which more or less has led to limited successes. As Richard Youngs clearly states, the broad approach is based on a spill-over theoretical framework which clearly achieves only partial results:

At the micro-level, the attempt to harness the governance agenda to the democracy promotion objective represented a notable evolution of thinking. The EU increasingly aimed to design generally accepted cooperation over technical governance issues in a way that would enhance broader democratic policy-making capacity and know-how.

(...)

This governance angle can be seen as one of the most significant developments in EU democracy promotion strategy, and one, arguably, unduly overlooked- attention having been primarily on the relationship between market liberalization and political change, rather than on the issue of micro-level capacity-building. The distinctiveness of the European approach could be seen as emerging from the nexus between this governance angle and the grassroots, rather than high-level institutional, focus of EU democracy assistance. The governance approach did enable the EU to secure greater access and a 'foot in the door' for work of potentially political significance. However, the case studies demonstrate that

---

<sup>19</sup> Andreas Wittkowski, Der Stabilitätspakt für Südosteuropa und die „führende Rolle“ der Europäische Union. In: *Aus Politik und Zeitgeschichte*, B-29-30, 2000, pp. 3-13., pp. 5 and 9; Marie Janine Calic, Der Stabilitätspakt für Südosteuropa. Eine erste Bilanz. In: *Aus Politik und Zeitgeschichte*, B-13-14, 2001, pp. 9-16; Over forty organisations are involved in the reconstruction of this region (p. 10); Magarditsch Hatschikjan, Die „großen Fragen“ in Südosteuropa. Ein Balkan-Locarno für stabile Strukturen. In: *Aus Politik und Zeitgeschichte*, B 13-14, 2001, pp. 17-26; see also the more detailed volume by Thanos Veremis, Daniel Daianu (eds.), *Balkan Reconstruction. Special Issue of Journal of Southeast European and Black Sea Studies.*, vol. 1, n°1, January 2001

this did not necessarily offer a smooth transmission belt to political purchase. The EU did not always succeed in widening its access for governance work as much as desired(...) Again, top-down and bottom-up dynamics each seemed insufficient to give greater effect to the other, and thus EU strategy was most commonly left stranded between the two.<sup>(20)</sup>

This aspect of governance-building and the relationship to democracy-building shows the main dilemma for the relations of the EU with other regions. The governance approach preconditions the need to democratize society first, so that the forces of civil society can begin to interact honestly with the new institutions. Another factor that affects the export of governance is the economic dimension. Economic instability, in spite of democratization, can be a major obstacle to regional governance integration. In the end, any governance export has to be carried out and internalised by the concerned populations, otherwise it is doomed to failure when the interest of the European Union fades away.

### *5. Exporting Governance to other Regions of the World: The Cases of the Euromediterranean Partnership and Mercosur*

In recent years, the European Union has been engaged in two important projects, which may characterise the opportunities, challenges and limits of governance export: the Euromediterranean partnership and the EU-Mercosur relations. The Euromediterranean partnership was created during the Barcelona conference of November 1995. It was an agreement between 27 countries, the EU member states and the Mediterranean countries of the southern rim, which envisaged the establishment of a Mediterranean Free Trade Area by 2010. For this, there was a need to improve the living conditions and infrastructures of the southern rim of the Mediterranean. It was an attempt of the European Union to reduce in long term perspective the number of people from the southern rim to emigrate to the European Union countries. The whole project was sponsored by Spain which was one of the mostly affected countries of this south-north migration.<sup>(21)</sup> It became clear that the patrimonial countries of the southern rim of the Mediterranean were willing to take part, but were extremely opposed to make any progress in terms of democratization of these societies. After five years it became clear that almost no results had been achieved.<sup>(22)</sup> The Israelo-Palestinian further complicated the overall project of a democratic peace in the southern rim

<sup>20</sup>) Richard Youngs, *The European Union and the Promotion of Democracy. Europe's Mediterranean and Asian Policies*. (Oxford: OUP 2001), p.195

<sup>21</sup>) Alvaro Vasconcelos, George Joffé (eds.), *The Barcelona Process. Building a Euro-Mediterranean Regional Community*. Special issue of *Mediterranean Politics*, Vol.5, Spring 2000, n°1

<sup>22</sup>) Annette Jünemann, *Die EU und Barcelona-Prozess-Bewertung und Perspektiven*. In: *Integration*, 24 Jg., 1/2001, pp.42-57; particularly pp.49-53; the main problem seems the lack of a common language Richard Youngs, *The Barcelona Process after the UK Presidency: The Need of a Prioritization*. In: *Mediterranean Politics*, vol.4, 1, Spring 1999, pp.1-24

of the Mediterranean. It shows, that the conditionality of democratization and liberalization have to be achieved first, so that a system of governance can be implemented, or rather the dynamics of governance prerequisites a democratic economically dynamic society, which is still non-existent in the southern Mediterranean countries. Indeed, attempts of a bottom-up

**TABLE 5: THE GAPS BETWEEN THE NORTHERN AND SOUTHERN MEDITERRANEAN**

	Human Development Index 1998	Human Development Index Adjusted to Gender 1998	Participation Index adjusted to Gender 1998	Illiteracy Rate 1998	Urbanisation		Televisions per 1000 persons		Population below Poverty line, Income of \$ 1 per day
					1998	2015	1990	1996-8	
Algeria	0.683	0.661	-	34.5	57.9	67.5	68	68	15.1
Morocco	0.589	0.570	-	52.9	54	64.3	102	160	7.5
Tunisia	0.703	0.688	0.398	31.3	64.1	73.5	81	198	1.3
Egypt	0.623	0.604	0.274	46.3	45.3	53.5	107	127	3.1
Syria	0.660	0.636	0.315	27.3	53.5	62.1	60	68	-
Lebanon	0.735	0.718	-	14.9	88.9	92.6	349	352	-
Jordan	0.721	-	0.220	11.4	73.1	79.8	76	52	7.4
Turkey	0.732	0.726	0.321	16	73.1	84.5	230	286	2.4
<i>Average</i>	<i>0.681</i>	<i>0.658</i>	<i>0.306</i>	<i>27.3</i>	<i>63.74</i>	<i>72.23</i>	<i>134</i>	<i>164</i>	<i>6.1</i>

	Human Development Index 1998	Human Development Index Adjusted to Gender 1998	Participation Index adjusted to Gender 1998	Illiteracy Rate 1998	Urbanisation		Televisions per 1000 persons		Population below Poverty line, Income of \$ 1 per day
					1998	2015	1990	1996-8	
Israel	0.883	0.877	0.555	-	91.2	92.6	259	318	-
Malta	0.865	0.848	-	-	90.1	92.6	736	518	-
Cyprus	0.886	0.877	-	3.4	55.7	57.6	183	167	-
<i>Average</i>	<i>0.878</i>	<i>0.867</i>			<i>79</i>	<i>80.9</i>	<i>393</i>	<i>334</i>	

	Human Development Index 1998	Human Development Index Adjusted to Gender 1998	Participation Index adjusted to Gender 1998	Illiteracy Rate (functionally illiterates) 1998	Urbanisation		Televisions per 1000 persons		Population below Poverty line, Income of \$ 1 per day
					1998	2015	1990	1996-8	
Austria	0.908	0.901	0.710	-	64.5	68.5	473	516	-
Belgium	0.925	0.921	0.725	18.4	97.2	98	446	510	-
France	0.917	0.914	-	-	75.2	79.4	539	601	-
Germany	0.911	0.905	0.756	14.4	87.1	89.9	525	580	-
Italy	0.903	0.895	0.524	-	66.8	70.7	420	486	-
Greece	0.875	0.869	0.456	-	59.7	65.1	194	466	-
Portugal	0.864	0.858	0.618	48	52	58.8	186	542	-
Spain	0.899	0.891	0.615	-	77.1	81.3	389	506	-
Luxembourg	0.908	0.895	-	-	90.4	94	346	619	-
Sweden	0.926	0.923	0.794	7.5	83.2	85.2	466	531	-

<b>Finland</b>	0.917	0.913	0.757	10.4	64.3	70.9	494	640	-
<b>UK</b>	0.918	0.914	0.656	21.8	89.4	90.8	433	645	-
<b>Ireland</b>	0.907	0.896	0.593	22.6	66.8	70.7	346	619	-
<b>Denmark</b>	0.911	0.909	0.791	9.6	85.5	87.8	535	585	-
<b>Netherlands</b>	0.925	0.919	0.739	10.5	89.2	90.9	482	543	-
<b>Average</b>	0.908	0.902	0.672	18.1	76.56	80.09	418	559	

**SOURCE:** Compiled from data of Programa das Nações Unidas para o Desenvolvimento(PNUD), Relatório do Desenvolvimento Humano 2000(Lisboa:Trinova Editora 2000),pp.157-268.

approach by financing local projects of civil society did not in the end lead to sustaining results. When funding of the projects ended, these projects normally collapsed.<sup>(23)</sup>

EU-Mercosur relations started in the early 1990s. Indeed, Mercosur was established by Brazil, Argentina, Paraguay and Uruguay. It became clear that this regional integration effort had the European Union as a model.

There is a strong interest of the European Union to contribute to the success of Mercosur. EU-Mercosur relations started officially one year after the Treaty of Asunción. From the very beginning it intended to be a facilitator of the establishment of the common market. An inter-institutional agreement was signed in 1992 and a framework cooperation agreement in 1995. It aims at facilitating the Mercosur integration process. Agreements with the individual countries were also signed. Several project were initiated related to institution-building(particularly to the administrative secretariat, the parliamentary commission and the economic and social committees), macro-economic coordination,policy coordination and harmonization. It shows clearly that the EU is transferring its policy knowledge to the Mercosur. Indeed, the agreements were designed to prepare the negotiation process towards an inter-regional association agreement. Such negotiations started in 1999 and are still ongoing. Meanwhile the EU-Mercosur had six rounds of negotiations and will have

<sup>23</sup> ) Maurizio Giammuso, Civil Society Initiatives and Prospects of Economic Development:The Euro-Mediterranean Decentralized Co-operation Networks.In:*Mediterranean Politics*, vol.4,1, Spring 1999,pp.25-52;particularly p.33: „Concern about the dynamism and initiative of partners involved in networks is crucial for another reason. The Court observed that the networks to which the subsidy had not been renewed had ceased to exist. The survival of established networks after the cessation of financing by the Commission depends very much on the extent of initiative among the partners and their capacity to generate autonomous resources. This capacity would also avoid dependency, which could subvert the objectives pursued by the networks and would certainly limit their autonomy vis-à-vis the Commission. A further problem identified by the Court was a lack of clarity concerning the goals of the projects. In fact, most of them have involved mere exchanges of information, which have not resulted in appreciable direct economic benefits in the short term. As far as the ultimate `political` objectives pursued by the European Commission- that is, the consolidation of democracy and reform of public administration- these have been even more illusive. The lack of measurable indicators of success has affected the evaluation of qualitative and quantitative outcomes, making it more difficult to establish criteria for rewarding projects. that produce a real developmental benefit, by extending the financial support for them.“

**TABLE 6: THE NEGOTIATION PROCESS OF THE INTER-REGIONAL ASSOCIATION AGREEMENT EUROPEAN UNION-MERCOSUR**

NEGOTIATION ROUND, PLACE AND DATE	OCCASION	NEGOTIATION CONTENTS
1 <sup>st</sup> ROUND Buenos Aires 6-7 April 2000	Portuguese Presidency of EU/Argentinian Presidency of Mercosur	Conclusions on general principles, political dialogue, cooperation and trade matters; scope of negotiations agreed
2 <sup>nd</sup> ROUND Brussels 13-16 June 2000	Portuguese Presidency of EU/Argentinian Presidency of Mercosur	Exchange of information; the identification of non-tariff obstacles; the definition of specific objectives for each area of negotiation.; Political cooperation at highest level.
3 <sup>rd</sup> ROUND Brasilia 7-10 November 2000	French Presidency of EU/Brazilian Presidency of Mercosur	Visit of Commissioner Chris Patten to Brazil accompanied by Brazilian foreign minister Filipe Luis Lampreia; good negotiation environment; agreement on several political dialogue texts
4 <sup>th</sup> ROUND 19-22 March 2001 Brussels	Swedish Presidency of EU/Paraguayan Presidency of Mercosur	Proposals on several non-tariffs texts; upgrade of dialogue within new framework and introduction and discussion of business facilitation
5 <sup>th</sup> ROUND 2-6 July 2001 Montevideo	Belgian Presidency of the EU/Uruguayan Presidency of Mercosur	Tariff and service negotiations; EU presented unilaterally the tariff offer and negotiation texts for goods, services and government procurement; agreement on joint texts in the field of customs, competition, statistics and scientific and technological cooperation
6 <sup>th</sup> ROUND 29-31 October 2001 Brussels	Belgian Presidency of EU/Uruguayan Presidency of Mercosur	Mercosur presented their tariff offer and negotiation texts for goods, services, and government procurement, joint texts in Telecommunications, Energy and transport were agreed. In spite of difficulties of the economies of Mercosur, the political willingness of the Mercosur was noted throughout the negotiations
7 <sup>th</sup> ROUND 8-12 April 2002 Buenos Aires(?)	Spanish Presidency of the EU/Argentinian Presidency of Mercosur	

**Source:** based on the information from the European Commission, Overview EU-Mercosur. In <http://www.europa.eu.int>

completed seven rounds by April 2002. The process became quite dynamic since 1999. Several meetings at different levels (heads of states/prime ministers; ministers and senior officials) are taking place to clarify the conditions of the association agreement. The leading body undertaking the negotiations is the biregional negotiation committee which is supported

by several technical subcommittees. The whole process is linked to the ongoing negotiations at the world trade organizations and therefore still very restricted.

There is a divide between the members of the Mercosur related to the nature of the process. According to the treaties of Mercosur, the whole process remains intergovernmental. The role of institutions of Mercosur is very much dependent on the decisions taken at the Council of the Common Market. The smaller members Uruguay and Paraguay would wish that both Argentina and Brazil would move towards a more ambitious supranational aim. At least some of the aims such as the economic and monetary union will probably need further integration along these lines. The whole process is still in flux and revisions of the TOA and the Treaty of Ouro Preto signed in 1994 may take into account some kind of supranationality at some stage. One thing that probably makes it difficult to create a new common market language is the lack of commitment of the member-states to the decisions that may be taken by the arbitration court in Brasilia. This prevents the establishment of a Mercosur law, similar to a European law which at some stage became the glue that holds the European integration process together.<sup>(24)</sup>

The European Union established several horizontal programmes to support Latin American economies and is in talks as well with other countries such as Chile and the Andean Community.<sup>25</sup> Until now six different programmes are supporting European investment in small and medium enterprises in Latin America(AL-Invest), promoting cooperation between European and Latin American Higher education institutions(ALFA), strengthening the links between European and Latin American cities(AL-URB); encouraging the optimal use of energy(ALURE), promoting the cooperation between Chambers of Commerce in Europe and Latin America(ATLAS) and promoting of the use of information technologies and contributing so to overcoming the technological gap.<sup>(26)</sup>

On the whole, the progress made in recent years in fostering a TAFTA South between the EU and the Mercosur have been more encouraging than the relationships of the southern cone countries with the USA's overarching model of a FTAA. Although slow in implementation,

---

<sup>24</sup> ) The big achievement of European law is that it was able to bring together the different law traditions of the European continent. It led to fusion between continental law and common law. Gil Carlos Rodriguez Iglesias, *Consideraciones sobre la formacion de un Derecho Europeo*. In: *Gaceta Juridica de la Unión Europea y de la Competencia*, Abril-Mayo 1999, 200, pp. 11-25 and Luis Martí Mingarro, *Common Law/Derecho Continental: del enfrentamiento a la fusión*. In: *Gaceta Juridica de la Unión Europea y de la Competencia*, Abril-Mayo 1999, 200, pp. 26-41

<sup>25</sup> ) European Commission, *Minutes of the Fifth Meeting of the EU-Andean Community Joint Committee*. and European Commission, *Ministerial Meeting EU/Andean Community*, Vilamoura, 24 February 2000 both in (<http://www.europa.eu.int>)

<sup>26</sup> ) European Commission, *Overview of AL Invest Programme* In: <http://www.europa.eu.int>

the combination of common market building knowledge transfer and moderate financial support for the establishment of institutions is creating a good image of the European Union in terms of the never ending discussion of Raul Prebisch's „terms of trade“. It seems that Latin America regards the present American initiatives as not leading to a full partnership, in spite of claims of Pan-american friendship.<sup>(27)</sup> The EU-Mercosur relations are today overshadowed by the end of the Washington Consensus and the collapse of the Argentinian market. Brazil is regarded as a risk country due to the elections of Lula da Silva as president of the Republic. It shows, that political and economic instability may contribute to a stagnation of the overall project.

### *6. Conclusions*

Although governance is a catchy word, there are limits to export it around the world. The main reason is that governance is a long term development requiring a high level of complexity in terms of politics, market-building and social mobility. Governance is not something that can be achieved over night, it is a long term process. Before governance can be established regionally, the member-states have to have a functioning democracy, meaning that democracy has to become internalised in all processes of political, economic and social everyday life. Governance prerequisites working governmental structures, there is no possibility to establish governance before democratic government has become a matter of fact. This means that European Union needs to continue to be a facilitator of governance-building around the world, but recognise that it is a long term complex evolving process, that can only be achieved based on democratic structures and a liberalised dynamic economy. Otherwise, governance will never become reality and instead it only achieves half built houses which are unsustainable.

---

<sup>27</sup>) The Economist, 30.3.2002,p.56; The Economist, 23.3.2002,pp.41-42.

