The European Union as a Model for Regional Integration: The Muslim World and Beyond

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The European Union as a Model for Regional Integration:
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Introduction

The success of the European Union (EU) in reaching a relatively high level of integration among its constituent member states over a fifty-year period, has made it an attractive model for regional integration efforts elsewhere in the world. Being neither an international organisation nor a nation state in the traditional sense, the EU is *sui generis* in character. With its mode of decision-making (qualified majority voting), conflict resolution mechanism (role of the European Court of Justice), budgetary arrangements (revenue collection and distribution), and citizen involvement (direct elections to the European Parliament), the EU has features not found in international organisations. Whilst not being a state, the European Union takes on increasingly state-like functions through regulatory and governing mechanisms. It is not only an interesting experiment in trans-national democracy building, but also in actor building, both for domestic and external policy purposes.

However, consideration of the EU as a model for other regional integration settings might be limited, given the unique circumstances in which it was established and promoted. Born out of conflict, the EU benefited from special circumstances in its development, e.g. the Cold War, the United States guarantee and nurturing role, and the industrialised nature of the European economies, which are not found elsewhere. It would therefore seem more appropriate to use the EU experience not as a model or blueprint to judge the success or failure of other regional integration attempts, but rather as a yardstick for regional policy and institutional developments. The latter will be the focus for this paper.

Another aspect that affects comparison with the EU, is the difficulty in identifying comparable regional integration units. The Muslim world is dispersed over wide parts of the globe, comprising different nations and circumstances such as Turkey’s affiliation with Europe, the link of Turk Republics in Central Asia with the Commonwealth of Independent States, the fundamentalist Shiite branch of Iran, the unstable conditions in Afghanistan and Pakistan, and the guided forms of democracy in Indonesia and Malaysia. Given this dispersed geographic spread, an application can only be attempted with regions that are predominantly Muslim in composition. The Arab region (in a general sense) can be deemed such a region for comparison, and will be chosen for this purpose. But even here it is incorrect to assume that only the Arab region is predominantly Muslim in composition, as this attribute applies to the whole of the Middle East. Furthermore, it should be pointed out that the term “Arab” is used here in a loose sense and to denote primarily the group characteristics within a certain geographic region, rather than anthropological, cultural or sociological characteristics.

*I would like to acknowledge the assistance of Can Berk and Kamilah Khatib in the research of this paper.*
Arab integration is usually described as a failure. In part this is due to an absence of democratic structures and the presence of Socialist Ba’th authoritarian regimes in some of the Arab countries and the existence of kingdoms, emirates or sultans that do not share their sovereignty with their public let alone with supranational institutions. There might be a question as to whether attempts by the US and its allies “to bring democracy” to Iraq will influence other authoritarian Arab countries to change their regimes peacefully. But even if such changes were to take place they might not necessarily translate into stronger levels of integration among the Arab states, as this might be resisted by both Israel and the USA, i.e., as perceiving the collective efforts of Arab countries as “too powerful in the region”.

Yet while such grandiose attempts as the United Arab Republic, the United Arab States and the Arab Union have failed, there have been several efforts, whether regional or sub-regional, which look promising. These include the Gulf Cooperation Council (GCC), the Arab Maghreb Union (UMA), the Arab Cooperation Council, and the United Arab Emirates. Moreover, there have also been joint attempts by Arab, at least by the large oil suppliers, to have a collective effect, or more precisely a crippling economic impact, on the countries of the EU. This was noticeable with regard to the formation of OPEC, in which Arab oil-producing countries played a significant role. But this might be seen more as a “co-ordination” rather than as an integration effort.

Why have the more grandiose Arab integration attempts not succeeded and the more modest efforts succeeded? What lessons can be drawn from European integration or in what way is EU integration instructive for policy and institutional developments in the Arab region?¹ In trying to find answers to these questions, an attempt will be made first to consider the concept of regionalism in the European and Arab setting. After this, the conditions deemed essential for the success of regional integration will be considered.

Regionalism and Integration in the Arab and European Context

Regionalism can be defined as a process that entails the creation of a new entity (a regional unit). It comprises a recognised framework of accommodation among member states on several issues like the exchange of goods, services, capital, or persons.² This concept is often analysed in terms of social, political, organisational and economic cohesiveness.³ When applied to the Arab context, we will find that the Arab


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countries witness cohesion in the aforementioned distinct categories, though in different
degrees. The social dimension appears to be the strongest, with the majority of Arabs
sharing such similar attributes as ethnicity, race, language, religion, culture, and the
consciousness of a common history and heritage.

Arab regionalism, or Pan Arabism, has as its core concept the notion of
awareness, identity, and consciousness. These concepts link with social and cultural
factors like the common language, religion and traditions. They also relate to common
external perceptions involving either political threats (e.g. foreign colonisation) or
cultural challenges (like the influence of the western culture on Islam). In short, Arabs,
regardless of the country of origin, share the perception of belonging to a particular
community. Yet, it must be noted that substantial frictions prevail between Sunni and
Shiite sects.

Unlike Arabs, language, religion and culture are not common factors among the
Europeans, where there are still substantial differences in identification, and feelings of
‘us’ and ‘them’ across Europe. It is however, remarkable that these differences have not
prevented efforts to bind Europeans together, whereas, in spite of all the common
features among the Arabs they have not established strong supra-national (or extra
national regional) arrangements. Moreover, while Pan Arab ideology is characterised by
harmony and brotherhood, it has not prevented conflicts among Arab states, such as the
wars between Iraq and Iran, the Iraqi invasion of Kuwait, or the border dispute between
Bahrain and Qatar.

In contrast, the EU can be seen as a security community as understood by Karl
Deutsch, who refers to such an entity as where “a sense of community has been attained
and where institutions and practices are strong enough and widespread enough to assure
for a long time, dependable expectation of peaceful change among the population”. Since
its inception, no hostile relations or conflicts have occurred among the member
states of the EU, which reflects a degree of mutual respect and trust, along with the
acceptance of shared interests and values among the member states.

Integration in the EU has taken place along several forms and dimensions. These
have involved a high degree of political formations and institutionalism, both of which
have resulted partly in a shift of power and authority from the national to the EU level,
and partly in a pooling of sovereignty among the constituent member states. They have
also contributed to a reasonably widespread sense of common identity and mutual
obligations.

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3 Andrew Hurrell, “Explaining the resurgence of regionalism in world politics” Review of
Ltd., 1999), 3.
5 Karl W. Deutsch, Political Community and the North Atlantic Area: International Organisation
The depth of EU integration can be depicted by the existence of “common rules and standards to remove what might otherwise constitute non-tariff barriers to trade within a single market”. The process of deepening integration has proven to have no definable limits. The adoption of common policies in one area creates pressure for the adoption of common policies in other areas. This has not only led to the development of the Community rules and regulations, but also to the formation of Community law. The level of implementation and compliance by the member states and neighbouring countries could be moderately compared to the implementation of the Federal law in the southern United States half a century ago.

In contrast, Hoekman and Messerlin see three substantial obstacles which Arab economic integration efforts confront. Firstly, “markets are generally small”. Secondly, “strong comparative advantages in certain products (natural resources) generate export concentration and require geographical diversification of exports beyond the region to reduce risk”. Thirdly, “major Arab countries do not appear to have strong incentives to take the lead in pursuit of merchandise trade-based economic integration, while smaller countries that do have the incentive do not have the influence to ensure implementation”.

Zarrouk notes the beginning of a change with the implementation of the 1998 Arab League Greater Arab Free Trade Area (GAFTA), which obliges signatories to gradually eliminate tariffs by 2006. However, the GAFTA is a traditional agreement that is limited to merchandise trade. In contrast to the original EEC Treaty, the GAFTA does not imply the creation of a common market for services, investment and other factor flows. Nor does it involve the establishment of common institutions to address regulatory issues. Therefore, as Hoekman and Messerlin argue, the Arab states, in order to deal with or overcome major political obstacles to integration, have to emulate the design of institutions that enabled European member states to succeed in this respect.

Encouraging, though on a smaller scale, is that in 2003, GCC members not only eliminated tariffs on trade between member nations and established a common external tariffs, but they have also agreed to establish a broader economic union (including a single market and currency) by 2010. In part due to the success in economic terms,
there have been interests for new members to join the CGC. For example, in 2005 Yemen was in negotiation for CGC membership.\textsuperscript{13} The drawback with the CGC is that it involves a number of mostly small countries. For integration on a wider Arab perspective to succeed, Hoekman and Messerlin make a plausible case for a service-sector driven integration strategy. Given the importance of improving service sector performance in many Arab countries and the potential gains from regional co-operation in the regulatory domain, this may be a more effective route towards greater integration, not just regionally –where there is only limited potential and thus likely to be limited political support–but into the world economy generally. Thus the authors posit that:

“The EC experience suggests a service-based integration strategy will be complex and should be carefully designed and sequenced. Intra-Arab co-operation in this area could start by focusing on addressing high logistics and trade-related transaction costs (trade facilitation), establishing focal points and benchmarks for pro-competitive regulation of key ‘backbone’ service sectors such as transport, distribution and communication, and a concerted effort to remove entry barriers and government restrictions on competition more generally”.\textsuperscript{14}

Yet, even if such an approach were to be advanced, without complementary institutional ingredients, it would have difficulty sustaining itself. Judging from the EU experience what is of crucial importance is the introduction of a court that has ultimate interpretation, arbitration and sanction powers in cases of disputes among members. The European Court of Justice stands out as a monitoring and enforcement agency, which supervises the functioning of the national courts. There are many landmark cases of the European Court of Justice, like the ones establishing the primacy of Community law over national laws, or the introduction of the principle of “direct effect”, whereby EU legislation or Court judgements are directly applicable to national settings without having to be ratified either by national parliaments or courts. However, one of the most important judgements of the European Court of Justice relates to the Cassis de Dijon case of 1979. This was a turning point in the history of harmonisation because it gave the start to the application of the principle of mutual recognition, leaving behind the long and exhausting phase of detailed harmonisation. It enabled the realisation of the four freedoms: free internal movement of goods, services, capital and people. Importantly, though still contested (e.g., the so-called “service directive”), it includes the right of establishment. This has boosted EU efforts to establish a common market and to combine it with a common external commercial policy. The EU is thus unique in that it goes beyond intergovernmental co-operation. More generally, the European Court of Justice has ensured objective and consistent application and interpretation of EC law.

A further important institutional feature in the EU context has been the European Commission, combining both important administrative and executive features, and disposing over considerable financial resources. The European Commission has been a defender of the European integration process in times when member states have been less

\textsuperscript{13} Wikipedia, the free Encyclopedia, in URL address: http://en.wikipedia.org/wiki/Gulf_Cooperation_Council
\textsuperscript{14} Bernard Hoekman and Patrick Messerlin, 2.
than enthusiastic. Finally, the directly elected European Parliament, particularly through the gaining of the assent procedure (in external treaties of the EU) and the co-decision procedure (in the framing of regulations and directives with member state governments) with regard to EU legislation in such vital areas as the internal market, has given the EU a mantle of democracy and a clout of legitimacy, and thus allowing a crucial link between elites and the public and between EU institutions and the citizens. It also lends credence to describing the EU as an embodiment of transnational democracy.

As a unique phenomenon of international relations and regional integration, the EU has developed a distinct legal-institutional design. This model has been deliberately avoided by designers of regional orders in the Arab world (and elsewhere generally).

How far can the characteristics of a high degree of policy formation and institutionalisation, as prevail in the EU, be found in the Arab region as a whole and in the examples of Arab sub-regional integration? Let us look at the degree of policy formation in Arab integration first and then turn to the degree of institutionalisation and centralisation.

**Integration Efforts among Arab Countries**

When looking at Arab integration efforts one finds some similar institutional structures to those of the EU. But these do not carry the same jurisdiction as those of the EU. The Arab League has a summit of Heads of States, a Council of Ministers, a Standing Committee, and a Secretariat General; all reminiscent of the EU structure. Similarly, the Gulf Cooperation Council has a Supreme Council, a Ministerial Council, and a Secretariat General. The Arab Maghreb Union consists of the Presidency Council, the Council of Prime Ministers, the Council of Foreign Ministers, the Specialised Ministerial Council, and several other councils.

However, all three lack central institutions capable of making decisions that are legally binding for its members. They are mere arenas for intergovernmental dialogues. There is no real resort to conflict resolution as is the case with the European Court of Justice. For example, the Gulf Cooperation Council has a commission for settlement, but it only has a consultative rather than a legally binding status.

Arab countries have launched many projects of joint action along economic and political lines. Examples of attempts to achieve economic integration include proposals for a customs union between Syria and Lebanon in 1947, and the agreement between Arab governments in 1997 to lift customs barriers and to reduce tariffs. There have also been attempts to set up an Arab free trade zone. However, so far only Egypt, Jordan, Morocco and Tunisia are bound bilaterally by accords setting up a free trade area.

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With regard to the Gulf Cooperation Council, a turning point for financial policy harmonisation emerged in 1983 with the members’ approval of the Unified Economic Agreement. The agreement pledged the signatories to narrow the gaps among economic policies in the Gulf Cooperation Council countries with the ultimate goal to standardise them. It also addressed the practice of non-discrimination among Gulf Cooperation Council member-states in drawing up regulations governing the flow of labour and capital across their common borders, and the movement towards the standardisation of some laws, measures and procedures.

Standardised passports were provided around 1984 (three years after the establishment of the Council), and some laws have been amended to enable nationals of one state, equity investments in another country. In November of 1984 electric, water and telephone rates were standardised through the signing of an economic agreement among members. Nevertheless, co-ordination of policies on other dimensions, apart from the economic ones, is still in the planning phase.

There have been some attempts that were mainly political in nature. However, most of them involved fusion and mergers, like the many proposals to create federations (between Iraq and Jordan in 1958, or between Egypt, Syria and Iraq in 1963 amongst others). But none of them endured for more than a short period of time. Defence has also been a driving power toward integration. The Arabs in fact tried to promote integration through the Treaty of Joint Defence and Economic Cooperation of 1959, which was primarily a military defence pact. The results were similarly disappointing.

The most comprehensive attempt is represented in the League of Arab States, which was founded in 1945. It was meant to serve as a forum for political, defence, economic, financial, communication, cultural, social and health questions cooperation. The Alexandria Protocol envisaged not only full unity, but also a common foreign policy for the signatory states. Again, expectations have outstripped actual developments.

In short, institutions both in the Gulf Cooperation Council and in the Arab Maghreb Union, fall far behind being considered efficient institutions. Unlike the EU’s institutions, Arab institutions (as a whole and in the sub-groups) lack three main


characteristics: formal rules, informal constraints, and their effective enforcement.\textsuperscript{20} This has implications for the spillover mechanism.

In the classical notion of neo-functionalists, integration in one sector would lead to a wider and deeper co-operation in the other correlated sectors, and it would involve an institution building process, followed by an upgrading of organisational form, leading subsequently to a shift of loyalties and expectations toward the new centre.\textsuperscript{21} Although not in a strictly linear fashion, the European Union has largely followed the classical notion of spillover. In contrast, in the Arab context, we find only a sterile version of this concept. Sterile because agreements exist but they do not result in a widening of the issue areas or are not backed by essential/committed implementation.

\section*{Conclusion}

An attempt was made in this paper to use the EU as a yardstick against which the strength of Arab regional integration can be measured. In the EU we find: a wide variety of issues around which agreement and bargaining occur; a high degree of harmonisation, mutual recognition of policies, and institutionalisation; a degree of transfer of competencies to the Union; and a widespread feeling of a common identity and/or mutual obligations among the people of the Union. The same indicators are only weakly present in the Arab contexts. Closer integration is hampered by the absence of a well-embedded institutional fabric, political commitment among the governments or leaders, and a transnational business culture seeking the establishment of economies of scale. Arab integration therefore represents a form of integration that needs to develop more strongly along the above mentioned EU lines in order to reach a real integration potential. To promote such a development means dealing with prevailing geo-political circumstances and introducing domestic political reforms. The two are heavily interlinked. As noted by George T. Abed\textsuperscript{22}, partly because of the region’s geopolitical importance, external hegemonic influences prevail over weak state systems governed largely by authoritarian regimes. This, George T. Abed observes\textsuperscript{23}, is coupled with four other problems. Firstly, political fragmentation and recurring conflict have hampered the development of democratic institutions. Secondly, the demarcation lines between the public and the private sectors are often unclear, encouraging conflict of interest, rent seeking and widespread corruption. Thirdly, transparency in government is often poor and accountability rare. Fourthly, civil organisations, such as professional associations, free and independent media, and autonomous non-governmental entities, are weak and are often co-opted by

\textsuperscript{20} Douglass C. North, \textit{Institutions, Institutional Change and Economic Performance} (New York: Cambridge University Press. 1990), 9

\textsuperscript{21} Ernest B. Haas, \textit{The Uniting of Europe} (Stanford: Stanford University Press, 1968).


\textsuperscript{23} Abed, 7-9
governments. As a consequence of these factors, citizen participation and private sector initiative have remained constrained.

It will be interesting to see to what extent Arab states can take up this challenge and overcome differences in the economic (rich and poor states), ideological (Sunnis versus Shiites or fundamentalist versus moderate forms of Islam) and political (over cooperation with western states, especially the United States) fields. Equally, it will be interesting to see to what extent the tendency for regional block formations, like NAFTA, Mercosur, APEC, and ASEAN, will stimulate further Arab regional integration. Yet the future development of Arab regional integration (whether on a general or sub-regional level) must also be seen in its relations with the Muslim world generally. Should the Arab regional integration efforts become stronger, and more like the integrative forms of the EU, a number of potential consequences or implications might also merit further attention. A more integrated Arab region might become more discriminatory in dealing with Muslim countries elsewhere in the world, in the way the EU is criticised as practising a “Fortress Europe” mentality. Such a scenario might therefore not be conducive towards greater cooperation among Muslim countries. Finally, also of interest for the future, will be whether the EU will promote greater Arab regional integration efforts, and how the EU will relate to these both economically and politically.
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