

Why the Maghreb matters

threats, opportunities and options for cross-border cooperation in North Africa

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The four countries of North Africa — Morocco, Algeria, Tunisia, and Libya — form a historic and civilisational island (*al-jazira* in Arabic) between seas of water and sand at the far end (*al-maghrib* in Arabic) of the Arab world. Yet they are ‘enemy brothers’, unable to bring their social and economic similarities together into a cooperative ensemble. As a result, open trans-border conflict lurks as a possibility and the welfare of all four countries is impeded.

Effects of languishing cross-border cooperation

Historically, the region was never fully integrated as a single political unit except once, in the 11th and 12th centuries under the Moroccan al-Moravid and al-Mohad dynasties. But the countries were united for long periods as neighbouring administrations under the same overlord – Romans for five centuries, Ottomans (except for Morocco) for four centuries, and French (except for Libya) for up to a century. During the anti-colonial struggle, the independence movements in three French areas – Algeria as an ‘integral part’ of France and Tunisia and Morocco as protectorates – cooperated closely, but separate independence dates (1956 for the protectorates, 1962 for Algeria) and different means of attaining independence pulled them apart onto separate paths, distinct identities, and discrete interests.

A number of attempts were made to organise cooperation after independence. The nationalist movements met in 1958 and the states set up a loose international organisation in 1964, but neither overcame divisive politics and soon collapsed. Instead Morocco and Algeria frequently claimed mutual subversion and fought border wars in 1963 and a battle in 1975. Tunisia and Algeria fought border wars in 1963, and Algeria and Libya had border skirmishes in 1985. Algeria and Tunisia (and Mauritania) in 1983 joined in alliance against Morocco and Libya, who made a counter alliance in 1984;

Algeria created an anti-terrorist military alliance with three Saharan neighbours in 2010, purposely excluding Morocco.

The four North African countries (plus Mauritania) in 1989 created a regional economic and security cooperation organisation, the Arab Maghreb Union (UMA), encouraged by a plan of the UN Economic Commission for Africa for regional groupings in the continent. The UMA has been ‘frozen’ since 1995, largely because of political tensions between Algeria and Morocco. It has not met at the decision-making level for nearly two decades, and sectoral commissions on various aspects of cooperation have made little progress. Tunisia and Morocco joined 17 other Middle Eastern countries in the Greater Arab Free Trade Area (GAFTA) in 1997 (joined by two other Mashriqi countries in the Agadir Agreement in 2004), which has made small steps toward freeing trade but covering only two Maghrebi countries.

External parties, especially the European states, have also attempted to bring the Maghreb countries together in a cooperative arrangement. Four such attempts have been made: the Mediterranean Action Plan sponsored by the UN Environmental Program in 1975, the Euro-Mediterranean Partnership in 1995, the European Neighbourhood Policy in 2004 and the Union for the Mediterranean in 2007 – the latter three all sponsored by the EU. The focus of these initiatives however has been on European-led dialogue, exchange and cooperation between the two shores of the Mediterranean, rather than Maghribi-led integration of the North African region.

Intra-regional merchandise trade has languished at 1.3 per cent of the region’s total trade, one of the lowest rates of any region in the world. The countries compete with each other in many products, and comparative advantages, economies of scale, and region-wide investment possibilities are in near-total

neglect. Annual per capita GDP growth from 1997 to 2007 was only 4.4 per cent, much lower than the rate experienced by the countries of Association of Southeast Asian Nations (ASEAN) – excluding Indonesia – and the countries of Central America that are parties to the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR). Unemployment is high, often above 20 per cent, and, unless action is taken, promises to increase because of a burgeoning demographic bulge in the region. Extremism threatens to further limit economic growth and foreign investment. Each country has opted to negotiate a separate economic agreement with the EU, rather than collectively negotiating for better terms, an option favoured by the Europeans. This likewise compares unfavourably with the experience of the ASEAN and CAFTA countries, which have realised increased political bargaining power from regional integration.

The loss is not only economic. Many inter-regional activities pass through the US or Europe rather than among North African countries. In transportation, it is still easier to fly through Paris than directly between countries. Academics in the same field often have little contact with each other except through meetings in Europe or the eastern Mediterranean, or those sponsored by foreign organisations. News coverage of neighbours is biased and wary.

In security, there is more cooperation with the US and Europe than among the Maghrebis. Instead of constituting a security community like the EU or NATO areas, defined as an area where war among members is not available as policy option, the countries arm themselves against one another and discuss the dangers of attack.

A substantial increase in employment opportunities is necessary to keep youth off the road of alienation, desperation, emigration, and al-Qaeda terrorism. This need is shared by Mediterranean EU countries to ensure stability in a region where both terrorism and demographic pressures pose an increasingly direct threat. If conditions in Morocco and Tunisia were to reach the levels of current insecurity in Algeria – where the UN headquarters in downtown Algiers was blown up three years ago, the president nearly assassinated, and travel to parts of the country is no longer safe – a vicious circle of government crackdowns and escalating terrorist attacks would be the likely result.

Potential gains of cross-border cooperation

Economic model analysis by the Peterson Institute of International Economics, *Maghreb Regional and Global Integration* suggests that a full-fledged free trade area (FTA) among the Maghreb countries would yield a gain in total

merchandise trade of some \$1 billion. Even this modest figure would almost double the extent of commercial relations within the region and pave the way for a future deepening of ties. FTAs between the EU or the US and the Maghreb would generate even larger gains. Based on gravity model calculations, total Maghreb trade would expand by \$4-5 billion (3-4.5 per cent) if the EU or the US separately establish a free trade area with the UMA region, and by nearly \$9 billion (nearly 8 per cent) if both establish regional FTAs with the Maghreb. In an EU-US-Maghreb free trade area, total Maghreb inward foreign direct investment (FDI) stocks would increase by \$5.8 billion (75 per cent), and total Maghreb outward FDI stocks would rise by \$3.9 billion. Both the US and European economies stand to benefit as well from enhanced cooperation with the Maghreb region over horizons of 2-5 years. While these projections are theoretical, they convey the promise in reducing trade and investment barriers for the Maghreb.

The major stumbling block on the road to greater cooperation is the Western Saharan conflict. This is a running sore between Morocco and Algeria that prevents regional cooperation in all areas. For the Moroccans, this former Spanish colony, administered for over three decades as Moroccan territory, was returned to Morocco as a result of a 1975 decolonisation agreement with Spain. The issue is regarded as an existential matter by the Moroccan public and government. For Algeria, the territory must achieve independence as the Sahrawi Arab Democratic Republic (SADR) through a confirmatory referendum organised by the UN, a procedure once adopted by the Security Council but now recognised as impossible.

The only current proposal for a compromise between these two positions has been a compromise offered by Morocco in 2007, which proposed a special status of autonomy under Moroccan sovereignty. The Polisario Front, the national liberation movement operating out of Algeria, has thus far refused to even discuss autonomy and has failed to proffer an alternative compromise solution. Morocco now governs the majority of the disputed area as an integral part of its territory with regular participation by the population in both local and national elections, but the Western Sahara is officially designated by the UN as a 'non-self-governing territory' pending final determination of its status. Some tens of thousands of Sahrawis also live under Algerian and Polisario authority in refugee camps near Tindouf in southwestern Algeria. It is in the interest of the US and the EU to see that this conflict does not continue, and to avoid an outcome that produces another Somalia on the Atlantic coast of North Africa.

The current stalemate, which began in 1991 following a UN and African Union negotiated ceasefire, is enormously costly

to both sides and costly too to the possibilities of inter-regional cooperation. Yet for each side stalemate is preferable to the preferred solution of the other side. The view that the current situation is either manageable or sustainable over the longer term is an illusion.

Morocco and Algeria keep a watchful eye on their delicate relationship and they share an interest in not letting that relationship explode. But things have a habit of getting out of hand on occasion, as Arab-Israeli and Indian-Pakistani relations have demonstrated in recent years. In these areas, it was often a third party rebellious movement – Hezbollah and Islamic Jihad in one case, and Lashkar-e-Taiba in the other – linked with internal factions on one side or the other that triggered cross-border explosions and dragged the confronting states beyond their sober policies. Any worsening of bilateral Maghrebi relations would strain relations with Europe, Russia and America, and could lead to a crisis in relations at an inopportune moment.

Efforts for cross-border cooperation

The decision to turn to greater cross-border cooperation in the region can only come from the highest levels in each country, and in this case that means the very personal attention of the heads of state – Mohammed VI in Morocco, Abdelaziz Bouteflika in Algeria, Zine Labadine ben Ali in Tunisia and Muammar Gaddafi in Libya. Pressure points in such a situation are difficult to find. However, they exist, at very high and much lower levels.

The lower levels concern public opinion, the media, NGOs, and political parties. None of these have the weight one might find in a more developed country, but they do exist and the leaders are not insensitive to them. Morocco and Algeria, under a monarchy and personalised leadership respectively, are multiparty polities; in Tunisian and Libyan autocracies, civil society would be the source of pressure in the absence of political pluralism. Studies have shown that integration takes place when it becomes a party platform across the potentially integrating countries, and this is true for cooperation, a looser form of integration. To date, this has not occurred, so what is necessary is a less formalised effort led by NGOs to bring the message of the benefits of cooperation to the decision-making levels.

The higher levels refer to other states, friends and allies of the Maghreb countries, who can weigh heavily on the North African leaders, in all the parties' interest. A focused policy to encourage Maghreb economic cooperation will have multiple components, beginning with a new approach that treats the region as a unit rather than a collection of competing bilateral relations. Discussions called for in existing EU-Moroccan and



EU-Tunisian FTAs and the US-Moroccan FTA on coverage by the agreements' rules of origin can be used to explore creative ways to greater cooperation, including regional cumulation or 'economic integration zones' modelled on the successful Qualifying Industrial Zones in Jordan and Egypt that are tied to the US-Israel FTA. The US and EU can build upon their trade and investment framework agreements in the region (as done with the Asian Pacific economic region) and bilateral investment treaties with Tunisia and Morocco to promote regional trade and investment liberalisation.

Maghreb partners of the US and the EU can also be encouraged to eliminate their own tariffs and non-tariff barriers on products imported from other Maghreb countries and reduce barriers to intra-regional investment and trade in services. The US can create mandates for regional projects in North Africa for the Trade Development Agency, Overseas Private Investment Corporation and the Ex-Im Bank. The US and Europe can also create regional, private sector initiatives through instruments and programmes such as the US Center for International Private Enterprise, and promote FDI that focuses on the region as a whole, instead of simply on a country-by-country basis.

By emphasising reform, the EU has done much to improve the business climate in Eastern Europe and it can do the same for the Maghreb. The US can cooperate with ongoing EU initiatives such as the Barcelona Process for Euro-Mediterranean cooperation, the eastern Mediterranean 5 [European]+5 [Maghrebi] efforts at handling common challenges, and the French-sponsored Union for the Mediterranean designed to promote exchanges between the north and south shores, all of which can benefit from some external energising. One example would be US support for systems for independent administrative and judicial review of customs determinations.

The US and the EU can encourage harmonisation of regulatory regimes throughout the region to the highest

possible standards, as is being done for ASEAN in Southeast Asia and Asia-Pacific Economic Cooperation (APEC) forum in the Pacific area. In the Maghreb, where both the US and European countries have common interests, the two sides of the Atlantic can find a common cause for cooperation and overcome the temptation to see each other as competitors and to be played off against each other. This requires focused dialogue, measures of collaboration, and attention to mutual benefit.

The most dangerous future challenge to the region concerns its water supply. The Maghreb is now a 'water-threatened area' where water is in scarce supply, and will soon become a 'water-deficient area' where water supplies are seriously inadequate to human, agricultural and industrial needs. A coordinated international effort to support research, investment and infrastructure development to meet the threat before it crunches agriculture and urban life in the region is a critical confidence-building measure.

As in any of these areas, collaborative research can help improve general research and development capacities in North Africa. As leading members of the international financial institutions, the US and EU countries can coordinate projects to promote North African regional integration, including current efforts at high-speed train and motorway construction and crisis stabilisation in the region. Other sectors ripe for greater regional cooperation are energy (including wind generation), agribusiness and banking.

Security rests above all on the improvement of socio-economic conditions and the development of a healthy society and economy, so that youth are not drawn down into the pit of despair and rebellion, with the unemployed seeking outlets for their despair in terrorism, *jihadi* groups, drug networks, and smuggling. Without greatly increased levels of cooperation and coordination among the Maghreb countries and with the US and the EU, the *sahel* region will continue to be the Achilles heel of any efforts at regional security. The unregulated and ungoverned areas, including those populated by the Polisario refugee camps, are real threats to cooperation and stability in the region.

Moroccan security services have been more effective against *jihadi* groups since the deadly attacks on Casablanca in 2003 and Madrid in 2004, and within the past year several major Moroccan terrorist cells with roots and connections in Europe have been dismantled before they could carry out their attacks. Although security has improved in Algeria since the series of Al Qaeda attacks in the Islamic Maghreb in 2007, the attacks continue and Algeria could benefit from increased regional cooperation. It would be far more efficient in meeting these

threats to complement 'vertical' cooperation with the US and Europe with 'horizontal' cooperation between Maghreb countries. Examples include regional training programmes on anti-terrorism, drug smuggling, trafficking in persons, illegal immigration through existing multilateral programmes (like NATO's Med Initiative) or through bilateral efforts of both the US and European allies.

The states of the EU and NATO security communities can help the countries adopt confidence- and security-building mechanisms (CSBMs) as a step toward the development of a security community in the region, where war is no longer conceivable as an arm of intra-regional policy. The most obvious measure to promote regional integration is to reopen the border with road and rail services between Morocco and Algeria and increase direct flights between the Maghreb capitals. The countries of North Africa face no threats external to the region, and they know that a war in the region would be costly and unproductive. Security cooperation is an option that the US and the EU can facilitate, and would help forestall an accidental escalation of tense relations between neighbours. Removing the single largest issue in the way of security cooperation by resolving the Western Sahara conflict would allow Morocco and Algeria to turn coordinated attention to the security problem to their south, permit them to reduce their forces level and halt their arms race and free them to devote more of their budgets to civilian needs.

For those who feel that the Western Saharan issue is merely a symptom, not a cause, of ill relations, its removal can eliminate a specific instance of cross-border conflict and clear the way for other measures of cooperation and CSBMs that can chip away at bad neighbourly relations.

It should also be obvious that the Saharan problem will not be 'solved' in any absolute sense in the near future, but that a new compromise status could allow attention to be focused on specific components of the situation without remaining stuck in the larger principled deadlock. If the US and the EU states members of the UN Security Council provide active leadership, there are good prospects for creating an environment for action toward a solution based on the compromise expressed in the UN-favoured sovereignty/autonomy formula. Already, these countries can adjust their policy on development assistance and investment support to offer direct assistance and development programmes in the Western Sahara for the benefit of the local population and to provide better opportunities and a more hopeful future for the people of the region. Such a leadership role would benefit the entire Maghreb and the interests of the external sponsors as well.