IAI0914

DOCUMENTI

IAI

REPORT OF THE CONFERENCE “IS REGIONAL COOPERATION IN THE MAGHREB POSSIBLE? IMPLICATIONS FOR THE REGION AND EXTERNAL ACTORS”

by Silvia Colombo

Report of the conference "Is Regional Cooperation in the Maghreb Possible? Implications for the Region and External Actors”, second seminar of the Mediterranean Strategy Group, organized by the German Marshall Fund of the U.S. in cooperation with the Istituto Affari Internazionali (IAI) and with the support of the Compagnia di San Paolo, ENEL, OCP Group, the Calouste Gulbenkian Foundation, and the Luso-American Foundation

Genoa, May 10-12, 2009

The German Marshall Fund of the United States

STRENGTHENING TRANSATLANTIC COOPERATION

Istituto Affari Internazionali

Mediterranean Strategy Group

Genoa

May 10 – 12, 2009

"IS REGIONAL COOPERATION IN THE MAGHREB POSSIBLE?"

Implications for the Region and External Actors

Organized in Cooperation with the Italian Institute for International Affairs (IAI) and with the support of the Compagnia di San Paolo, ENEL, OCP Group, the Calouste Gulbenkian Foundation, and the Luso-American Foundation

REPORT OF THE CONFERENCE "IS REGIONAL COOPERATION IN THE MAGHREB POSSIBLE? IMPLICATIONS FOR THE REGION AND EXTERNAL ACTORS"

by Silvia Colombo

The German Marshall Fund of the United States (GMF), in cooperation with the International Affairs Institute (IAI) of Rome, held the second seminar of the Mediterranean Strategy Group in Genoa on May 10-12 2009 under the title "*Is Regional Cooperation in the Maghreb Possible? Implications for the Region and External Actors*". The meeting is part of a multi-year project of dialogue and analysis exploring critical Mediterranean issues in a transatlantic context. The Mediterranean Strategy Group is conducted with the support of the Compagnia di San Paolo, ENEL, OCP Group, the Calouste Gulbenkian Foundation, and the Luso-American Foundation. The decision to convene the meeting in Genoa was in keeping with the city's identity and role as a "gateway to the Mediterranean," and the discussion benefited from both the setting and the assistance of the municipality.

Our roundtable discussion brought together some forty experts from the public and private sectors from North Africa, Europe and the United States, and was conducted under Chatham House Rules (i.e., on a not-for-attribution basis). An agenda and list of participants is included at the end of this report.

Sessions were designed to provoke discussion on the general theme of the political-economic and geostrategic challenges posed by underdeveloped south-south ties – the "costs of a non-Magreb" – and policy implications for regi onal and extra-regional actors.[1] The meeting also explored possible lessons from other regions where historic impediments to cooperation and integration have been overcome.

The opening remarks emphasized the importance of sharing views and experiences on the issue of regional integration in the Maghreb, starting from the assumption that this area of the world is of strategic importance for both Europe and the US and that addressing its problems should be a key part of the transatlantic agenda. Several participants underscored the need for European and American experts and policy-makers to pay greater attention to regional dynamics in adopting common approaches and policies. Some key issues besetting the Maghreb countries are regional – Islamic fundamentalism, terrorism, minority-related issues, immigration, and the waste of natural resources – and therefore need to be addressed through a comprehensive regional strategy.

[1] For the purposes of our discussion, the "Maghreb" was understood as embracing Morocco, Algeria, Tunisia and Libya. Mauritania, too, is part of the region, but was not a central focus of our debate.

1. State of Relations in a Fragmented Region: The Economic and Strategic Costs of a "Non Maghreb"

The point was made that greater attention needs to be devoted to the costs imposed by the limited integration so far accomplished in the Maghreb. Much has been written concerning the economic dimension of this lack of integration – including such sensitive issues as the spread of informal trade and smuggling across borders, money laundering, and drug-related problems – while other cultural, social, and political aspects have been often overlooked. While the costs of a "non Maghreb" were discussed at some length and from various perspectives, according to some participants this question is not the relevant one. The central questions, it was argued, are rather: what *kind* of integration can we realistically pursue? How can we make deeper forms of regional integration viable and durable? Whose interests should we try to accommodate? How can the European Union benefit from a market of 100 million people in its southern backyard?

While emphasizing the need for a regional framework of cooperation in order to increase the region's international role and its bargaining power relative to other areas of the world, and above all in relations with the "north", most Maghrebi participants did not conceal their skepticism about the outcome of the cooperation initiatives currently underway, which range from purely regional groupings, such as the Union for the Arab Maghreb (UMA), to mixed, north-south forums such as the "5 + 5 dialogue".

The debate focused on the goals of such integration/cooperation processes and on what is at stake for both Western and regional countries. On the one hand, it was observed that the goals are mainly shaped by the interests and projects of external actors, above all the EU and the United States. From this perspective, regional dynamics are understood as driven primarily by the increasingly fashionable Western interest in integrating the Maghreb into the global system, and strengthening regional ties with the US and the EU. The latter, it was argued, may eventually benefit from the existence of a fast growing and better integrated region on its periphery. On the other hand, integration and cooperation can also be seen as functions of regional or domestic dynamics, as processes that provide strategic tools to cope with internal as well as regional policy challenges.

But to what extent does the "non Maghreb" constitute an obstacle to the consolidation of relations between this region, on the one side, and the EU and the US, on the other? The following points were made: a) individual Maghreb countries compete with one another for attention and strategic resources from external partners and donors; b) at the same time, Europe still tends to approach north-south relations on an individualized, bilateral basis. It was argued that by engaging largely bilaterally with a region where integrative projects are rudimentary, the EU can end up reinforcing the current fragmentation. In the view of one participant, "the central issue here lies in the form of engagement that the EU is pursuing towards the Maghreb region."

Another participant stressed that the US, for its part, does not even think of the Maghreb

as a region *per se*, but rather as a collection of individual states, each one having different problems and requiring different strategies. Washington tends to see the Maghreb as a relatively stable part of the Arab world and, as a result, does not see it as an area requiring focused or immediate attention. Participants from both sides of the Atlantic, however, expressed the view that the US should rethink its engagement in the region – not least because it can become increasingly unstable in the next 10 to 15 years – and stop considering its fate as the sole responsibility of the EU and individual European member states. By the same token, another participant argued that, after focusing on its Eastern periphery for so many years, the EU should reconsider its priorities and choose to devote much more attention to the Maghreb region. NATO has and will face a similar tension between eastern and southern priorities.

Indeed, participants generally agreed that the EU and the US bear a measure of responsibility for the lack of integration in the Maghreb region due to the fact that they have failed to develop a clear, comprehensive, and common strategy towards the Mediterranean. The EU and the US lack a common understanding of the Maghreb's problems. Two main obstacles were mentioned: the very limited resources devoted to strengthening cooperation in the Maghreb on the part of both the Europeans and the Americans; and the EU's focus on soft security issues, such as immigration, drug trafficking, and energy, an approach widely seen as inadequate by regional partners. The US, for its part, has gone even further, with a perceived over emphasis on the counter-terrorism and hard security aspects of regional cooperation, especially in the post-9/11 period.

One participant suggested the need for a closer look at the interplay between regional cooperation and internal dynamics in order to pinpoint obstacles and opportunities. Four broad arguments were stressed by participants in the debate. First, terrorism and political violence were seen as symptoms rather than causes of the lack of integration in the Maghreb. Second, the desires and expectations of the populations of the Maghreb countries often stand in sharp contrast to the policies pursued by their governments at home and abroad. Third, the issue of leadership was raised repeatedly. Lack of political will was identified as a leading obstacle to deeper cooperation. In this context, a participant recalled the period between 1985 and 1991 when leaderships in key Maghreb countries seemed willing to take risks for change and integration. This "window of opportunity" closed swiftly with the Algerian elections in 1991 which precipitated the civil war in the country. Finally, participants acknowledged that the path to enhanced integration and cooperation in the Maghreb requires the involvement and active participation of civil society, the business community, and the education sectors, all actors that can exercise influence on the political establishment. This is something which the EU and the US must take into account when devising new political and economic strategies towards the region. Internal and external pressures facing societies across the Maghreb were characterized as creating a "window of necessity" for closer regional cooperation in the years ahead.

2. Opportunities and Obstacles in Key Sectors: Energy Trade and Alternative Energy

Participants agreed that energy is one of the most promising sectors for deeper cooperation across the Maghreb, and a critical driver of the region's integration on a global basis. But to be implemented successfully, most energy projects will require adequate harmonization of rules and standards. In addition, the global economic crisis is having a negative impact on the economic development of the Maghreb, a condition which is likely to continue in the medium term. Countries such as Algeria, whose economy is dependent on hydrocarbon exports and only slightly diversified, are likely to face tough times. In contrast, Morocco, while hardly immune to the global crisis, appears better equipped to deal with the consequences.

European cooperation on energy issues was generally deemed poor. The EU has been hindered in developing effective energy cooperation with North African economies, in large measure because it lacks a unified energy policy within Europe. The absence of networks to carry gas from the south of Europe to the north was also seen as impinging on the development of cooperation between the EU and the Maghreb region in the energy sector. This fact has negative repercussions for both the European market and Maghreb regional integration. It was noted that there are numerous projects to ship gas from the southern shores of the Mediterranean to southern Italy and Spain. The problem is that the energy markets in these two European countries are limited and saturated. There is a lack of local absorption capacity coupled with the difficulty in transferring energy northwards to wider European markets. Furthermore, these projects contribute, to a certain extent, to the further fragmentation of the south Mediterranean region since they are being developed on a strictly bilateral basis.

Because of the lack of common regulatory frameworks and infrastructure, European countries tend to consider the Maghreb region as an "energy hole" from which to pump ever increasing amounts of oil and gas. This is where the "cost of the non-Maghreb" lies in the energy sector since, as one expert underlined, the issue should not be regarded in purely energy security terms. Indeed, a clear consensus emerged regarding the important socio-political implications of dysfunctional energy cooperation in the Maghreb. The energy sectors in Algeria, Morocco, Tunisia, Libya, and Mauritania are underdeveloped in the sense that they exist as developmental islands, and do not absorb a significant share of manpower in societies plagued by chronic underemployment.

The problem of unemployment is rife and is posing serious threats to regional stability. Figures suggest that 75% of the unemployed are under the age of 30. Several participants doubted that investments in the traditional energy sector alone could spur sufficient economic growth, much less serve as an engine of integration in the Maghreb. Concerted action from the EU and individual regional countries is needed in order to foster the development of the renewable sector. A reference to nuclear energy was also made, though it was doubted that the region is technically prepared to develop this sector in meaningful ways.

3. Trade, Investment, and Infrastructure

Starting from the assumption that North African economies are mainly export-driven and consequently vulnerable to external pressures, participants acknowledged that current trends of integration and cooperation in the Maghreb region will have to be assessed in light of increasing competition from other countries, including India, Brazil, and China, all of which appear to possess important competitive advantages. One participant claimed that growing global competition might actually spur regional cooperation in a variety of sectors across the Maghreb, including trade and infrastructure.

In terms of trade relations, the Maghreb region is structurally linked with the European economy. Comparison between Maghreb trade with Europe – 73% of total trade – and intra-regional trade on the southern shores of the Mediterranean – approximately 4% – clearly shows the high degree of Maghrebi dependence on European economies. The opposite, however, does not hold true, since European trade with the Maghreb accounts for only 2% of the European total. Turning to the demographic imbalance which marks the relationship between the Maghreb and Europe, it was noted that the former is undergoing a demographic explosion, producing a surplus of labor which cannot be absorbed at the current pace of economic growth. Europe's outlook is precisely the opposite, with an ageing and shrinking population struggling to meet the demand for labor (despite some "relief" from the economic crisis in the near-term). Given these realities, it is in the interest of both regions to increase their cooperation on labor and economic planning. By 2050, some 16% of Italy's population will be of foreign origin, and many will occupy increasingly important positions on the labor scale. That said, one participant doubted that demographic issues in general, and the surplus of human resources in the Maghreb, in particular, will turn out to be so crucial a factor, since the demographic gap between north and south is projected to close in the coming decades.

Our debate turned to alternative approaches to the labor and development conundrum; whether to develop local human capital through education, to embrace substantial labor exports, or to create new job opportunities on a regional basis. One participant acknowledged that the new generations in the Maghreb suffer from a clash of values fostered by the use of satellite communications. The fact that very little emphasis is given to education policy in the framework of cooperation between the EU and the region poses serious problems. Programs of cooperation between the two regions have been targeted towards higher education and research, while little is done in the field of basic education and training. The Maghreb countries themselves are part of this problem. Experts agreed that mobility continued to be a defining feature of the contemporary Maghreb and the western Mediterranean (for Moroccan seasonal workers, "Barcelona is closer than Casablanca"). Nevertheless, further improvements in terms of sanctioned mobility are badly needed and this can only be attained through a drastic change in the EU's visa policy, to foster the free movement of people, especially among the younger generations.

Traditionally, the region has suffered from highly uneven patterns of mobility and

commercial integration. For large manufacturing companies such as Coca Cola and Unilever, the Maghreb already exists as an integrated market, with broadly similar tastes and patterns of demand. Significant new forms of cooperation are based on student exchanges, tourism, retail behavior, etc. Finally, the French business culture, so widespread in the Maghreb, facilitates regional cooperation to the extent that it makes shared practices and values possible.

Participants noted that improved infrastructure and increased foreign direct investment (FDI) in key sectors such as education and local administration are needed in order to foster cooperative projects in the service sector. It was remarked that the region should pursue its own project of integration starting from current conditions and opportunities, avoiding a simple "copy and paste" of the European model. Against this backdrop, the region might give priority to financial liberalization aimed at creating a suitable domestic framework to attract FDI and mobilize savings. Countries such as Morocco, it was argued, already enjoy some key conditions for development, including stability of the currency and low inflation. In concluding the session, participants noted that the overall challenge for the Maghreb economies is to turn resources such as rents from oil and gas exports, savings and FDI into shared wealth and development.

4. Development and Security

The fourth session was devoted to a thorough analysis of the linkages between "security" – broadly defined – and "development". At the outset, the question was raised of whether the connection between these two concepts reinforces integration in the Maghreb, or undermines it. One participant observed that the way in which the EU conceptualizes the link between development objectives and security policies has significance for the kind of interventions it pursues in the region. In general terms, it is possible to speak of the relationship between security and development "tightening" both internally and externally across Europe. The EU has given high priority to security issues – largely understood in the south as "exclusion and control" – with a focus on terrorism, weapons proliferation, and immigration. The focus on security issues in the Maghreb does not necessarily translate into new investment in development, either economic or political. On the contrary, it can be argued that this trend has had a negative impact on development policies, not least as security concerns constrain labor mobility and reduce workers' remittances. It was noted that the current economic crisis, and the general flight from risk is "sucking capital out of North Africa into Europe", exacerbating this situation.

Our debate highlighted at least two negative consequences of the "securitization" of regional policies around the Mediterranean, and especially in relations with the Maghreb. First, there is a risk that excessive emphasis on security issues, with huge amounts of money being invested in hard and soft security, will blur the lines dividing "security" from "defense" in the narrower sense. Second, it was argued that the European obsession with security is increasingly used as a justification for political immobility on the part of more authoritarian regimes in the region. Here, security-oriented perspectives and policies can work against democracy. Against this backdrop,

one participant invited the audience to look at the way in which the debate about "security" and "democracy" has changed in Western discourse. After 9/11, democracy was regarded as a panacea for a plethora of security concerns. More recently, in some quarters, democratization is painted as potentially destabilizing in social, political, and economic terms. Growing criticism has even been voiced against liberal democracy as a breeding ground for ethno-nationalist conflicts and social tensions.

Another participant addressed the relationship between security and development starting from an analysis of the European Security Strategy, which identifies security as a "precondition for development". The same participant doubted that this is really the case in the Maghreb, where economic development is often seen as the essential precondition for security – precisely the reverse of the prevailing formulation. The crisis in Algeria between 1988 and 1992 clearly showed the connection between economic grievances and social strife. In the same way, the social crisis which erupted in Tunisia during the 1980s was deeply connected to economic development or, rather, underdevelopment and poverty. Without question, setbacks in the economic and political development of the Maghreb will have far-reaching consequences for the region's security.

5. Lessons from Other Cases: Balkans, Aegean, Latin America

The Maghreb is not the only region in the world which has to deal with long-standing impediments to regional integration and cooperation. Seminar participants were offered an opportunity to compare and contrast the Maghreb case with other regional experiences, namely those in the Balkans, the Aegean and Latin America. Various issues were addressed in the presentations and ensuing discussion, including: the overall nature of the integration process – top-down or bottom-up; the role of external actors, above all the EU and the US, in reinforcing or hindering regional initiatives; the coverage of regional issues by the media; the socio-economic and political underpinnings of the process; and the impact of the global economic crisis on the future of regional integration in general.

Both the Balkan and the Aegean cases, it was argued, show that regional integration/cooperation can be achieved only through a two-fold approach, top-down *and* bottom-up. One participant stressed that political leaders, civil society actors and the business community must be involved. No clear consensus emerged on whether the situation in the Maghreb is ripe for such active involvement at the grass-roots level in promoting regional integration/cooperation. In some respects civil society is still embryonic and highly dependent on external support. On the other hand, social pressures deriving from shortcomings of the domestic political and economic systems are building up. They may threaten stability in the years to come, or they may serve as a force for positive change. Latin America is a special case. The integration process there, which dates back to the 19th century, has clearly been more top-down, based on the republican form of government in the domestic arena and the recent promotion of free trade.

On the role of external actors, the Balkan experience testifies to the relative weight which the European Union has had in influencing the integration/cooperation process in the region. Balkan States are now part and parcel of the European integration process, and are heading towards membership in the EU. This necessarily shapes the direction and outcome of the policies pursued. By the same token, the EU played and still plays a dual role in the Aegean. On the one hand, it has acted as a powerful magnet, first for Greece and then for Turkey. It also appears as a vital and intrusive force, establishing conditional relations with the countries that have been attracted into its orbit. On the other hand, the EU has been the indispensable partner. Participants debated whether anything would change in the impressive processes of détente and practical cooperation between Greece and Turkey if the latter were deprived of its EU membership perspective.

One participant contended that democracy was a necessary precondition for regional integration in Latin America. Once individual Latin American countries established democratic political systems, it was easier for them to develop a culture of cooperation, starting from the economic sector. One of the problems identified concerns the asymmetry which exists among the members of Mercosur – Brazil is far too big for Mercosur and Latin America. While it is prepared to cooperate with other countries in the region on economic matters, it is not so keen on pursuing deeper political integration, given its ambition to play a more prominent global role. It was suggested that Egypt aspires to a similar role in the Maghreb, and the Arab world. Another participant disagreed, suggesting instead that the EU itself plays the truly asymmetric role in a setting characterized by vast power disparities along north-south lines. Lastly, our debate turned to the question of whether even well-established integration schemes such as Mercosur, or even the EU, will face new pressures from above and below as a result of the global economic crisis and demands for new approaches to global governance. This, too, could influence the role of these projects as models for integration in the Mediterranean.

6. What is Possible? Net Assessment and Policy Implications for External Actors

The final session was devoted to a comprehensive assessment of the obstacles and opportunities for regional cooperation and integration – and the implications for stakeholders beyond the Maghreb, and on both sides of the Atlantic.

It was emphasized that the many threats and challenges affecting the area are among the major factors hindering economic integration and political coordination in the Maghreb. Some participants argued strongly that, in the final analysis, the advent of democratic institutions is the only way to address these problems. Others lamented that the reality on the ground falls far shorter of political rhetoric and the lofty aims of existing institutions. The business sector across much of the region (Morocco and Tunisia are exceptions) remains embryonic, and its voice is too feeble to be heard by the government agencies charged with developing integrative projects. Setbacks are commonplace, even where opportunities have been identified. The failure of the Algerian authorities to grant Moroccan banks permits to open branches in Algiers was

mentioned as an example.

The seminar was reminded that the role and interests of external actors merit some honest assessment. Are the US and the EU really so anxious to foster regional integration in the Maghreb, or is the preference for a bilateral, "hub and spoke" approach to north-south relations in the Mediterranean structural and durable? One participant acknowledged that, on certain issues, the US prefers to work on a bilateral basis, striking agreements with individual countries as a matter of practicality or even habit. A European participant pointedly acknowledged the problematic legacy of European colonialism in the Maghreb. It was also suggested that the atmosphere has been affected by the Iraq war and the status of the Middle East peace process, with the result that Europeans and Americans have lost a good deal of their credibility and leverage in the region. The perception of "double standards" will continue to have a negative impact on the whole architecture of regional cooperation and its external promoters. In a slightly different vein, it was stressed that "acting on the context" requires, first of all, tackling a number of issues which have long been overlooked, namely current trends and ideologies in political Islam.

Finally, external actors were urged to approach the region with a more concerted and intelligible set of policies. The absence of a clear transatlantic approach breeds confusion in the Maghreb and encourages go-it-alone policies among Maghreb states concerned about their own weight and regional influence. The "winds of change" that are blowing from the American administration following the election of President Obama could provide the starting point from which to reach out to the Maghreb region and start the much needed action of fence-mending in the Muslim world. This new approach can and should include support for integrative efforts around the southern Mediterranean. Our debate underscored the fact that obstacles to cooperation across borders in the Maghreb remain very substantial at the political and practical levels, but the constituency for cooperation is growing and should be encouraged by leading actors outside the region.