

Strategic Sectors | **Economy & Territory**

North Africa More African than Ever: Maghreb Countries towards ECOWAS

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Maghreb Countries Look South

Though North Africa has long been seen as separate from the rest of the continent, recent years have brought growing rhetoric around the engagement of Maghreb countries with sub-Saharan Africa. This appears to follow rising trade and investment flows, improved transport connections as well as greater political cooperation. Though these economic ties are not new, as this note discusses, levels remain low and thus have the potential to grow. It may be this along with the desire to re-engage politically that is driving recent discourses on engaging with the rest of Africa.

The sense that North African engagement with sub-Saharan Africa is rising rests on the request by Maghreb countries to join regional economic communities (RECs) in sub-Saharan Africa: Morocco has formally requested membership of the Economic Community of West African States (ECOWAS); Tunisia joined the Common Market for Eastern and Southern Africa (COMESA) and has ECOWAS “observer” status. Though partly a response to the ineffectiveness of the Arab Maghreb Union (AMU), classified by some as a “zombie” organization,¹ and the Community of Sahel-Saharan States (CEN-SAD),² both African Union-recognized RECs covering the North African countries

– the overtures towards ECOWAS and COMESA seem to also reflect changing political interests as well as greater opportunities for trade and economic cooperation. In fact, the moves may be seen as efforts to politically cement the economic ties that already exist, particularly looking at West Africa.

Links to West Africa

The ECOWAS region includes 335 million people, or a third of the total sub-Saharan African population, and has a combined GDP of \$700 billion (as of 2014). The region is an increasingly important market for North African goods and services. As Charts 38 and 39 below show, exports from Maghreb countries to ECOWAS increased almost ten-fold between 2000 and 2017, from less than \$200 million to over \$1.8 billion, with a particular rise in Moroccan goods entering the market. Imports from ECOWAS to the Maghreb, on the other hand, have also increased, though more slowly. Nonetheless, Maghreb countries’ trade with ECOWAS is still a small share of their overall trade, and the values involved are much lower than for their trade with the European Union.

There is therefore potential to further increase trade relations and economic cooperation between these regions. The low levels of intra-regional trade in the Maghreb (only three percent, compared to 10 percent in ECOWAS) are said to cost each country an estimated 2.5% of GDP annually³ and 220,000 job opportunities. Closer ties within and between African

¹ GRAY, Julia. “Life, death or zombie? The Vitality of International Organizations.” *International Studies Quarterly*, 62(1): 1-13, 2018. www.researchgate.net/publication/323912619_Life_Death_or_Zombie_The_Vitality_of_International_Organizations.

² Please consult the interactive map by ECDPM, based on previous work on regional integration, for an overview of African countries’ membership to different regional blocs <https://ecdpm.org/dossiers/political-institutional-dynamics-regional-organisations-africa/>.

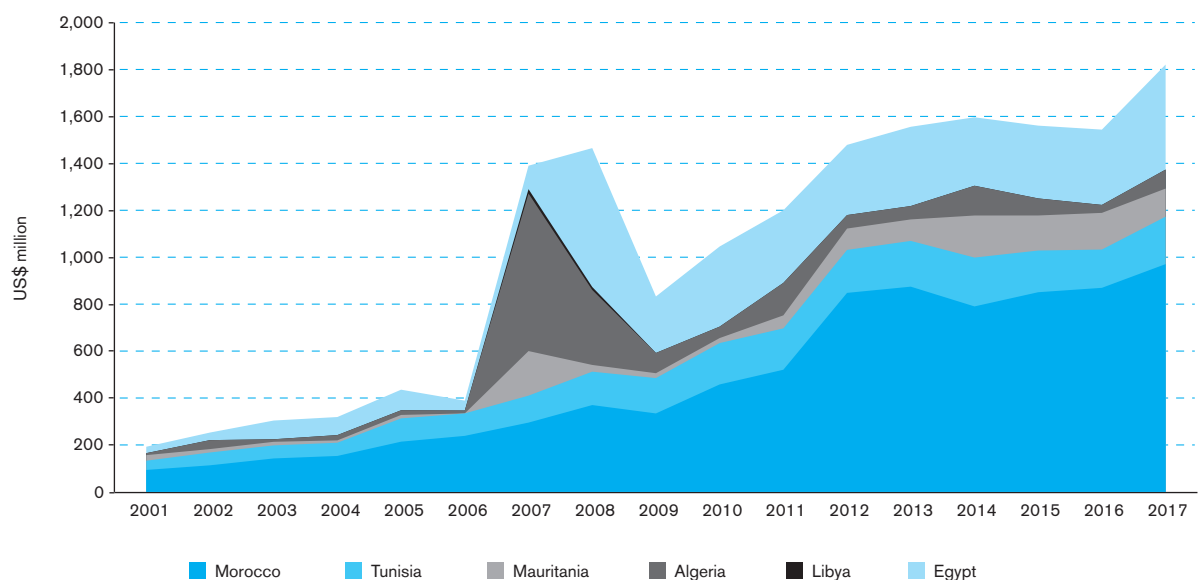
³ GHANMI, Lamine. “Tunisia joins West Africa trade bloc, eyes export market,” *Middle East Online*, 21/07/2018. <https://middle-east-online.com/en/tunisia-joins-west-africa-trade-bloc-eyes-export-market>.

RECs, especially ECOWAS could potentially bring economic benefits for these countries.

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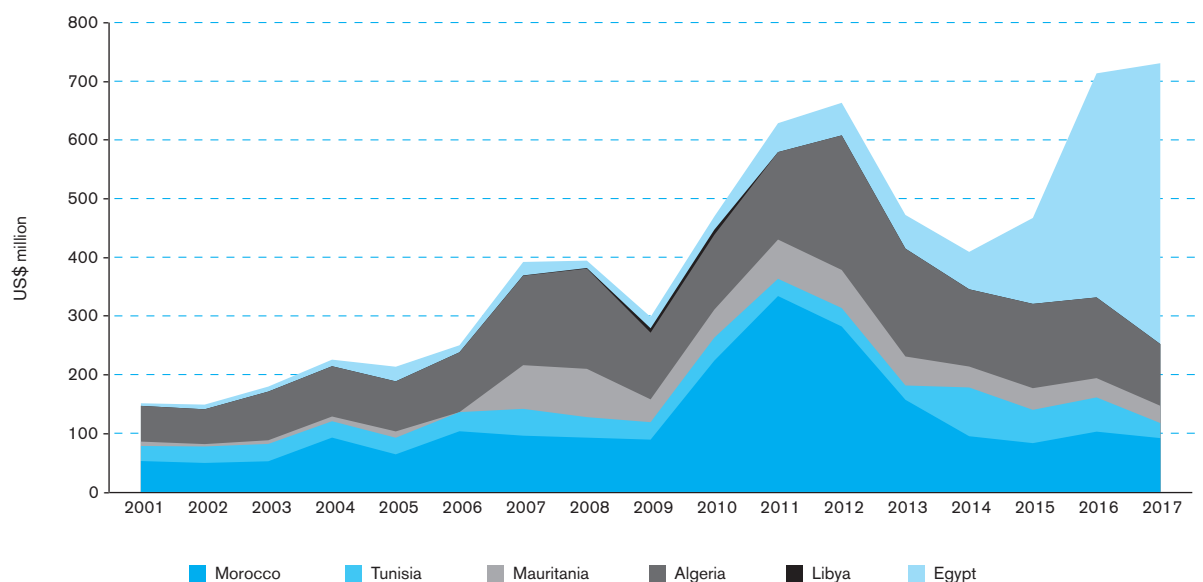
Apart from economic interests, security imperatives in the Sahel also contribute to the growing interest in ECOWAS and West Africa more broadly. The threat of terrorism in the region has propelled further political cooperation from North Africa to deal with this crisis. Algeria especially has played a more prominent role than others in this regard.

CHART 38 Exports to ECOWAS



Source: ITC Trademap.

CHART 39 Imports from ECOWAS



Source: ITC Trademap.

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Each to His Own... but Building on Past Relations

Up until recently, Maghreb countries have mainly relied on national strategies to pursue their interests in sub-Saharan Africa, each finding their own niche.⁴ Morocco has seen the most dramatic changes to its relations with the rest of Africa in the past few years. After leaving the AU for 33 years, the country was readmitted in 2017. It then applied to join ECOWAS. Moroccan exports to ECOWAS have grown at almost 15 percent a year for almost two decades, with the bloc accounting for 35 percent of Morocco's total exports to sub-Saharan Africa.⁵ On average, half the goods entering ECOWAS from North Africa are Moroccan. The country has also made significant investments in infrastructure through its public enterprises. For instance, there are now weekly shipping links to **37 ports in 21 countries**⁶ in the region. Casablanca⁷ is a regional air transport hub where Royal Air Maroc has 170 flights to 30 destinations. Itissalat al-Maghreb, the country's largest telecom company, generated 43 percent of its turnover from its West African subsidiaries. Its interests are not limited to only infrastructure however – Attijariwafa, the country's largest (public) bank has 443 branches in the region. Private sector companies also have a sizeable presence in industries, ranging from food-

stuffs to machinery and chemical goods. According to African Development Bank estimates,⁸ some 85 percent of Morocco's outward foreign direct investment (FDI) goes to sub-Saharan Africa, in sectors like banking, insurance, infrastructure and telecommunications. FDI to ECOWAS countries specifically amounted to US\$153 million in 2015.⁹ As King Mohammed of Morocco said on the eve of rejoining the AU, the country's links with Africa "[...] have remained strong and African sister nations have always been able to rely on us."

Tunisia's engagements in ECOWAS have been very different compared to Algeria's. Its private sector played a crucial role in forging relations with the region, which, in turn, have shaped the country's approach as it looks for new markets.¹⁰ These private interests have created enough momentum so that the Tunisian government is now looking to invest in transport links and increasing the presence of its banks in the region. The country is a member of the Common Market for Eastern and Southern Africa (COMESA) since 2018, and in 2017 attained observer status in ECOWAS. Even so, trade with the ECOWAS region remains smaller than that of Morocco or Egypt. Mauritania was part of ECOWAS before leaving in 1999. It is said that the country viewed the regional bloc's move to turn itself into a customs and monetary union as affecting their economic sovereignty.¹¹ That may be changing, with Mauritania signing an association agreement with ECOWAS in 2017. Integration with West Africa is expected to bolster trade flows along the country's Road of Hope (Route de l'Espoir), a coastal highway for Moroccan trade with Senegal, whose east-west road links the capital, Nouakchott, to Mali and Burkina Faso.¹² It wants to

⁴ DE GROOF, E. et al. (2019) "North Africa's Double Pursuit – Part I." *Discussion paper* No. 238, January 2019. ECDPM. <https://ecdpm.org/wp-2content/uploads/DP238-North-Africa-double-pursuit-Part-1-looking-north-moving-south-continent-to-continent-ECDPM-January-2019.pdf>.

⁵ LÔ, Moubarrack. "Relations Maroc-Afrique subsaharienne: quel bilan pour les 15 dernières années?" *OCP Research Paper* November 2016. www.policycenter.ma/sites/default/files/OCPPC-RP1610v2.pdf.

⁶ BYERS, Bruce and ABDERRAHIM, Tasnim. "Morocco's accession to ECOWAS: Building bridges or rocking the boat?", ECDPM blog, 19/02/2018. <https://ecdpm.org/talking-points/moroccos-accession-ecowas-building-bridges-rocking-boat/>.

⁷ NORTH AFRICA POST. "Morocco reaps diplomatic gains of soft power in Africa," 10/04/2019. <http://northafricapost.com/29771-morocco-reaps-diplomatic-gains-of-soft-power-in-africa.html>.

⁸ NORTH AFRICA POST. "Moroccan companies 'thrive' in West Africa – The Economist says," 24/07/2018. <http://northafricapost.com/24672-moroccan-companies-thrive-in-west-africa-the-economist-says.html>.

⁹ FDI stock rose from US\$492 to US\$976 million between 2010 and 2014 (Impact Report, 2017).

¹⁰ Ibid.

¹¹ FREEDOM HOUSE. *Freedom in the world Report 2019: Mauritania*. <https://freedomhouse.org/report/freedom-world/1999/mauritania>.

¹² KEDE, Shoshana. "Mauritania at a crossroads," *African Business Magazine* 18 April 2019. <https://africanbusinessmagazine.com/region/north-africa/mauritania-at-a-crossroads/>.

cut down the costs of trading with its neighbours and crack down on illegal trading and smuggling. Moreover, the Mauritanian diaspora plays a significant role in the trading economy in many sub-Saharan African, especially ECOWAS, countries.

Though Algeria is yet to approach the RECs, part of the increasing interest in sub-Saharan Africa is also reflected in the Maghreb countries' roles at the African Union. Algeria prides itself on the vital role it has historically played in pan-African issues, not least supporting liberation movements.¹³ The country remains one of the largest contributors to the AU, alongside Egypt and Morocco¹⁴ and has played an important role in peace and security, building on its own experience in counter-terrorism during its civil war in the 1990s. The country has consistently held the position of Commissioner of Peace and Security at the AU since its creation in 2002 and hosts the African Police Organization (AFRIPOL), as well as the African Centre for the Study and Research on Terrorism (ACSRT).¹⁵ It has also had bilateral engagements with several countries, though it remains reluctant to engage militarily abroad.¹⁶ While it has a rich history of political cooperation in the region through continental institutions, Algeria's trade relations do not match this dynamism. The uncertainty around current electoral events and protests may have an impact on the future of this peace and security role traditionally assumed by Algeria.

This interest to engage more with sub-Saharan Africa is not constrained to the Maghreb but also other North African countries, notably Egypt. After experiencing a lull under Hosni Mubarak, Egypt is becoming increasingly proactive in African affairs, not least as it assumes the chairmanship of the African Union's (AU) Assembly of Heads of State. There was a clear

message of intent from President Sisi "to bring Africa closer together, both politically and economically" at the Africa Forum in 2018,¹⁷ which was hosted by Egypt. Membership of COMESA allows the Egyptian private sector to explore further opportunities on the continent. However, West Africa is also of increasing interest, especially given the significant peace and security concerns of combatting extremism and terrorism. Trade relations with the region have also been evolving; while exports account for some 20 percent of the total entering the ECOWAS market from North African countries, imports from the region have been low except the significant jump in fuel imports, especially from Nigeria, since 2015.

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Economic Realities or Political Demand?

There has been strong pushback¹⁸ to Morocco's application to ECOWAS by Nigeria, which accounts for 75 percent of ECOWAS GDP. It is argued that Morocco's admission would damage Nigeria's manufacturing sector and lead to higher unemployment and poverty. There are also concerns that Nigeria's influence and leadership in the region could be jeopardized with Morocco's entry.¹⁹

¹³ Algeria provided financial and military support to several liberation movements around Africa. www.iol.co.za/the-star/pics-algeria-the-fulcrum-of-revolutions-2095360.

¹⁴ The big five, namely Egypt, South Africa, Morocco, Algeria and Nigeria, together contribute about 50 percent of the AU's total assessed contributions. PHARATLHATLHE, Kesa and VANHEUKELOM, Jan. "Financing the African Union," *Discussion paper* No. 240, February 2019. ECDPM www.iol.co.za/the-star/pics-algeria-the-fulcrum-of-revolutions-2095360.

¹⁵ DE GROOF et al, *op cit*

¹⁶ Algeria is not part of the G5 which it sees as an ad-hoc structure created by France and the EU (DE GROOF et al. 2019)

¹⁷ BUSINESS FOR AFRICA AND THE WORLD CONFERENCE 2018. "Egypt looks to play a key role in driving regional integration in Africa." www.businessforafricaforum.com/egypt-looks-to-play-a-key-role-in-driving-regional-integration-in-africa/.

¹⁸ BYERS, Bruce and ABDERRAHIM, Tasnim, *op. cit.*

¹⁹ According to the impact report analysing the political, security and economic effects of Morocco joining the group, Nigeria's economic dominance would decline from 78 percent of ECOWAS GDP to 67 percent, with Morocco accounting for 15 percent of the region's GDP. https://es.scribd.com/document/367443857/Etude-d-Impact-Sur-Les-Implications-de-l-Adhesion-Du-Maroc-a-La-Cedeao#download&from_embed.

While North African countries increasingly appear to be looking south, this is perhaps only an attempt to render pre-existing political ties and growing economic relations explicit

Even though Morocco's financial contribution to the bloc will offset the losses in customs duties,²⁰ fears are expressed that Morocco's Association Agreement with the EU could mean a flooding of the regional market with European goods, undermining domestic industries. Moreover, there are issues of compatibility between Morocco's bilateral agreement with the EU and ECOWAS rules, casting doubt on Morocco's ability to comply with both at the same time. Applying tariffs in line with the ECOWAS Common External Tariff (CET) would also take away its goal

of becoming a hub for global production, logistics and trade.²¹ In general though, North African countries do not see an apparent contradiction in their pursuit of greater economic integration with ECOWAS and beyond, while honouring bilateral trade deals with the EU.²²

In conclusion, while North African countries increasingly appear to be looking south, this is perhaps only an attempt to render pre-existing political ties and growing economic relations explicit. But, the possibility of formalizing these into regional memberships is far from certain, particularly while political change continues to play out in the region. Between post-revolution dynamics and on-going political change, all Maghreb countries are currently facing domestic political challenges that, ultimately, will take priority over engagement abroad. In the end, it may be a long-term game, while the interest from the rest of the continent in engaging with the Maghreb must also be taken into account.

²⁰ CHARA, Jihan. "The tale of Morocco in ECOWAS – Analysis," *EURASIA Review*, 17/09/2018. www.eurasiareview.com/17092018-the-tale-of-morocco-in-ecowas-analysis/.

²¹ E.g. having a US company move part of its production to Morocco so it can export to ECOWAS duty-free.

²² DE GROOF et al, *op cit*.