

The Necessary Dream of Maghrebi Integration

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The current international system is undergoing a process of transition as a consequence of changes brought about by globalisation, giving rise to a set of unprecedented opportunities for the development of Southern countries. The new regulations have fostered the growth of the world economy and have facilitated the rise of China and India as emerging powers of the 21st Century.

Nevertheless, the window of opportunity that opened with the rehashing of the international structure will not remain open indefinitely and therefore, in the medium term, only those countries that manage to take advantage of the opportunity now and make the right decisions will gain a better position. By the same token, those that do not manage or refuse to take advantage of the situation will have to pay the price of a lost opportunity, insofar as they shall be in a weaker situation and risk being relegated to an increasingly irrelevant position in the global arena.

In this perspective, the Maghreb countries are at a crossroads: they must decide whether to continue as before, playing the old game of the Nation-State closed in on itself, or on the contrary, whether they prefer to bet on advancing towards real integration, which would allow them to gain a more solid position in the international arena.

With this concern in mind, the European Institute for the Mediterranean, (IEMed) in conjunction with the Centro Internacional de Toledo para la Paz (International Peace Centre of Toledo, CITpax) organised the first edition of the international seminar, *Del Coste del No Magreb al Tigre Norteafricano* (From the Cost of the Non-Maghreb to the North African Tiger), held in

May of 2006. It attracted over a hundred major figures of the economic, political and intellectual spheres of the Maghreb, Europe and North America. One of the organisers' goals for the seminar, whose second edition is slated for autumn of 2007, is that it becomes an annual gathering where experts of the region can come together to explore strategies and cooperation opportunities among the countries of the Arab Maghreb Union (AMU) and the European Union.

Being aware of the fact that, in the face of ever-increasing international economic competition, only processes of integration offer a sufficiently efficient dimension on a global scale – and this principle is particularly applicable in the case of small and medium-sized States –, we have decided to approach the seminar as a prospecting exercise allowing us to foresee the gains that could ensue for the Maghreb countries by the year 2020.

The initial situation has both positive and negative aspects. On the positive side of the balance sheet, there has been substantial progress over the past few years resulting in stable macroeconomic conditions, the application of certain economic reforms, an increase in foreign investment and growth in GDP, which has lately been registered at an annual 4% to 5%. Such progress notwithstanding, there are sufficient shortcomings, evident in the fact that economic growth rates have not managed to rise on a par with demographic growth, a particularly serious matter in an area of the world where unemployment rates are expressed in two-digit figures, reaching 20% among youth. The same is true of direct foreign investment, which, though it is on the rise, has not reached the levels of other areas in the world. Another item on the negative side is the fact that the intra-Maghreb goods trade rate is very low and compares negatively with that achieved by other regional blocks. This can be partially attributed to the existence of little intraregional complementariness due to the low diversity

of exports (although this has been changing since the 1990s, in particular in Tunisia and Algeria, countries that have demonstrated greater dynamism in export activity) and the limited size of markets.

In the face of such a panorama, it is clear that none of the Maghreb countries is in a position to stand alone in the growing world competition for resources, investment and markets, especially insofar as competing with China, India or South-East Asian countries. In this regard, regional integration emerges as the most reasonable alternative allowing Maghreb countries to successfully compete in the world economy.

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Among the first benefits that could result from the economic integration of the Maghreb would be the creation of a regional market of over 75 million inhabitants, of a similar or even larger size than the markets of many major actors in the international arena. This would, in and of itself, constitute a stimulus for local businesses to grow and become more efficient, as well as a significant factor in attracting foreign investment. The advantages of constituting such a market would be manifest not only in terms of macroeconomic growth, but also in improvement in the quality and prices of goods and services as well as in the creation of jobs. Limited integration of regional goods trade would be a good initial response, though not sufficient to meet the challenges discussed above. This is why, according to economic prospect analyses, it would be best if this process were accompanied by the reform and a gradual opening up of the services sector, whose positive effects would translate into a substantial increase in per capita income.

In any case, it is obvious that the potential benefits resulting from regional Maghreb integration would go beyond productive improvements to be reflected in the achievement of other goals common to the countries involved, such as the implementation of

indispensable reforms and greater stability and social progress, among other things.

In this perspective, the consolidation of the Maghreb as a regional block should also serve to position it on the global arena and strengthen its ties with the European Union. Its relation with the latter is of particular importance, since it is the main source of imports and the primary destination of exports for Maghreb countries. It is worth pointing out the multiple benefits of the Maghreb's geographical and political proximity to the EU. Such geographical proximity represents an opportunity to access the large European market and provides an elevated potential for development, above all if work is done to foster the complimentary nature of strategic sectors. By the same token, it is doubtless that the European Union constitutes an invaluable ally in South-South integration processes, in the Mediterranean Basin in general and in the Maghreb region in particular, as has been repeatedly demonstrated by policies implemented within the frameworks of both the Barcelona Process and the European Neighbourhood Policy (ENP).

Algeria, Morocco and Tunisia are EU Partner States through the Euro-Mediterranean Partnership Agreement, whereby Libya has an observer status at Foreign Minister Conferences while Mauritania, a signatory country of the Cotonou Agreement that aspires to become fully integrated in the Barcelona Process, traditionally participates in meetings as a "special guest of the EU Presidency." It would therefore not be extravagant to assert that the Maghreb countries all share the status of special EU partners.

On the other hand, it is undeniable that the benefits of Maghreb integration would also have a positive effect on common Euro-Mediterranean strategy and the attainment of objectives such as creating a zone of peace, security and shared prosperity. Among the spheres that could be useful as a basis for Maghrebi integration, energy plays a distinguished role, the countries of the region being sources or strategic areas of transit for natural gas and oil. Energy can serve not only to structure intra-regional relations, but also to consolidate ties with the EU and other African countries. Other spheres of interest that could serve to foster integration are the financial sector, that of telecommunications and, obviously, that of construction of the necessary infrastructures, which play a fundamental role because they serve as a support for the remainder of economic activities.

In this regard, in 2006 two specific steps forward

WORLD ECONOMIC FORUM ON THE MIDDLE EAST

SHARM EL-SHEIKH 20TH–22ND MAY 2006

More than 1,200 government, business and civil society leaders from 46 countries met together in pursuit of outcomes to help pave the way to a more peaceful future for the Middle East under the working theme "The Promise of a New Generation."

For the first time, the main themes at the heart of the World Economic Forum's agenda were the challenges and opportunities given by an increasingly youthful Middle East. Even though the focus was on how to create 80 million jobs over the next 20 years, participants highlighted other challenges: the conflict in Iraq, the unresolved Israeli-Palestinian problem; increasing tensions over Iran's nuclear programme, the negative impact of higher oil revenues, and insufficient investment in essential infrastructure.

Participants deliberated on five sub-themes: Democracy, Peace and Security; the Business Agenda; Global Integration; Investing for the Future; and Youth and Understanding.

- Democracy, Peace and Security: political and business leaders attending the Forum expressed a strong desire to move faster on political participation and dialogue. Many leaders stressed that reforms towards democracy are proceeding but at the same time emphasized that change has to come from societies themselves. During the Summit a meeting took place between the Israeli Deputy Prime Minister, Tzipi Livni, and the Palestinian Authority President Mahmoud Abbas. It was the first high level meeting between the two sides in almost a year. President Abbas restated the necessity of a two-state solution and the implementation of the UN-supported roadmap.

For the first time, the Forum gathered women ministers from across the region to develop an action plan to face the region's gender gap in terms of private and public sector policies.

On the subject of Iraq, some participants considered the formation of the new government positively while others remained unpersuaded that democracy, peace and stability would move forward as long as the occupation continued.

- The Middle East Business Agenda: the Middle East and North African (MENA) countries' greatest asset is its young men and women together with under-utilized and unrecognized values, but the region has to face enormous challenges and obstacles in the future: a weak legal system,

poor regulatory framework and underdeveloped financial institutions. To attract more investors and promote stability, markets in the region need tighter regulations, stricter enforcement, reliable rule of law and investor education. The current oil price windfall offers the chance to promote genuine reforms to those countries that should promote growth with social equity.

According to the results of a survey conducted by the World Economic Forum and involving business participants regarding their perception of the risk environment in which they lead their corporations, the key concerns are the escalation of violence and the rise of terrorism.

- Global Integration: The integration of the Middle East in the global economy will deliver benefits and disadvantages. The most problematic factors for doing business in the MENA region is linked with policy and security risks but even if they disappeared, other investor concerns would be: bureaucracy, access to financing and lack of education. At the same time, the presence of representatives of other countries (France, USA, Japan and Pakistan) showed their will to deepen relations with the Middle East.

- Youth and Understanding: more than half of the Arab world is under 18. This demographic situation poses challenges: the need to create 80 million new jobs in the next two decades and the need to give these young people a proper education to form the leaders of tomorrow. A proper education, on the one hand, to improve job prospects and, on the other, to create a generation of peace-builders. To this end, curricula must be reformed to embrace diversity and teach the common values of all religions, encouraging a dialogue between cultures.

The World Economic Forum on the Middle East closed with a call for government, business and civil society leaders to collectively address all the challenges mentioned above confronting the region.

For Further Information:

General information: www.weforum.org/middleeast

Programme: www.weforum.org/middleeast/programme

Interviews with key participants: www.weforum.org/middleeast/indepth

The Complete Report: www.weforum.org/pdf/SummitReports/middleeast2006.pdf

were taken within the framework of the Arab Maghreb Union (AMU), which groups together the five countries in the region and seeks to serve as the motor for its integration. Thus, at a meeting in Tripoli in January, the Council of Foreign Ministers agreed to call upon a task force to complete a draft for the creation of a regional free trade area. Two months later, at a meeting in Rabat, the ministers approved the creation of the Maghreb Bank for Investment and Foreign Trade, constituted under the control of the central banks of the five countries of the region and which will be endowed with an initial capital of one billion dollars. Neither the arguments in favour of Maghreb regional integration based on rational economic and technical analyses nor the proposals to advance in this direction made by the AMU, which was founded in 1989, are

wholly new. What is recent is the accelerated increase in pressure from international economic competition, as well as the perception of a change in the structure of the international framework which – in this sphere – tends towards multi-polarity, providing an opportunity for the emergence and/or consolidation of new actors. This is a situation that calls for overcoming difficulties of a marked political nature that have been preventing the execution of an integrative process whose benefits for all countries concerned could well compensate the effort necessary for changing the current status quo, best represented by the closed borders between Morocco and Algeria. To dream of a united Maghreb and do everything possible to achieve it is an opportunity that must be taken today to prevent nightmares tomorrow.