THE ARAB MAGHREB UNION IN CRISIS:
Rethinking North Africa’s Forgotten Union

EPI WORKING PAPER
HAFED AL-GHWEll

JANUARY 2019
Hafed Al Ghwell
Senior Fellow

Hafed Al Ghwell is a non-resident Senior Fellow at the Foreign Policy Institute (FPI) of the Paul H. Nitze School of Advanced International Studies (SAIS) at John Hopkins University. He is also a Senior Advisor at Maxwell Stamp Inc., an international economic consultancy firm, where he specializes in Middle East and North Africa political economy issues and leads the global strategic communications practice. He is also a Senior Advisor with Oxford Analytica, the global risk consultancy. Hafed also serves as a member of the Strategic Advisory Solutions International Group (SASI), a group of distinguished former U.S. Ambassadors, senior U.S. Military Officers, and Business Executives. He is also a Columnist with Arab News, the oldest English language daily in the Arab world and was until March 2015 a Non-Resident Senior Fellow at the Atlantic Council’s Hariri Center for the Middle East in Washington, DC.

Hafed served as Advisor to the Dean of the Board of Executive Directors of the World Bank Group until the end of 2015. From 2009 to March 2012, he was an Advisor in the Office of the Vice President for the Middle East and North Africa and a Program Coordinator in the Office of the Vice President of UN and External Affairs, also at the World Bank.

Hafed was also Director of External Affairs and Communication at the Dubai School of Government, and part of the senior management team, from 2007 to 2009. He joined the Dubai School of Government, a partnership with the Harvard Kennedy School of Government for the Arab World and now known as Mohamed Bin Rashid School of Government, on a secondment from his position as the Head of the Global Network of Public Diplomacy, Information, and Communication Centers for the World Bank. Prior to that, Hafed served as a Principle Associate at Foreign Reports, the venerable advisory group on the politics of oil in Washington, DC. Hafed also served as a junior economist at the IMF before joining Foreign Reports.

Hafed is a veteran commentator on the political economy of the Middle East and North Africa. His analyses are widely published in international media, including ABC News, BBC, DW, Al-Jazeera English and Arabic Channels, NPR, PBS Front Line and News Hour, Financial Times, Wall Street Journal, Washington Times, UPI, Newsweek, the National Newspaper, Gulf News, and the Washington Diplomat, among many others.

Hafed holds a B.A. in Economics from the George Washington University, Harvard University’s Postgraduate Executive Certificate in Leadership, and a Postgraduate Executive Certificate from Stanford University in strategic communication, in addition to numerous executive programs in public policy and global economic development at the World Bank Group.

FOREIGN POLICY INSTITUTE

The Foreign Policy Institute (FPI) of The Johns Hopkins University’s Paul H. Nitze School of Advanced International Studies (SAIS) was established in 1980 to unite the worlds of scholarship and policy in the search for realistic answers to international issues facing the United States and the world.

FPI seeks to advance practically oriented research and discussion about foreign policy. To this end, it organizes research initiatives and study groups, and hosts leaders from around the world as resident or non-resident fellows in fields including international policy, business, journalism, and academia.
# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACRONYMS &amp; ABBREVIATIONS</strong></td>
<td>4</td>
</tr>
<tr>
<td><strong>SUMMARY</strong></td>
<td>5</td>
</tr>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>6</td>
</tr>
<tr>
<td><strong>THE PATH TO DEEPER INTEGRATION</strong></td>
<td>10</td>
</tr>
<tr>
<td><strong>POLITICAL STABILITY</strong></td>
<td>11</td>
</tr>
<tr>
<td><strong>IMPROVED MARKET ACCESS</strong></td>
<td>12</td>
</tr>
<tr>
<td><strong>GOOD GOVERNANCE</strong></td>
<td>12</td>
</tr>
<tr>
<td><strong>YOUTH UNEMPLOYMENT</strong></td>
<td>14</td>
</tr>
<tr>
<td><strong>IMMIGRATION</strong></td>
<td>14</td>
</tr>
<tr>
<td><strong>SECURITY, INTELLIGENCE &amp; LAW ENFORCEMENT COOPERATION</strong></td>
<td>15</td>
</tr>
<tr>
<td><strong>EUROPE’S GATEWAY TO SUB-SAHARAN AFRICA</strong></td>
<td>15</td>
</tr>
<tr>
<td><strong>FOUNDATIONS FOR INTEGRATION</strong></td>
<td>16</td>
</tr>
<tr>
<td><strong>SOLAR ENERGY &amp; THE FUTURE OF THE MAGHREB</strong></td>
<td>16</td>
</tr>
<tr>
<td><strong>CONCLUSION</strong></td>
<td>17</td>
</tr>
<tr>
<td><strong>END NOTES</strong></td>
<td>19</td>
</tr>
</tbody>
</table>
# ACRONYMS & ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMU</td>
<td>Arab Maghreb Union</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>AU</td>
<td>African Union</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market For East And Southern Africa</td>
</tr>
<tr>
<td>DCTFA</td>
<td>Deep &amp; Comprehensive Free Trade Agreements</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>ECCAS</td>
<td>Economic Community Of Central African States</td>
</tr>
<tr>
<td>ECO</td>
<td>Economic Cooperation Organization</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community Of West African States</td>
</tr>
<tr>
<td>EFTA</td>
<td>European Free Trade Association</td>
</tr>
<tr>
<td>ENP</td>
<td>European Neighborhood Policy</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>GCC</td>
<td>Gulf Cooperation Council</td>
</tr>
<tr>
<td>GFTA</td>
<td>Grand Free Trade Area</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IEA</td>
<td>International Energy Agency</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank For Reconstruction &amp; Development</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>MENA</td>
<td>Middle East North Africa</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td>PPP</td>
<td>Purchasing Power Parity</td>
</tr>
<tr>
<td>SADC</td>
<td>South African Development Council</td>
</tr>
<tr>
<td>STEM</td>
<td>Science, Technology, Engineering &amp; Mathematics</td>
</tr>
<tr>
<td>WEF</td>
<td>World Economic Forum</td>
</tr>
</tbody>
</table>
SUMMARY

This working paper offers an assessment of the Arab Maghreb Union’s current state, particularly the level of integration within this North African sub-region compared to its links with the Arab world and the rest of the international community. It focuses on missed opportunities from a lack of deeper integration, as well as its spillover effects, such as increased immigrant flows to Europe, arms trafficking, and the lack of serious effort to invest in alternative energy in the Sahara for local consumption and as a lucrative export. It also examines possible solutions to realize immediate and long-term benefits for the Maghreb region, North Africa, Europe, and the rest of the Middle East.
INTRODUCTION

On February 17, 1989, Morocco hosted dignitaries and leaders from Algeria, Mauritania, Tunisia, and Libya to the signing of the first-ever treaty meant to organize these five North African states into a regional, economic bloc, with an eye to future political unity. At the time, these countries were home to more than 60 million people with livelihoods tied to the region’s wealth in oil, natural gas, phosphate reserves, other minerals, and fish. Even more, with the European Economic Community then on the verge of forging ever-stronger ties that birthed the European Union (EU) we have today, member states in the Arab Maghreb Union (AMU) sought to secure economic and political leverage with its northern neighbors, some of whom were fellow Mediterranean states and former colonizers.

For the optimist, the formation of the AMU was a sea change with enormous potential, economic and otherwise. For the pessimist, the region still bore wounds from the past that no amount of potential trade from increased economic cooperation and regional integration would heal. If we fast-forward to 2017, the World Economic Forum (WEF) Head of Social Engagement (for the Americas) Wadia Ait Hamza delivered a scathing rebuke of the Maghreb nations’ inability to forge pathways to deeper and closer integration mutually beneficial to all. In fact, the extremely poor levels of trade and/or commerce between the Maghreb countries, contributing less than 2% of the region’s combined GDP (nominal) of roughly $364.7 billion (PPP: $1.17 trillion), make the Maghreb the worst-performing regional trading bloc in the whole world.¹ Such figures are especially difficult to stomach given the level of similarities, cultural or otherwise, among the Maghreb countries. Most would even expect that any “union” of Maghreb economies would give Africa one of its best-performing trading blocs, given the region’s close proximity to the EU and the European Free Trade Association (EFTA), by far the world’s largest trading bloc, as well as the region’s shared access to the Mediterranean, and thus to members of the Gulf Cooperation Council (GCC), Global Free Trade Association (GFTA), Economic Cooperation Organization (ECO), and the Common Market for Eastern and Southern Africa (COMESA).

Unfortunately, most would be wrong; a recent World Bank report assessed that if the five Maghreb countries were more integrated, Algeria, Morocco, Tunisia, Libya, and Mauritania would, at the barest minimum, see a 5% increase in GDP.² Moreover, in the decade between 2005 and 2015, per capita real GDP would have increased by an average 28% for three of the five Maghreb countries.³ There is a wealth of data and statistics on which policymakers and leaders in the region can rely, most of which conclude that the Maghreb is better off unified and integrated under a common customs union. The primary aim of this union would be the support for open trade, privatization, liberalized markets, and guiding wide-reaching reforms in pursuit of harmonized laws and practices, as well as the creation of more effective regional bodies.

OVERVIEW OF THE MAGHREB

Comprised of five countries, Morocco, Algeria, Libya, Tunisia, and Mauritania, the Maghreb region is home to a total of 93 million people,⁴ which is roughly 23% of the Middle East North Africa (MENA) population. In 2016, without Libya, the Maghreb contributed just under 10% of the MENA region’s US$3.014 trillion GDP.⁵ Such numbers are indicative of the Maghreb’s peculiarities.

Though somewhat diverse in terms of resource endowments, there are some differences in the economic fundamentals between, for example, Libya and Algeria. Libya has a small population of slightly more than six million, yet its territory is the fourth largest in Africa and home to the largest proven crude oil reserves on the continent.⁶ Before the 2011 Civil War and ongoing instability, Libya’s 1.7 million barrel per day rate of production was second only to Nigeria.⁷ Currently, Algeria is the second largest oil producer while Libya lags further and further behind.

Even after more than two decades of developing the formal relationships necessary to sustain the first iteration of the Arab Maghreb Union, the region continues to perform poorly. Trade within the bloc (intra-Maghreb commerce) is dismally low and, without deeper integration and a formal customs union, trade with the rest of the world will continue to lag behind other comparable regions.⁸ These are rather unfortunate developments, given that the region is not exactly resource “poor.” The region’s natural resources include petroleum and natural gas in Algeria, Libya, and Mauritania;
abundant phosphate reserves in Morocco and Western Sahara; favorable climate for agriculture in Tunisia; and Mauritania’s metal ores and fisheries.

However, only Algeria, Morocco, and Tunisia have achieved better economic sophistication and diversification when compared to their regional peers and other developing world nations. Morocco and Tunisia are the only two countries that have managed to achieve better trading volumes and more diverse exports when compared to regional peers and even other developing world economies.

| Categories of Exports as a Percentage of Total Exports Per Country, 2016 |
|--------------------------|--------------------------|--------------------------|--------------------------|
|                         | Morocco                  | Tunisia                  | Algeria                  |
| Category                | %                        | %                        | %                        |
| Textiles                | 18.0                     | 30.0                     | Mineral Products         | 95.0                     |
| Machines                | 17.0                     | 23.0                     | Chemical Products        | 3.4                      |
| Transportation          | 15.0                     | 7.0                      | Foodstuffs               | 0.94                     |
| Chemical Products       | 14.0                     | 5.9                      | Machines                 | 0.36                     |
| Vegetable Products      | 9.8                      | 5.3                      | Vegetable Products       | 0.21                     |
| Mineral Products        | 6.4                      | 3.8                      | Stone & Glass            | 0.08                     |
| Animal Products         | 5.7                      | 3.7                      | Animal Products          | 0.06                     |
| Foodstuffs              | 5.0                      | 3.7                      | Paper Products           | 0.06                     |
| Metals                  | 1.9                      | 3.4                      | Animal Hides             | 0.05                     |
| Apparel                 | 1.6                      | 2.8                      | Precious Metals          | 0.05                     |
| Other                   | 5.6                      | 11.4                     | Other                    | 0.00*                    |

*Negligible

2016 Export Data at HS2 Depth, Observatory of Economic Complexity (OEC), MIT Media Lab/Collective Learning.

Libya underwent successive sanctions and embargo regimes between 1992 and 1999. These restrictions, combined with poor governance, impaired the North African country’s ability to utilize petroleum revenues for economic reforms and strengthen the fundamentals necessary for transforming its rentier economy. Between 2003 and 2008, Libya’s commitment to eliminating biological and chemical weapons (alongside other concessions like paying settlements for acts of terrorism and abandoning nuclear weapons development) eventually led to a period of normalized relationships with the United States, the United Kingdom, and the EU. This “re-engagement” with the world began to bear fruit as numerous economic indicators began to show improvement. GDP rose from US$20.5 billion in 2004 to over US$87 billion in 2008, while per capita GNI more than doubled from US$5,150 in 2004 to US$12,440 in 2010. However, its oil-rich yet labor-poor economy means that Libya must rely on immigrants and other types of foreign labor in order to invigorate other sectors of its economy, buoyed by crude revenues. Currently, a prolonged civil war and stalemate between two rival governments has eroded the economic gains made in the early 2000s. It has also hamstrung any efforts at rebuilding critical infrastructure and securing the necessary developments to recover, grow and establish long-term links with regional partners and the global economy.

Tunisia’s pleasant climate benefitted its inhabitants in a now bygone agricultural era. Over five decades, beginning in the 1970s, Tunisia’s agricultural sector had a lot of influence on the economy. In fact, there were times when the agricultural sector expanded at a rate that outpaced GDP growth. For now, agriculture contributes about 12% to the economy and employs 16% of the country’s workforce, driven mostly by large-scale enterprises. Despite the declining influence of the agricultural sector in the economy, Tunisia is still one of the top four exporters of olive oil, 70% of which end up as exports to the EU. Currently, however, the country’s agricultural sector has insufficient income and far too few jobs to attract greater employment opportunities, especially given a youth unemployment rate of 35.8% in 2017. As a result, the country relies on the tourist sector’s low-wage, low-skill labor to sustain employment numbers. Puzzlingly, Tunisia also has an underemployment problem, given its more dynamic and robust education sector that yields highly skilled graduates, only for them to grapple with far too few jobs that match their skill and talent.
Morocco’s phosphate mines contributed to nearly 19% of the country’s exports in 2017. Despite being the world’s second largest producer of phosphates and home to 72% of the world’s reserves, this extractive industry still does not generate sufficient revenue to guarantee development, investments, and support at the speed and levels necessary for sustained job creation, particularly for its youth.

Overall, Morocco benefits greatly from its proximity to the Iberian Peninsula and Europe as well as being half of the entry/exit into the Mediterranean Basin’s busy maritime commerce lanes. Labor is inexpensive and Morocco’s markets are more diversified when compared to its Maghrebian counterparts. In addition, the government’s recent efforts to shore up public finances, to include introducing a more flexible exchange rate, have also benefitted the private sector. Unfortunately, Morocco is still in need of deeper reforms, particularly to entrenched interests that enable extrajudicial influence and corruption.

Algeria faces few constraints given its hydrocarbon reserves and mature, stable petroleum industry, but the country still consistently fails to fulfill all or most of its energy potential. Oil and gas account for nearly a third of Algeria’s GDP and 95% of export earnings. Enormous potential remains untapped, given the large shale gas reserves that would likely cement the largest Maghreb country’s position as a key oil and gas supplier to the $19.7 trillion EU economy.

Unfortunately, this potential will likely remain untapped for the foreseeable future, as Algeria has become notorious for driving hard bargains and imposing difficult fiscal terms to potential international partners like the UK’s British Petroleum (BP), Spain’s Compañía Española de Petróleos SAU (CEPSA), France’s Total S.A., and Italy’s Eni SpA. These attempts to extract the most income possible have only slowed down the sector’s growth by dissuading critical investments that could expand production and develop capabilities necessary for Algiers to command a greater share of the lucrative natural gas markets.

The EU’s natural gas imports from Russia grew by 8.1% in 2018. Total EU natural gas consumption rose to 193 billion cubic meters, 14% of which came from Algeria, making it the EU’s third largest supplier. When combined with a newly redeveloped Libyan petroleum and natural gas industry, these two Maghreb economies along with Norway, could likely contribute more than the combined 44% of nearly 200 billion cubic meters that the EU imported in 2018 alone. Investing and developing aggressively in reliable energy supplies such as petroleum, natural gas, and even solar energy – a potential chief Maghreb export – can go a long way to address the all too apparent threat of an increasingly belligerent Moscow.

Now, with a keen eye for further expanding economic opportunities, a reinvented, more robust Maghreb trading bloc/customs union has the potential to harmonize investments, production, and other developments, especially between its foremost petroleum producers. This way, the region can set ambitious targets to supply its own energy needs, generate sustainable employment opportunities, and focus on exports that could provide precious funding for economic diversification and rapidly grow the private sector by shrinking the informal and public sectors.

One aspect of the social, economic, and political dynamics of the Maghreb is the prevalence of robust civil societies, a remnant of the French colonial legacy. (Morocco, Algeria, Tunisia and Mauritania were French colonies for 44, 130, 75, and 58 years respectively.) Over the years, these civil societies have fostered greater civic engagement, encouraged accountability and responsibility in elected officials, and increased inclusivity by representing marginalized groups. They have also been instrumental to the relative stability and better conditions enjoyed by civil servants and employees of government-owned enterprises. Unfortunately, bloated public administrations and inefficient bureaucracies have tempered opportunities for the youth and young adults. As a result, governments have begun pursuing reforms aimed at reducing the public sector’s footprint in the economy, which necessitates mass layoffs and wide-scale retrenchment. For societies that have formed such strong civil societies with the active involvement of labor and trade unions, discussions of layoffs, cutbacks, and even austerity are likely to meet with strong opposition. Even more, the electorate will more than likely favor political parties and government that can keep the status quo instead of initiating painful – albeit necessary – reforms.
Efforts at pursuing economic reforms, such as cutting food and fuel subsidies or reducing the public sector labor force and public spending, inadvertently pits members of this “third sector” against each other. Those connected to the public sector are less likely to accept reforms that would likely cut pay, benefits, or opportunities for long-term employment, which is rational given high unemployment particularly among the youth. For the unemployed and struggling members of the informal sector – comprised of individuals and entities that do not report income or pay taxes – these reforms are welcome efforts at addressing income inequality and other social ills. This divide eventually slows down reforms or even reverses them, which just tends to punish an oft-forgotten and anemic private sector. In other words, when Maghreb economies pursue austerity and tax hikes in order to improve competitiveness, they only tempt inevitable pushback in the form of strikes, civil action, protests, and violent civil disobedience.

Worryingly, Algeria continues to grapple with the aftereffects of a dramatic increase to its public spending. The 2008 Financial Crisis ushered in a Great Recession that led to global economic slowdown, which sent commodity prices tumbling. As a result, Algeria saw its GDP shrink by $32 billion (roughly 19% from 2008 levels). The overthrow of the government in neighboring Tunisia sent shockwaves reverberating throughout the Algerian government, which was deeply concerned about its own longevity. The government resorted to increasing public sector pay, doubling wages for civil servants between 2009 and 2011. It bought a panic-stricken Algiers some much-needed calm on the streets and tempered anti-government sentiment, but this strategy just added more pressure on the already over-burdened country’s budget. This decision now limits the government’s options, as was demonstrated by its 2015 reforms to pare down a fiscal deficit that reached 16% of GDP. Public spending still has not reached pre-2011 levels, even as the country’s critical energy sector brings in less oil revenue that should account for some 60% of the public budget. Algeria’s kneejerk reaction may have calmed restless nerves yesterday but neglected the immediate consequences and realities of today.

Ultimately, these large public sectors have burdened government budgets; they could not be funded reliably by tax revenues, and thus required eliminating key investments in education, healthcare, infrastructure, and social safety nets necessary to assuage high unemployment levels. This concoction of economic mismanagement tending to favor the military, elites, and the “well-connected” would eventually put governments out of touch with ordinary citizens. It would culminate in Mohamed Bouazizi’s self-immolation, which would go on to catalyze sustained anti-government protests and civil disobedience throughout the region.

MENA economies failed to keep pace with the rate of population growth for a variety of reasons. War, conflict, and sanctions contributed to this challenge in some countries, such as Iraq, Libya, and Syria, but in places that did not suffer such predicaments, youth unemployment rose inevitably as well. Whether rich or poor, Sunni or Shiite, Arab or non-Arab, Middle Eastern states report more young people searching for work with every passing year. Hampering the youth quest for jobs are a number of factors, including weak private sectors, mismatched skills, and a region-wide overreliance on the public sector. But beyond these similarities, local constraints and local problems have all conspired against youth trying their luck in the job market.

There is little appetite in the Middle East and North Africa for a repeat of the Arab Spring. But over the next few years, the demands for change will grow if no solution is found to the problem of unemployment among the additional millions who will enter the labor market this year. As the jobless suffer from poor work prospects year after year, they will question the economic and political systems that have endlessly promised solutions yet failed to deliver an acceptable standard of living. Inevitably, a lack of solutions will foment protests and, potentially, insurrection.

In 2011, MENA government officials, politicians and other stakeholders received a wakeup call that reverberated across the region and even garnered sympathy in far-off democracies. It is imperative that the Maghreb realize that the Arab Spring did not stop time, not even for a moment. It may have even accelerated it, forcing those in power to come up with working solutions before a second wave of revolutions become the youth’s biggest employer in a not-too-distant future. Had the Maghreb countries sought to strengthen ties by casting political aspersions aside, in order to realize economic gains, it is likely that the Arab Spring would have been avoided, although deeper integration would still have required the same sort of painful reforms and austerity we are seeing today.
It is unclear whether the five-member union will persist, despite renewed interest and strong urging by the EU, IMF, and World Bank. Study after study posits that the region could benefit enormously from deeper integration. Unfortunately, Maghreb government officials tend to dismiss the economic rationale and positive benefits of a continued union, with diatribes sourced from decades of tense relations, citing various malfeasances that range from subversion in other Maghreb territories (Libya and Algeria were allegedly notorious for this) to alleged assassination plots, and from mistrust to antipathy.

The Path to Deeper Integration

Each of the five Maghreb countries face numerous domestic challenges economically, politically, and even socially as each forges a path toward a future difficult to accurately define with the changing geopolitical tides. Sooner or later, policymakers, influencers, and leaders will need to grapple with the costs of implementing policies that cater to the conveniences of the present while ignoring the needs of the future.

It is not unreasonable to surmise that decades of unilateralism in the Arab Maghreb have resulted in societies, politics, and economies ill prepared to integrate and cooperate on a regional level. Regional integration, with a special emphasis on cross-border commerce, requires that member countries eliminate economic barriers and harmonize policy decisions by governments. This way, the Maghreb countries can maintain a level of parity necessary for the mutual exchange of capital, goods, services, and people, which are essential when aiming to achieve outsize economic gains. It falls on the current crop of leaders and future generations to seek new and permanent solutions to the current crises facing the region.

In the near-term, a commitment to the revival of a robust and deeply integrated union modeled on Europe’s Common Market could lend momentum to the Maghreb’s economic fortunes. Currently, four of five Maghreb countries are included in the European Neighborhood Policy (ENP), a foreign policy tool by the EU that governs relations between the trading bloc and its closest non-EU neighbors. Through the ENP, the EU incentivizes reforms and positive transformations in member developing countries, in exchange for financial assistance and tariff-free access to some EU markets. Given that Algeria, Morocco, and Tunisia already trade with the EU and are also members of the ENP, it presents a unique opportunity for these countries.

Firstly, it would allow for the development and implementation of harmonized government policies aimed at maximizing cooperation with the EU. Second, the three countries would share common goals between them, e.g., closer cooperation, increased trade, and access to EU markets. As a result, forming a regional body that develops policy and advises governments on reforms and positive transformation becomes a natural first step toward revamping the Maghreb Union. The next step would be the formation of a more robust regional trading bloc, primarily to bolster the free movement of goods, services, people, and capital.

An additional benefit for the Maghreb to operate as a trading bloc is maximizing bargaining power during trade negotiations. Ultimately, a new Maghreb Union can emerge as a stronger trading bloc, with rapidly diversifying economies buoyed by increasing regional commerce. It would also be possible for the region to utilize its newfound bargaining power by participating in bilaterals and pursuing even closer cooperation with the GCC, ASEAN and the Common Market for Eastern and Southern Africa (COMESA), the latter of which Tunisia is already a member.

In the short-term, however, a synergetic relationship will likely emerge in which Maghrebian energy (oil, gas, and solar energy) head north in exchange for Europe’s services, technology, innovations, and even some agricultural exports (given the Maghreb’s growing population with little food and fresh water supplies). Other benefits may lie in controlled migration from the Maghreb to Europe, whereby historical ties between France and its former colonies, for instance, can be utilized to attract the young and well educated as one of many solutions to an aging population.

However, the road to integration is fraught with many challenges, some of which will force the Maghreb countries to confront traditional, deeply held notions of sovereignty and unilateralism, as well as resistance to greater cooperation
with neighbors who are also fierce rivals. The Maghreb has a daunting list of challenges, each requiring deep commitment from current leaders, policy-makers, influencers, private business, and government to a bold set of policies and actions.

**POLITICAL STABILITY**

The most important factor in any effort to establish a revived Arab Maghreb Union is political stability. For decades, the five countries have grappled with numerous political crises. Although the Arab Spring attempted to force massive changes in political leadership, the ensuing rapid changes contributed to instability rather than solved it. In Algeria, for example, the government simply leaned on public finances to purchase stability, which left the country unprepared for a sudden drop in commodity prices that greatly diminished revenues from energy exports. Falling oil prices in 2014 had a significant impact on the Algerian economy, which is heavily reliant on the extraction and export of crude. Fiscal and external deficits widened to 20% and 16% respectively. The lack of political stability and internal security in Libya will hamper any region-wide attempts at closer cooperation. In fact, it would be extremely unwise to move forward on integrating the Maghreb while Libya, with its massive oil reserves and natural gas potential, continues to languish in its current state. On the other hand, four of the five Maghreb countries can still proceed with reviving the union while monitoring the situation in Libya, in anticipation of its transition to a stable government.

Any work toward revitalizing the AMU will need stable political environments in which governments, businesses, the international community, and other stakeholders can negotiate, free of disruptions or delays due to unstable governments. High-level interactions must deal with everything from the broad strokes to the minutia of establishing a more effective trading bloc. Unfortunately, when governments change and cabinets reshuffle, so too do the priorities at the negotiating table. It gets even more difficult to build consensus between combative sovereign interests, especially when compromises are undone and renegotiated with each new group of elected officials and their delegates.

As such, the Maghreb countries are in the midst of some political headwinds. The Tunisian government has changed seven times since 2011 as a result of elections, cabinet reshufflings, and a Prime Minister’s resignation. In Morocco, modest reforms may have saved the kingdom after the Arab Spring threatened to destabilize the monarchy. However, the 20-year sentences for Hirak Rif activists was enough to spark solidarity protests in Morocco’s capital. Protestors demanded that the government honor its promises to construct a school, university, and hospital in the Rif region. It is unclear whether King Mohammad VI’s carrot and stick approach – promises of reforms and cracking down on protesters and dissenters – will silence growing calls for wider reforms or just fuel more protests. After all, at the heart of the protests were the pervasive issues shared by the other Maghreb countries: poverty, unemployment, social inequality, and lack of economic development.

In Algeria, the impending 2019 presidential election has more or less sparked a series of political maneuverings. For now, support for the ageing President Bouteflika comes from four major political parties and a coalition of business leaders. It is unclear if a serious contender will emerge who could challenge the widely favored incumbent. Observers predict that even if President Bouteflika were to decline a fifth term, any successor will retain roughly equal chances of being elected. However, the government has not shied away from repression, with authorities moving to upend meetings of the Citizenship and Democracy movement, which seeks to end Bouteflika’s rule, and arresting some of its leaders and members. Additionally, the Algerian military’s outsize role in the economy, including the recent dismissal of several senior security and intelligence staff, is likely to have political ramifications beyond 2019.

The lack of economic development and investments in critical infrastructure have sparked protests in the southern Algerian province of Ouargla since 2013. Initially, the National Committee for the Rights of the Unemployed (CNDDC), a political movement comprised of unemployed activists, called for these protests in order to bring attention to the lack of development and opportunities in southern Algeria. Currently, however, the lack of tangible action by Algerian authorities is likely responsible for unemployed youths to threaten suicide as a form of protest. Other parts of southern Algeria, such as the town of Ain Saleh, have experienced clashes between security forces and protestors. Much
like in Morocco, these expressions of dissent and rage are rooted in a lack of opportunities, poverty, and slow pace of much-needed reforms.

Mauritania continues to grapple with major challenges, not just to its political stability but also to its national unity. The country’s ethnic minorities receive unequal access to everything from government to education, and even property. The Mauritanian government has gone as far as purges, ethnic cleansing, and expulsions, which, while clearly tragic, also prevent Mauritania from achieving national unity and political stability, let alone fair elections, respect for the rule of law, and democratic institutions. However, as long as the Mauritanian government continues to gloss over reports of slavery and respond to international criticism with ambivalence, it will be very difficult for the other Maghreb countries to negotiate for stronger ties and integrated markets. A poor human rights record is an anathema to any positive transformations that the international community can encourage, recognize, and support.

**IMPROVED MARKET ACCESS**

Given the nature of the global economy and current level of international cooperation among most countries, no country can thrive in isolation or with limited interaction within its region. Regional trade contributes enormously to productivity, long-term growth, and improved standards of living; greater cooperation, harmonized practices, and similar policies create parities on which entrepreneurs and investors can quickly capitalize. However, numerous market restrictions and barriers to trade and investment in the Maghreb block the flow of goods, services, labor, capital, technology, and innovation in the region.

From parity comes specialization and freeing up of resources and capital from less productive areas; these resources can then be redirected to sectors and/or industries that generate positive returns and employment opportunities. It is imperative that any plan to revive the Maghreb Union must insist on improved market access among regional members while negotiating with other trading partners using region-wide policies. This way, there is little bureaucratic red tape and cause for concern when it comes to foreign direct investment (FDI) inflows. Investors, trading partners, workers, and institutions will benefit from a unified set of enforceable rules and regulations regardless of whether they intend to invest in Rabat, Tunis, or Algiers. The Maghreb, for example, could use the EU’s planned Deep & Comprehensive Free Trade Agreements (DCFTA) with Morocco and Tunisia as a foundation for improved market access that goes even further by seeking to harmonize regulations and norms as a first step toward aligning key sectors in the sub-region with EU standards.

**GOOD GOVERNANCE**

A stronger union can only work if the underlying powers follow principles of good governance, shun corruption, and strengthen the institutions essential to private entrepreneurship, particularly in the sale and ownership of assets like land, the enforcement of contracts, and an outright ban on extrajudicial influence in civil matters. The Maghreb countries perform poorly in benchmarks that measure the effectiveness of good governance, the rule of law, promotion of competition, and the general ease of doing business. They could easily improve their positions by shrinking a public sector dominated by entrenched interests with ties to the ruling elite and military. These reforms, however, likely would be met with great resistance, and thus necessitate an approach that is both conciliatory (bringing in entrenched interests) and antagonistic to the status quo.

In addition to improving market access, governments must also try to privatize parastatals and other publically owned and/or operated enterprises. Granted, there will be significant opposition to reducing the government’s footprint, particularly in critical sectors like water, electricity, sanitation, healthcare, and even some of the capital-intensive extractive industries. However, there are numerous advantages to enabling the private sector to take over some of the roles filled by public entities, especially when government budgets are overstretched with little or no recourse during downturns or recessions.
In addition, where the military and other state actors own and control a number of entities that benefit from lucrative government contracts, it is still possible to “transform” these as part of efforts to aggressively expand the private sector and launch a powerful weapon against unemployment. Maghreb countries can mitigate the furor from entrenched interests by, for example, granting tax-exempt status in exchange for registration as a private company, subject to the same rules as all other private enterprises. It is imperative that entrepreneurs, investors, and innovators compete on equal footing without government interference in order to reduce waste, inefficiency, corruption, and nepotism.

This means that governments need to protect the judiciary’s independence as well as impartially enforce laws, arbitrations, and settlements absent extrajudicial interference from “connected elites.” If the Maghreb governments do not relentlessly pursue wide-reaching reforms to attract capital, goods, services, investments, ideas, technology, and innovation to their countries, they will find long-term economic stability elusive, which will only stoke the same fires that birthed the 2011 Arab Spring revolutions. This will further deteriorate North Africa’s ability to engage fully with the global economy in a way that benefits the region in terms of trade and cooperation. Furthermore, intransigence and defense of the status quo will continue to stifle opportunities for most citizens, which would only leave the Maghreb to languish in a self-defeating cycle.

One of the first steps to ensuring better governance and setting the stage for wide-reaching reforms in the judiciary and improvements in the rule of law is to limit the powers of executive branches. In Mauritania, the president can dissolve the National Assembly, a body that would otherwise hold the executive to account for abuses of power. Even more, the president can issue decrees, which ignore the will of citizens, denying them a say in government, the setting of national policy, or crafting of critical legislation. Also, the executive branch wields extensive appointment power over all top government posts and even over judicial institutions, not excluding the Constitutional Council. As a result, any dialogue aimed constitutional reform between President Mohamed Ould Abdel Aziz’s government and the opposition, i.e., the National Forum for Democracy and Unity, is likely to fail. The president has failed to unilaterally curb his own powers, either by instituting term limits, reforming the public appointment process and/or foregoing decrees in favor of consensus based legislation. Doing so would have eased the opposition’s fears that the incumbent is not committed to establishing a truly democratic government: a gesture of goodwill to an opposition that remains wary of cooptation and eventually, elimination.

Aside from the inherent problems of a centralized presidency, where President Aziz wields vast powers even over the judiciary, Mauritanian courts also face significant extrajudicial influence. Politically, the effectiveness of the judiciary is curbed by tribal connections and its cooperation, coerced by financial penalties or dismissals. As a result, the judiciary remains severely understaffed and underfinanced, weakened by external influences that favor entrenched interests and the ruling party. For extremely wary investors in the region or elsewhere in the world, this state of affairs combined with a sluggish pace toward reforming investment laws are reasons enough to withhold investment, thereby depriving Nouakchott with the precious capital it needs to further develop its economy and industries, particularly in oil and gas, where Exxon Mobil and BP have shown a keen interest.

In Morocco’s neo-authoritarian monarchy, respect for the rule of law is largely based on political leanings, and at the highest levels, the discretion of the king. As a result, political opponents, such as the Hirak Rif activists, tend to face stiff penalties while supporters or close associates of the government receive lenient sentences.31 After all, the king retains the right to legislate via royal commissions, adjudicate via judicial appointments, and enforce his authority via his leadership of the military. Despite the 2011 protests and attempts at reforms to quell civil disobedience, the king’s power has not decreased, nor has the monarchy reduced its own power in pursuit of an acceptable level of separated powers between the judiciary, legislative, executive, and monarchy. In Morocco, initiating the reforms necessary for swift progress toward more integrated markets and the formation of a stronger Maghreb Union will be largely dependent on the king. Even more, the judiciary is considered Morocco’s most corrupt sector and reforms attempted in 2011, 2013, and 2016 meant to strengthen the branch and secure its independence have failed to materially change this critical branch of government.
If Morocco desires to be a part of a revived Maghreb Union, the monarchy must find a way to tackle systemic corruption and commit to constitutional reforms that limit the king’s authority in favor of an accountable representative government. Alternatively, if limiting monarchical authority is not feasible, King Mohammed VI can still utilize his powers to initiate the transformation and reform process or empower the necessary entities within the Moroccan government to perform these functions. At stake is the future of the country, economic stability, and preventing greater civil disobedience, which would only subside after the adoption of extremes, like abolishing the monarchy altogether, for instance. Officials should not squander opportunities by implementing piecemeal reforms to quiet dissent.

If the Arab Spring illustrated anything at all, it was that the youth of the region are exhausted and desperate. With each passing day, citizens get more desperate. Protesters in Algeria, for instance, have threatened to end their own lives should government intransigence concerning developing the impoverished Algerian south persist. Self-immolation and hangings are on the rise as protesters resort to killing themselves in order to spur governments into action. Given that the 2011 Arab Spring began with Mohammad Bouazizi’s self-immolation, it is likely that rising suicides are not just a consequence of too few job and economic opportunities. Some of these might be new attempts to spark a fresh round of nationwide protests, an Arab Spring 2.0, but with the lessons and failures of 2011 still fresh. Should current inaction persist, taking to the streets and demanding more than what authorities are willing to give will likely be the only recourse for desperate citizens.

**YOUTH UNEMPLOYMENT**

Youth unemployment is a grave concern for all Maghreb countries, and the lack of comprehensive policies, programs, and initiatives to address this means that the problem will likely persist for several years to come. Aside from Tunisia, the rest of the Maghreb needs to enact serious reforms to education, training, and adult literacy programs by implementing national primary, secondary, and tertiary education curricula that emphasize STEM (Science, Technology, Engineering and Mathematics) and Computer Science as core competencies.

Additionally, by encouraging the learning of new languages, new graduates will likely see employment opportunities broaden. Being highly skilled and literate will also mean that, should immigration opportunities become available overseas, these young and capable adults will be best placed to take advantage of them, becoming contributing members to those societies while also sending remittances home.

The Arab Spring has already demonstrated what happens when youths remain unemployed. Dissatisfaction and unrest contribute to political instability and lead to migration outflows that hamper any effort to retain the talent and skills necessary for driving domestic economic growth and reforms. Thus, reforms should not only aim to improve the ease of doing business, market access, rule of law, and competitiveness, but also address gaps between the youth’s current biggest ‘employer’ – the under-regulated, non-reporting and non-taxpaying informal sector – and the largest contributor to sustained economic growth – the private sector. Tunisia, in particular, will need more robust reforms to address the mismatch between highly literate graduates and job opportunities where they are grossly overqualified and, as a result, poorly compensated. With improved access to regional markets, Tunisia could become a net exporter of talent and skills in the short-term, while spearheading region-wide education reform efforts to generate the same level of success achieved by its own literacy programs elsewhere.

**IMMIGRATION**

The geographical location of the Maghreb, though advantageous in a number of ways, also means that migration flows from Sub-Saharan Africa pass through four of five countries in this sub-region and then proceed by boat across the Mediterranean to European shores. Between 2014 and 2017, more than 150,000 migrants and refugees have attempted to reach Europe via Libya, a treacherous journey that has claimed some 3,000 lives every year in the same period. It was not until slave auction videos surfaced that the world came to realize the staggering numbers of Europe-bound migrants now trapped in an unstable, lawless Libya. An estimated 400,000-1,000,000 migrants remain trapped in Libya, vulnerable to traffickers, smugglers, criminal gangs, and militias who abuse, extort, rape and/or even murder them with
impunity. Given the critically unstable state of Libya, it is possible that there are many more migrants either stranded or attempting to make their way to Italy, Spain, Cyprus, Greece, Bulgaria, and France.

Unfortunately, as long as Sub-Saharan economies continue performing poorly, there will be a corresponding severe lack of opportunities for citizens to generate sufficient incomes from stable employment. According to a March 2018 Pew Research Center Global Attitudes & Trends report, more than half of the citizens in South Africa, Kenya, Nigeria, and Ghana have expressed a desire to move to another country if they had the means and the opportunity to do so. Nigeria and Ghana are already primary origin countries of migrants heading to Europe via North Africa. With populations in Sub-Saharan Africa increasing rapidly, migration pressures will persist; Europe and the Maghreb need to devise new long-term strategies to deal with the current humanitarian crises (in Libya), as well as to effectively reduce uncontrolled migration.

SECURITY, INTELLIGENCE & LAW ENFORCEMENT COOPERATION

A revived Maghreb Union will be an extremely valuable partner for the EU to effectively reduce migration flows, by adopting regional policies to close porous borders and prosecute criminal elements such as arms, drugs, and human traffickers in the short-term. Over the medium to long-term, the Maghreb Union can establish a joint maritime enforcement body that monitors the sovereign waters across the Mediterranean to ensure that criminal elements do not traverse the seas, hence plying their trade, as well as enforce penalties on illegal shipping activities by non-state actors.

This initiative will be even more effective with European assistance – especially given the relative success of EU’s anti-piracy efforts in Operation Atalanta and NATO’s Operation Ocean Shield in the Gulf of Aden. By joining forces and sharing critical intelligence, it will be possible to prevent migrant boats from crossing the Mediterranean, as well as intercept arms, drugs, and human traffickers, or even non-state actors attempting to cash in on illegal oil sales. Cooperation from land-based law enforcement, public security agencies, intelligence, and the military will also be critical in enhancing the effectiveness of these maritime law enforcement operations.

Again, Maghreb-wide coordinated efforts to intercept criminal elements and their enterprises are required in order to prevent these nefarious groups from simply moving to another country and continuing their operations there. Additionally, the EU will be more likely to make significant resources available for joint intelligence, public security, and law enforcement operations that utilize region-wide frameworks, policies, laws and regulations, rather than having separate cooperation agreements with each of the five Maghreb countries.

EUROPE’S GATEWAY TO SUB-SAHARAN AFRICA

Aside from collaborating on curbing illegal immigration, the Maghreb region has a particularly advantageous geographical location. The GCC countries and Turkey are located between Europe on one side, and Asia and Oceania on the other, an advantage that has led to the explosive growth in air travel and tourism, harnessed to further diversify their economies and encourage investment. Presently, Turkey is considered one of the four “emerging economic giants” alongside Mexico, Indonesia, and Nigeria. The GCC countries now have a combined GDP that ranks 7th in the world.

Learning from these success stories, policy-makers in the Maghreb Union could apply a similar model, leveraging the sub-region’s prime location between the EU’s $19.7 trillion economy and a smaller ($1.65 trillion) but rapidly expanding (IMF: 3.4% growth in 2018) Sub-Saharan African economy. In fact, the region is expected to grow by an average 3.5% per year until 2022.

It is also likely that these figures will keep rising, especially if these countries’ governments implement the IMF’s suggestions for tax reforms; the revenues generated from these are estimated at 3-5% of GDP -- significantly more than what Sub-Saharan Africa receives from foreign assistance. Thus, given a potentially exponential growth in the South and the wealth of trading, investment and cooperation opportunities in the North, the Maghreb can position itself as a major linking center, provided the sub-region functions as a bloc rather than a disparate group of fiercely competitive rivals.
Foundations for Integration

There are immediate to long-term rewards from a deeper integration of Maghreb economies such as improved standards of living, expanding markets, increased private investment, reduced unemployment, and an effective buffer to Europe-bound immigration flows. However, this can only work if at least four of the five countries open up their borders — excluding Libya until the currently failed state achieves security and political stability.

Significant resistance to this notion emerges from Morocco’s not-so-secret war in the Western Sahara, since sub-regional integration may enhance scrutiny of the government, especially by sympathetic migrants or temporary workers from elsewhere in the Maghreb. Yet, it is still absurd that Morocco and Algeria, two of the largest economies in the region, have had their borders closed for nearly 25 years. Travel and trade is limited to daily flights between the two capitals; some goods are shipped north to Marseille and then south to either Algiers or Casablanca, when they could simply be transported from one country to the other by road or rail, at reduced cost and in far larger quantities.

Should Rabat and Algiers consent to eased restrictions and more open borders, in exchange for concessions that would likely favor Morocco’s mandate over the Western Sahara and its rich phosphate deposits, massive infrastructure expenditure by both countries would be needed to build up road and rail links, as well as free trade zones at the borders and ports. Surprisingly, Morocco, Tunisia, and Algeria already enjoy some level of integration, as demonstrated by a recent agreement for Algiers and Rabat to export an additional 300 megawatts (MW) to Tunis and 3,000 megawatts to Libya per year.45,46 Thus, foundations already exist and can be expanded to enhance integration beyond connected energy grids, like the linking of road, rail, and information networks.

While these developments are underway, the Algerian and Moroccan governments should focus on lifting tariffs, removing trade barriers, and scrapping quotas, as a first step to the creation of a single common market. The aim is to adopt the set of standards and practices of current trading relationships with Europe, and harmonize them across the sub-region in order to form a singular trading bloc. The five countries with their nearly 100 million inhabitants and $1.28 trillion GDP will then have increased weight and leverage in negotiations with the EU and other trading partners across the world.

Harmonized laws, policies, and high-level cooperation between governments, coupled with political stability, improved governance, and critical reforms (to investment laws and solid protections for private ownership), would attract greater FDI inflows. With robust tax laws, Maghreb governments can generate sufficient revenues to support efforts at diversifying economies, by positioning themselves as a conduit into sub-Saharan Africa’s surging economies and markets, which cater to a population of more than 1 billion. It is very likely that reviving the AMU will also directly influence (if not pressure) Sub-Saharan Africa’s various regional organizations like the Economic Community Of West African States (ECOWAS), South African Development Council (SADC), East African Community (EAC), and Economic Community Of Central African States (ECCAS), to seek deeper integration among their own members, inspired by the relative success of COMESA, hence eyeing a continent-wide common market under the auspices of the African Union.

Solar Energy & the Future of the Maghreb

One key and abundant resource found in the sand and dunes of the Sahara Desert is solar energy. For most of the year, the Sahara receives between 80-97% of daylight hours, making it the sunniest region in the world. This presents exploitable opportunities for the Maghreb region in harnessing solar energy, given surging interest in the wider adoption of clean energy solutions in order to combat climate change. As storms get worse and freak weather patterns emerge, the resulting losses in lives and livelihoods continue to make the case for a global effort to adopt clean energy solutions like wind, solar, hydro, and geothermal power. The Sahara’s 3,000-4,000 hours of annual sunshine with little to no cloud cover or fog make it a prime location to build massive solar farms that could generate up to 1.3 million terawatt hours (TWh) of electricity per year47 — more than enough to meet all of the world’s energy needs (beyond just electricity).48
According to the International Energy Agency’s *World Energy Outlook 2017* Report, solar photovoltaics will, between 2017 and 2040, contribute 70-80 gigawatts, a 100% jump from 2010-2016. Despite these remarkable increases, the current level of investments in solar photovoltaics will only be able to cover roughly 30% of the world’s energy needs. Fortunately, the Sahara’s 1.3 million TWh of solar potential is more than sufficient to meet and global electricity demand, which totaled 25,570 TWh in 2017. Solar photovoltaics are, therefore, not just wishful thinking; oil and natural gas exporters of the Maghreb (especially Libya and Algeria) ought to pay attention. The technologies to harness solar energy and distribute it, like high voltage direct current (HVDC) transmission, and thermal energy storage using molten salt, are available and in use, the latter at the Gemasolar Thermosolar Plant in Seville, Spain and the Solana Generating Station in Arizona.

Given the energy consumption trends outlined in the IEA’s report, it is very likely that these technologies will see increased deployment, and further fine-tuning aimed at lowering costs and improving their efficiency. Thus, while oil and natural gas rule today, the Maghreb can respond to trends in changing energy consumption and growing climate change wariness by establishing frameworks, partnerships, and projects that would lead to the establishment of solar power generation and transmission facilities in the Sahara. This way, the Maghreb can establish a $70-billion solar power industry, generating electricity for local consumption and for export from an abundant natural resource. Export destinations will likely be north towards Europe, as part of an energy bilateral, or south, to feed Sub-Saharan Africa’s surging energy demand, and also east, toward the rest of MENA and parts of Asia, reaching as far as China.

**CONCLUSION**

There will always be challenges when the time comes for sovereign interests to coincide, compromise, or evolve, especially if the prerequisite for such high-level cooperation and integration are expansive reforms that upend just about every sector in an economy. The Maghreb countries have survived through decades of political turmoil, coup d’états, and civil unrest amid smatterings of positive developments like the discovery of oil and gas in Mauritania, the poorest of the five North African countries. The Arab Spring and subsequent protest movements have forced authorities and entrenched interests to initiate the difficult conversations such as power sharing, independent judiciaries, accountability, transparency, and tackling rampant corruption.

Additionally, traditional power structures have to wrestle with an emboldened youth that remains undeterred in expressing outrage at inequality, injustice, unemployment, poverty and general lack of opportunities across the Maghreb. Unfortunately, it appears as if this increasing discontent has no chance of succeeding in encouraging reform-minded voices to emerge from the ruling elite, and engage with progressive ideals opined by a burdened and weary public. Yet, these transformations and reforms are key to unlocking the Maghreb’s true potential, full of enrichment and development opportunities for both the powerful, wealthy elite as well as the poor and impoverished. What is missing is the kind of political daring, strategic planning, diplomatic cunning, and intelligent maneuvering that can build consensus and usher in a period of relative calm. The next step would be the creation of an environment peppered with those eager for deeper integration and greater regional cooperation in the Maghreb.

The five North African countries already trade to a certain degree, but the lack of closer regional ties means that members of the Maghreb Union will sooner resolve to competition and rivalry, rather than synergize efforts that can deliver mutual benefits. After all, when law and order collapse in one country, its neighbors shoulder spillover effects, such as a massive influx of refugees and accompanying humanitarian crises from overburdened systems. Such chaos only opens up opportunities for nefarious actors to engage in human, arms, and drugs trafficking, due to a combination of porous borders and desperate civilians displaced from their homes and seeking “easy” incomes. Already, there are reports of slave trades in Libya, combined with the smuggling of drugs and arms through Algeria and Tunisia, which Libyan youths and non-state actors utilize in sporadic violence, extortion schemes, and income generation.

It is apparent that unilateralism and brinksmanship, particularly between Morocco and Algeria, the region’s two largest economies, have neither worked nor served to advance the region’s integration and cooperation. What has not yet been tried is cohesion and building the closer relationships necessary for building a single common market, despite a close
proximity to the world’s largest trading bloc just a short hop across the Mediterranean. It baffles the mind that the AMU has not sought EU’s assistance in building a “sister” common market based on Europe’s own experiences and evident success, given its multi-trillion dollar advanced economy and status as a top-tier investment and trade destination. Even more unusual are the missed lessons from the transformation of the GCC countries, who took advantage of their position between Europe, Oceania and parts of Asia to become the wealthy premium destination they are today. The Maghreb is also located right in the middle of Europe and Africa’s growing economies, allowing the region to act as a conduit for goods, services, capital, knowledge, and technology transfers, especially for West and Central Africa’s French-speaking populations.

Nonetheless, these opportunities and enormous potential remain, lacking only the kind of daring, reform-minded, progressive, and enterprising individuals in the power corridors from Nouakchott to Tripoli. In addition, even the small and often ignored private sector would need to play a significant role in capitalizing on the advantages of closer regional ties. Namely, business owners or traders could source better, higher quality products from cheaper regional suppliers who speak a similar language and conform to the same standards.

Elsewhere, governments can ‘prepare’ for closer integration by aligning policies aimed at reducing the informal sector via operating licenses, registrations, and mandatory reporting requirements. For other retailers, a simple “authorized vendor” scheme could, for example, require freelancers across sectors to seek government approval to operate within certain areas in exchange for fulfilling reporting requirements. Tax exemptions can also be granted to these professions provided they keep licenses current. The true goal of such schemes is the collection of crucial sectorial data that is then quantified, analyzed, and spread throughout the decision-making bodies in order to fine-tune policies, adjust tax rates, and effectively deploy social safety nets. This way, most of the contributors to GDP are accounted for, regardless of whether they are a large enterprise, a small home business, or a shoe cobbler. With this, governments will be able to grasp the effectiveness of reform policies, shrink informal sectors, eliminate black markets, encourage civic involvement, enhance transparency, and reduce corruption, illiteracy, and, by extension, poverty through increased employment opportunities.

It remains to be seen, however, whether the Maghreb will be rebuilt in the hopes of operating as a single trading bloc or simply as a common market, since its current iteration has failed to harness the opportunities currently within reach. Hopefully the copious institutional reports, journal articles, analyses, books, and relevant literature urging the Maghreb to reform itself will inspire the governments to act now or miss out completely. It is time to decide whether the Maghreb will continue lumbering from one crisis to another, or realize that there has never been a better time to forge a stronger, closer, and more deeply integrated union, a crucial must-have in a rapidly changing world.
END NOTES

2 “If reforms in each Maghreb country were to achieve complete service liberalization and an investment climate aligned with international best practice, real per-capita GDP would be expected to rise an additional 34 percent in Algeria, 27 percent in Morocco, and 24 percent in Tunisia between 2005 and 2015.” *Is There A New Vision For Maghreb Economic Integration?* (November 2006). World Bank. Accessed: October 2018.
3 Ibid.
7 Ibid.
8 “…trade between the Maghreb countries represents just 4.8% of their trade volume, according to the United Nations Economic Commission for Africa - and it represents less than 2% of the sub-region’s combined gross domestic product (GDP), according to the World Bank. This region is one of the lowest-performing trading blocs in the world.” Hamza, Wadia Ait. *The Maghreb Union Is One Of The World’s Worst Performing Trading Blocs. Here Are Five Ways to Change* (June 2017). World Economic Forum.
17 “…there were reserves of some 50 billion metric tons of phosphate rock in Morocco and Western Sahara, making it the country with the largest reserves in the world.” *Phosphate rock reserves worldwide in 2017, by country (in million metric tons)*. Statista: www.statista.com/statistics/681747/phosphate-rock-reserves-by-country. Accessed: October 2018.
19 “Gas exports are expected to exceed 57 billion cubic meters in 2017, up from 54 billion cubic meters in 2016, Sonatrach figures show. In 2016, Algeria met 55% of Spain’s gas needs, 16% of Italy’s and 15% of Portugal’s.” *Algeria to discuss energy investment, long-term gas deals in EU talks* (April 2017). Euractiv.com with Reuters. Accessed: April 2017.
Arab Spring demonstrations in Algeria failed to achieve the same level of change as seen in Tunisia, Libya and Egypt. A national budget was approved in February 2011 that saw a 25% increase in public spending via increased public sector wages, provision of soft loan facilities for youth, more social housing and continued expenditures on commodity subsidies.


“…The state only prosecutes cases of corruption when it considers it politically expedient and serves its interests. Hence, information about the corruption of a high official can itself be instrumentalized within a system of rule in which corruption is endemic… According to a 2015 report by the U.S. Department of State, the CICP forwarded only 14 cases of corruption to the general prosecutor in 2015 (down from 37 in 2014), with no charges resulting from them…” BTI 2018 Morocco Country Report (2018). Bertelsmann Stiftung. Accessed: October 2018.

“…Last year, authorities recorded 365 suicides in a population of 11 million — around 3.27 per 100,000 people. While that rate is low compared to other countries, the data is likely skewed by social and religious taboos, meaning the real figure may be much higher. The toll is particularly high among the young — around half the victims were aged between 20 and 39…” Rising suicide toll rings alarm bells in Tunisia (November 2016). Gulf News. Accessed: December 2018.


In the first quarter of 2018, the Mediterranean claimed 506 lives, 70% of those were passing through North Africa. International Organization for Migration (IOM). Accessed: October 2018.


In the first quarter of 2018, Italy, Greece, Bulgaria, Cyprus and Spain reported a total 18,956 arrivals—a 50% decrease from 2017, which saw 34,531 arrivals. International Organization for Migration (IOM). Accessed: October 2018.


Turkish Airlines and Qatar Airways rank 1st and 5th, respectively, in the number of countries served in the world. The Emirates Airlines brand alone is valued at over $5 billion. IATA. Accessed: October 2018.

Total GDP (PPP) for GCC economies: $3.56 trillion (2017), placing the 7-member GCC at 7th, behind India (GDP: $9.45 trillion) and ahead of France (GDP: $2.83 trillion). World Bank/OECD Data. Accessed October 2018.


