

## ECONOMY SHOULD TAKE CENTRE STAGE IN EU'S (SECURITY) LINKS WITH NORTH AFRICA

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*One of the unavoidable consequences of the current pandemic will be the repatriation of part of the value chains of international European and North American companies home or closer to home. How important this turns out to be and what sectors it will impact most is yet not clear, but public opinion will no longer allow certain key necessities to be sourced essentially in China. As European leaders consider which products need to be manufactured closer to home, they could do worse than spare a thought for Algeria, Morocco and Tunisia.*

**C** OVID-19 has hit as we approach the 25th anniversary of the Barcelona Process. Launched with great fanfare in November 1995, it fell victim to circumstances, not least the collapse of the Israeli-Arab peace negotiations and the 9/11 attacks. After that, the West looked upon North Africa and the Middle East as a bed of nails which could only be dealt with by a hammer. The consequences of viewing the region through a one-dimensional prism of radical Islamism, which soon morphed in terrorism, has been little short of catastrophic. That is especially true of North Africa whose people have enjoyed close economic and cultural links with southern Europe as far back as the Carthaginian empire 2500 years ago.

The Barcelona Process comprised three pillars: economic, political and cultural. Leaving aside the latter two, let us consider the first. One of the reasons the enhanced cooperation offered by the EU in 1995 failed to live up to its promise is because, as the economist Alfred Tovías, Jean Monnet Chair on External Economic Relations of the EU, explained at the time, it did not go much beyond dressing up existing mercantilist practices, especially those that France enjoyed with its former colonies, in new garb.

Morocco and Tunisia have reasonably diversified economies. Such is not the case in Algeria, where oil and gas exports account for 95% of foreign receipts and whose heavy-handed state command economy pushes the private sector to the sidelines. Military and security expenditure eat up 50% of the budget. So long as this model prevails, Algeria has less to offer than its neighbours, but a low price of oil over a period of months might

force change. People in the Maghreb do not map out their future according to blueprints dreamt up in Paris, Berlin or Brussels. Political circumstances in Algeria last year and Tunisia since 2011 show that the future course of events is unpredictable.

Tunisia deserves attention not just because it is going through an inevitably messy experiment in democracy, but because the turmoil in Libya has forced it to increase its security spending from 5 to 20% of its budget. Its neighbour to the east is a source of jihadi terrorism which has inflicted grievous damage on Tunisia's tourist sector, as it has on one of Algeria's major gas fields of Tiguentourine in the In Amenas basin in the years that followed the French-inspired and disastrous Western intervention in Libya in 2011.

At the western end of the Maghreb, Morocco has been able to steer a steadier course and been successful in attracting major European car manufacturers to Tangiers. But, operating in an offshore zone, such manufacturing offers little in tax for the national exchequer. Roughly 6 000 manufacturers are engaged in full-time export, the bulk of entrepreneurs remain small and local. Unlike Tunisia, whose banking system is in parlous and fragmented state, burdened by a heavy weight of unrecoverable loans, not least to a bloated tourist sector, Morocco's banks are strong and well run. But wealth here, much more than in Tunis, remains heavily skewed towards a wealthy elite close to the king. Education standards are lower than in Tunisia and wealth disparity remains a factor of future weakness, not strength.

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The EU is currently negotiating enhanced partnerships with Morocco and Tunisia, but the key to a successful conclusion is proving elusive. If the EU forges a successful post-Brexit deal with the UK, that might offer some keys to success in the Maghreb. So far, when the EU says it wants Morocco to offer freedom of movement in certain services, the offer is not quite credible: 70% of Moroccan farm produce is distributed in the EU through Spanish trucks, because Moroccan truckers cannot get visas easily. The EU's tight-fisted approach is fine and dandy, but in no way does it open the door to a relationship of equals needed if it is going to face down the formidable challenge which Africa presents.

Lack of imagination plays its part too. The suggestion over a decade ago to have an EU funded economic institute in Tunis was dismissed, one which might provide all Tunisians with free and fair analyses of economic questions. The local media are constrained by a lack of trained journalists, but also by the effective *omerta* which suppresses much economic information, the consequences of the close links between private business and the senior civil service that were forged in the days of the single ruling

RDC party. Much the same *omerta* prevails, publicly, in Morocco and even more so in Algeria. The EU could do worse than to remember that a more generous offer of economic partnership – and the *quid pro quo* of reforms that might accompany it – would do much to enhance economic growth, employment and the rule of law in North Africa.

Thrusting democracy blueprints down the throat of Algerians, Moroccans and Tunisians will fail as North Africans have to be the actors of their own history. As for cultural links, reinforcing them is fine, but never forgetting that the region's youth looks more to Paris and Madrid than to Mecca. It would be sad if lack of ambition in Brussels and other European capitals made us wake up, a decade hence, to the fact that the Maghreb had slipped, without our noticing, into the New Silk Road.

What the EU needs, as Foreign Affairs High Representative Josep Borrell appears to grasp, is a new approach to Europe's definition of its security links with North Africa, one which lays at least as much stress, if not more, on broad economic rather than narrowly defined hard security. Such a change would have the immense advantage of making Islam less central to the north's view of the south, thus consigning the "clash of civilisations" to the margins of the debate. Neo-colonial attitudes, often *sotto voce*, cloud too many European policies towards the Maghreb. It is time for Europe to grow up and treat the 100 million people who live an hour's flight from our shores as grown-ups.