

## Why the Maghreb Matters



## Threats, Opportunities, & Options for Effective US Engagement in North Africa



POTOMAC INSTITUTE FOR POLICY STUDIES

AND

THE CONFLICT MANAGEMENT PROGRAM  
THE JOHNS HOPKINS UNIVERSITY (SAIS)

**WHY THE MAGHREB MATTERS: THREATS,  
OPPORTUNITIES, AND OPTIONS FOR EFFECTIVE  
AMERICAN ENGAGEMENT IN NORTH AFRICA**



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## Why the Maghreb Matters: Threats, Opportunities, and Options for Effective American Engagement in North Africa

### EXECUTIVE SUMMARY

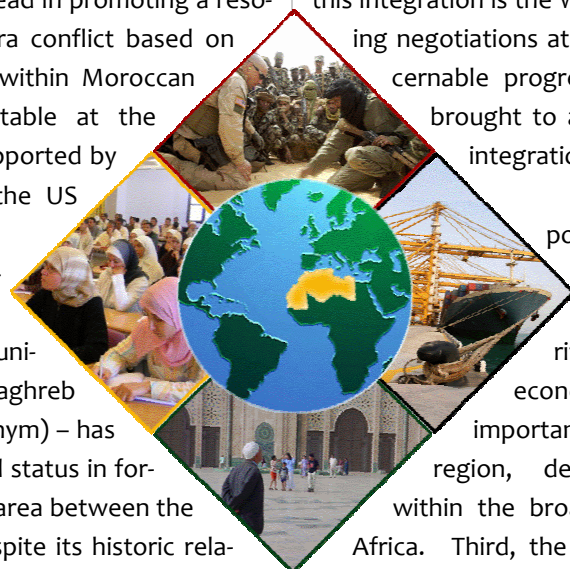
The Maghreb matters to the United States for reasons ranging from its strategic geographic position on the Mediterranean and at the western end of the Arab-Muslim world, to the threats posed by the increase in terrorism in the region, to the economic opportunities and resources it offers the US. The US needs a policy to promote American interests in the area by treating the five North African states as a region and working to strengthen the economic and security ties among them – and with the US and Europe – and by taking the lead in promoting a resolution to the Western Sahara conflict based on the proposal of autonomy within Moroccan sovereignty now on the table at the United Nations (UN) and supported by a bipartisan consensus in the US Congress.

Hitherto, the Maghreb – composed of Algeria, Libya, Mauritania, Morocco, and Tunisia, members of the Arab Maghreb Union (UMA in its local acronym) – has been relegated to a marginal status in foreign policy as the neglected area between the Middle East and Africa. Despite its historic relations with the US and its importance in terms of energy, security, stability, trade, development, and other issues of concern, it has often been viewed by the US as a European responsibility.

The US has significant interests in the region that should be focused on promoting stability and security of the individual countries to enable them to move toward greater regional economic and policy integration, and cooperation with the US and the European Union (EU) to enhance prospects for greater political freedoms and broader economic growth.

Stronger policies for trade and investment internally and externally, more effective cooperation in counterterrorism efforts, stronger links between the public sector and civil society, and resolute mechanisms to resolve differences would benefit the countries themselves as well as the US. A thorough study in 2008 by the Peterson Institute for International Economics outlined the benefits that would result from greater regional economic integration and Atlantic cooperation. The single greatest obstacle to this integration is the Western Sahara conflict. Ongoing negotiations at the UN have brought no discernable progress. This stalemate must be brought to an end if the larger issues of integration are to be addressed.

Six premises for US foreign policy in North Africa are proposed. First, the Maghreb matters to the US, for security, geopolitical, historical, and economic reasons. Second, it is important to treat the Maghreb as a region, deserving focused attention within the broader Middle East and North Africa. Third, the US should clearly define its goals for promoting security and stability in the region, within the Obama administration's global mission. Fourth, the US should work more effectively with the EU to build strong incentives to promote greater economic integration. Fifth, the US should devise broader and more effective programs to promote security and to combat terrorism in the region. Finally, the US must work diligently with its friends to resolve the stalemate over the Western Sahara. The formula of autonomy/sovereignty now before the UN is the basis for a viable solution that has been



endorsed by previous US administrations and other countries.

US interests are not served by postponing meaningful engagement in the region. Without a comprehensive and systematic approach to promoting integration in the Maghreb, threats to the security and stability of the UMA will grow. Greater economic and political integration will enhance the prospects and opportunities for the people of the Maghreb; in its absence, there will be more instability. The US should overcome past neglect and take the lead in promoting the future of the Maghreb.

*[The document is the result of an independent task force on an issue of critical importance to US foreign policy, where it seems that a group diverse in backgrounds and perspectives may nonetheless be able to reach a meaningful consensus on policy through private and nonpartisan deliberations. Task force members are asked to join a consensus signifying that they endorse the general policy thrust and judgments reached by the group, though not necessarily every finding and recommendation.]*



## Why the Maghreb Matters: Threats, Opportunities, and Options for Effective American Engagement in North Africa

### THE CONCERN

North Africa (the Maghreb) is a strategically important region for the United States. Its location at the mouth of the Mediterranean, on the southern shore of Europe's "Rio Grande," and at the western end of the Arab world, and its prominence as an area of US interests in security, democratization, stability, development, and cooperation, make the Maghreb a region worthy of serious attention by the Obama administration. Unfortunately, North Africa has often fallen through the cracks of US Middle East, African, and European policies. Domestic constituencies concerned with the Middle East tend to focus on oil, the Middle East peace process, and Iran. Those concerned with African policy tend to concentrate on conflict issues affecting sub-Saharan Africa only. Those concerned with the Mediterranean tend to look to the northern shore and are content to leave the south to the European Union (EU). The absence of vocal domestic constituencies on Maghrebi issues has contributed to the lack of a clear US policy focus. Yet the US government should have a profound interest in North Africa because developments in the region impact significantly on our national interests.

As the new administration prepares its portfolio of foreign policy priorities, immediate attention should be given to a review of US interests and opportunities in North Africa. The countries of the Maghreb—Algeria, Libya, Mauritania, Morocco, and Tunisia—face problems and provide opportunities that have immediate regional and global implications. The head of the UN Counter-Terrorism Committee (CTC) Executive Directorate recently called North Africa the most worrisome area of the world in regard to terrorism because of its slow economic development and unemployed youth. Unlike intrac-

table conflicts of the Middle East, however, the challenges in the Maghreb can be addressed best through a coordinated, communicated, comprehensive political, economic and social strategy led by Washington working in partnership with regimes in the region and in Europe.

### THE INTERESTS

The Maghreb is the guardian of the Mediterranean. Maintaining friendly relations with nations of the southern shore, just across the straits from NATO Spain and Gibraltar and from Italy and Malta, is necessary for the US Sixth Fleet's access to the Mediterranean. Morocco's newly modernized and expanded Tanger-Med entrepôt port, like its sister at Algeciras, provides immediate transshipment for all commercial traffic to and from the Mediterranean Sea to the east. Wartime has underscored the importance of that strategic location, from Moroccan cooperation in efforts to combat the Barbary pirates to the Allied landings in Morocco and Algeria in 1942 that provided the base for the liberation of Italy and then southern France in 1944. At a time when the Russian navy is wandering into and out of the Mediterranean and China is assiduously building ties in the region, secure access to and cooperation with the Maghreb is vital to US interests.

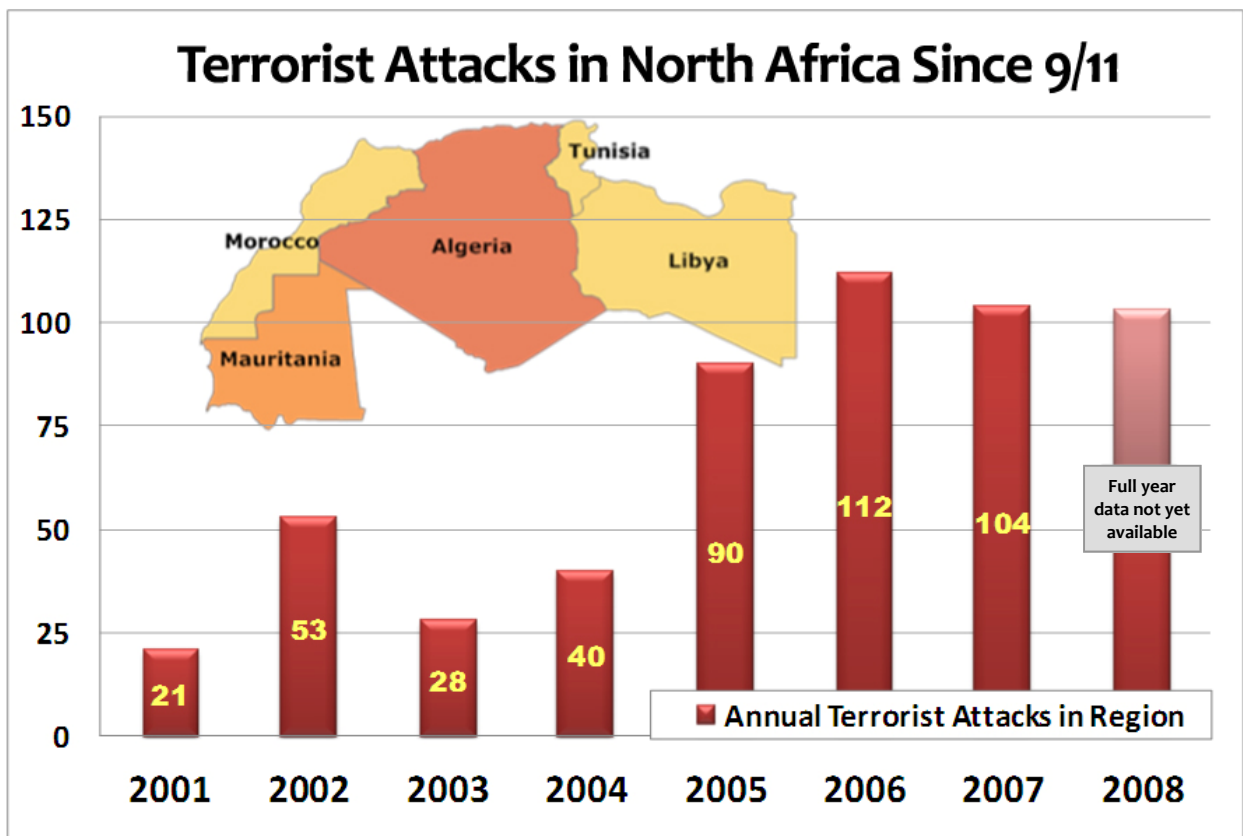
Today, the most immediate security issue concerns the land rather than the sea, as al-Qaeda in the Islamic Maghreb (AQIM) and other salafist/jihadist groups spread subversive terrorism along the shores (Sahel in Arabic) of the Sahara and then north into Europe. Loose-knit groups of terrorists from the Sahel and the Maghreb itself bring stabs of insecurity into the major cities of the region and into European capitals such as Madrid, carried by the pressures of illegal trade and immigration. A review of international databases including the National Counterterrorism Center and Lawson Terrorism Information Center reveals a startling spike in terrorist attacks since 2001 in the Maghreb nations—up by 400 per-



cent from only 21 incidents in 2001 to 104 in 2007. The leading countries of the Maghreb—Algeria, Morocco, and Tunisia—actively cooperate with the US in military and intelligence matters to combat terrorism bilaterally and through the US-led Trans-Sahel Initiative for regional security, working to check the western extension of al-Qaeda and related activities; but they seldom cooperate directly with each other. Rivalries, distrust, and mutual suspicions among the states of the region continue to hinder cooperative efforts to work collectively against the terrorist threat, even when it is clear that the degree of cross-border activity is increasing and becoming more deadly. The southern flank of the Maghreb is the capstone to the programs of the new US Africa Command (AfriCom). Above all, security depends on more than military and intelligence cooperation; it requires stable, developing societies and economies

to undercut the recruiting capabilities of the terrorists.

The Maghreb is the western extension of the Arab world, a region where a number of countries take seriously their Western as well as Arab orientation. Countries like Morocco and Tunisia share concerns with the greater Atlantic community and provide cooperative access to the West in joint activities and interests. Tunisia continues to be a leading entrepreneurial center in the region through its private sector-led economic growth. It cooperates with the US in security programs, continues to upgrade its trade and investment regime with the US, and has the broadest penetration of European investment relative to the size of its economy. Algeria enjoys a position of leadership in the Arab world and is a major supplier of gas to US markets. It has survived a horrific civil war, has begun to welcome more foreign



investment in key sectors, cooperates with the US in sharing security intelligence, and has moderated its aggressive diplomatic behavior towards France and other members of the EU. Morocco has a free trade agreement with the US and a unique Associate status with the EU, and enjoys a special relationship with Europe through several partnership programs. It also enjoys a special status as a Non-NATO ally of the United States. Morocco has been an invaluable link in past rounds of the Middle East peace process and has contributed troops to peacekeeping forces in the Balkans, Haiti, the Congo, and the Persian Gulf. It has been an outspoken supporter of the West regarding 9/11 and post-9/11 solidarity.

Most notable in the past few years is the diplomatic and political rehabilitation of Libya: renouncing its weapons of mass destruction (WMD) program, paying off its obligations to the families of the victims of international terrorism in which it was involved, and initially opening its economy to international investors. While these are all welcome developments, opportunities to further integrate Libya

into a more cooperative set of security, political, and commercial relations can be realized as Libya becomes a more involved, responsible stakeholder in cooperation with the West. Prior to last year's coup, Mauritania had held a relatively open election, allowed for the growth of the private sector, and legally outlawed slavery while promoting women's rights. Since the uprising, the US and the African Union (AU) have called for a restoration of the constitutional order.

In short, North Africa represents opportunities and challenges that in large part will contribute to the diplomatic agenda for the new administration. As the northern shore of Africa, with a long historic connection with West Africa across the Sahara, the Maghreb represents a potentially important strategic ally for US interests in sub-Saharan Africa. North Africa offers the US an opportunity to feature its relations with a moderate accessible Muslim region, where – in Algeria and Morocco – loyal Islamist parties participate in electoral and parliamentary governance and where the population roundly rejects

**DATA TABLE: TERRORISM INCIDENTS IN NORTH AFRICA SINCE SEPT. 11, 2001**

TIMELINE	YEAR	2001	2002	2003	2004	2005	2006	2007	2008
N. AFRICAN NATIONS	TOTALS 500 attacks	21 attacks	53 attacks	28 attacks	40 attacks	90 attacks	112 attacks	104 attacks	63 *Full year data not yet available
ALGERIA	473 attacks	20	52	26	39	87	111	94	44
LIBYA	1 attack						1		
MAURITANIA	15 attacks				1	3		4	7
MOROCCO	7 attacks			2				5	
TUNISIA	4 attacks	1	1					1	1

**Following the terrorist attacks on the US of September 11, 2001, the incidence of terrorist attacks linked to al-Qaeda and other militant extremists based in North Africa has jumped from 21 to 104 per year through 2007 – an increase of 400 percent. During this period, 500 terrorist bombings, murders, kidnappings, and ambushes – in and outside the region – took the lives of more than 1,000 people and victimized 4,000 in Algeria, Libya, Mauritania, Morocco, Tunisia, and elsewhere.**





violent extremism. Enhanced cooperation can help shore up moderate regimes in the region, which support policies favoring an open, tolerant society and encouraging measures to protect women's rights, secular education, press freedom, and judicial independence. Arguably, it constitutes the most open region in the Muslim world, with longstanding ties with the US and political systems making the greatest progress along the road of democratization.

Like other Arab (and African) countries, the countries of the Maghreb struggle with the challenge of progressive political reform. To varying degrees, these countries are continually defining and redefining their commitments to more open and democratic governance, human rights, and rule of law. Yet as the coup in Mauritania, the erratic nature of the regime in Libya, the intolerance of dissent and hankering for lifelong presidencies in Tunisia and Algeria, and Morocco's lukewarm embrace of press and political freedoms demonstrates, the momentum for transparency and rule of law progresses according to different rhythms in each country. Under the stability provided by its historic monarchy, Morocco has made more progress along the road toward democracy than other Arab countries. Its multiparty system, moderate Islamic party, increasingly free and fair elections, and growing attention to civil liberties and the principles of rule of law are constrained within socio-cultural rules that emphasize stability and loyalty. Assessments of the other four countries point to similar concerns with security, stability, and regime maintenance that dilute or inhibit more progressive political development. It is important to US interests to keep democratization moving forward, civil rights protected, and the rule of law promoted – and to help the countries guard against the instability that the transition process often entails. Fostering better inter-regional cooperation, contacts, and networks, especially on issues of social development, and establishing stronger ties to the region as a whole could prove significant in helping to stabilize

the various nations of the region as they continue to adapt to a globalizing economy and increasing demands for broader political participation among their populations.

Much of the Maghreb touts the benefits of an open economy of free enterprise, with some exceptions. The challenge of modernization has been accepted by Morocco and Tunisia in their trade agreements with the US and Europe. Countries of the region have moved from a centrally controlled economy towards open markets, featuring competitive companies rather than family enterprises. The shift has been neither easy nor perfect; the lures of Arab socialism and highly protectionist internal markets are sometimes difficult to dispel. Opening local production to foreign competition comes at a heavy cost to traditional marginal producers and the workforce, and must be accompanied by dynamic modernization within the companies and measures to strengthen workers' insurance and retooling by the government. The US and the West have a strong interest in facilitating this conversion, not just by opening markets to their products but by helping to build local industry and to modernize agriculture, and by providing aid for a smooth transition. Reversion to a protected centralized economy or reduction to a commodity-based, non-value added market would not be in the interest of local development, domestic Maghrebi stability, or the expansion of US markets.

While Morocco and Tunisia have grown economically through offshore export production, Algeria and Libya have become major sources of oil and gas, which drive their budgets. Diversifying US energy supplies is an important national interest, although rentier economies that rely heavily on oil and gas income provide an erratic base for growth, stability, and democratization. Economies heavily dependent on oil and gas need to focus capital investment outside the hydrocarbon sector for the sake of longer-term employment, stability, and development.



### THE NEEDS

These many-faceted interests come together in a number of important considerations. One is the need for **inter-Maghrebi cooperation and unity**. The North African countries created a regional economic and security cooperation organization in 1989, the Arab Maghreb Union (UMA), encouraged by a plan of the UN Economic Commission for Africa for regional groupings in the continent. The UMA has been “frozen” since 1994, largely because of political tensions between Algeria and Morocco. It has not met at the decision-making level for nearly two decades, and sectoral commissions on various aspects of cooperation have made little progress.

With the possibilities of gains through intra-regional trade frozen as well, the countries and the region have lost out as a result. Intra-regional merchandise trade has languished at 1.3 percent of the region’s total trade, one of the lowest rates of any region in the world. The countries compete with each other in many products, and comparative advantages, economies of scale, and region-wide investment possibilities are in near-total neglect. Annual per capita gross domestic product (GDP) growth from 1997-2007 was only 4.4 percent, much lower than the rate experienced by the countries of ASEAN (the Association of South East Asian Nations, excluding Indonesia) and the countries of Central America that are parties to the Central American Free Trade Agreement – Dominican Republic (CAFTA-DR). Unemployment is high, often above 20 percent, and, unless action is taken, promises to increase because of a burgeoning demographic bulge in the region. Extremism threatens to further limit economic growth and foreign investment in the region. Economic integration in the Maghreb can help address these challenges by capitalizing on economies of scale, attracting increased investment, and turning the region into a more prosperous and stable economic zone that provides an improved standard of living to its inhabitants.

The loss is evident in more than economic terms. Many inter-regional activities pass through the US or Europe rather than through the North African countries. In security, the countries cooperate with the US on an individual basis, but do not demonstrate the same level of cooperation among themselves. Instead of constituting a security community, where war is not a policy option and military cooperation is pursued, the countries arm themselves against one another and discuss the dangers of attack. The US military has been trying to encourage direct anti-terrorist cooperation among the states of the region for the last several years through training and direct operational cooperation, but little progress has been made on a regional level because of mutual rivalries and distrust.

Each country has opted to negotiate a separate agreement with the EU since gaining independence, rather than collectively negotiating for better terms – an option favored by the Europeans. This likewise compares unfavorably to the experience of the countries of Southeast Asia and Central America, which have realized increased political bargaining power derived from regional integration. In transportation, it is still easier to fly through Paris than directly between countries. Academics in the same field often have little contact with each other except through meetings in Europe or the eastern Mediterranean or those sponsored by foreign organizations. News coverage of other countries in the region is biased and wary. It is in the US interest to help overcome such wasteful divisions and diversions from a common attention to common problems.

Another cluster of needs is for **regional stability, growth, and popular participation**. The three are intertwined. Unless socio-economic development is accelerated and jobs are produced in greater quantity, the other parts of the triangle are endangered. A substantial increase in employment opportunities is necessary to keep youth off the road of alienation, desperation, emigration, and al-Qaeda terrorism.



This is not just a domestic need for a few distant countries; it is a vital American need to ensure stability in a region where both terrorism and demographic pressures pose an increasingly direct threat to the interests of the United States and its European allies. If conditions in Morocco and Tunisia were to reach the level of current insecurity in Algeria—where the UN headquarters in the middle of Algiers was blown up, the president nearly assassinated, and travel to parts of the country no longer safe—a vicious circle of government crackdowns and escalating terrorist attacks would be the likely result.

The lack of regional stability and security is abetted by the governance issues in the Maghrebi countries. The governments are in various states of transition: going haltingly forward and slipping backwards; sometimes threatened by domestic apathy, alienation, and opposition; and stymied in the search for an elusive regional consensus on common problem solving. The gradual and uneven movement toward greater political freedoms and respect for human rights; the erratic implementation of steps for economic diversification, modernizing reform, and growth; and the absence of opportunities for personal development contribute to a growing uneasy relationship between the region's governments and peoples. While a combination of repression and energy dollars have temporarily eased the pressure for reforms in Algeria and Libya, the basic fabric of governance is eroding under domestic strains. Even where elections are free and fair, participation is alarmingly low and system constraints and popular alienation remain.

A third cluster of needs is **closer regional economic integration with economic linkages to the US and EU**. It is unfortunate that concerns such as illegal immigration, local unemployment, drug trafficking, and smuggling are perceived as European issues, on which—up until now—the US has remained relatively aloof. As a consequence, the American foreign policy machinery has failed to develop the fabric of

networks with its European allies necessary to weave a more coherent and coordinated multilateral approach to a region where serious mistakes in policy or a continued unraveling of the status quo threaten consequences as serious for America as for Europe. Security and economic issues are closely intertwined. AQIM has specifically, repeatedly and openly targeted the regimes of the Maghreb with the explicit goal of creating as much instability in the region as possible in order to open prospects for its own benefit in its continuing campaign against the West. The very substantial increase in terrorist incidents in the region makes clear enough, in a post- 9/11 world, the perils of a laissez-faire attitude about such threats in North Africa.

Economic model analysis suggests that a full-fledged free trade area among the Maghrebi countries would yield a gain in total merchandise trade of some \$1 billion.<sup>1</sup> Even this modest figure would almost double the extent of commercial relations within the region and might pave the way for a future deepening of ties. FTAs between the EU or the US and the major Maghrebi countries would generate even larger gains. Based on gravity model (GM) calculations, total Maghrebi trade would expand by \$4 to \$5 billion (3.0 to 4.5 percent) if the EU and the US separately establish FTAs with the UMA countries, and by nearly \$9 billion (nearly 8 percent) if both establish regional FTAs with the UMA countries. In terms of a possible EU-US-Maghreb FTA, total Maghrebi inward foreign direct investment (FDI) stocks would increase by \$5.8 billion (75 percent), and total Maghrebi outward FDI stocks would rise by \$3.9 billion; both the US and European economies stand to benefit from enhanced integration with the Maghreb region as well. If the agreements depicted in these scenarios are implemented, the trade and

<sup>1</sup> Developed in a study by the Peterson Institute of International Economics: Gary Clyde Hufbauer & Claire Brunel, eds., *Maghreb Regional and Global Integration*, <http://bookstore.petersoninstitute.org/book-store/4266.html>



FDI impacts of Maghrebi economic integration can be expected to materialize over horizons of 2 to 5 years. While these projections are theoretical, they convey the promise in reducing trade and investment barriers for the Maghreb. These agreements should be designed to encourage regional cooperation, but the benefits for the region are so substantial that they should be pursued and implemented even if there is no material progress toward regional integration.

The fourth need, and key to the door of regional cooperation, is for a resolution **of the Western Sahara conflict**. This is a running sore between Morocco and Algeria that prevents regional cooperation in all areas. For the Moroccans, this former Spanish colony, administered for over three decades as Moroccan territory, was returned to Morocco as a result of a 1975 decolonization agreement with Spain. The issue is regarded as an existential matter by the Moroccan public and government. For Algeria, the territory must achieve independence as the Sahrawi Arab Democratic Republic (SADR) through a confirmatory referendum organized by the UN. The only current proposal for a compromise between these two positions – full integration into Morocco or complete independence for SADR – has been that offered by Morocco in 2007, which proposed a special status of autonomy under Moroccan sovereignty. The Polisario Front, the national liberation movement operating out of Algeria, has thus far refused to accept autonomy and has failed to proffer an alternative compromise solution. Morocco now governs the majority of the disputed area as an integral part of its territory with regular participation by the population in both local and national elections, but the Western Sahara is officially designated by the UN as a “non-self-governing territory” pending final determination of its status. Some tens of thousands of Sahrawis also live under Algerian and Polisario authority in refugee camps near Tindouf in southwestern Algeria.

The current stalemate, which began in 1991 following a UN and AU-negotiated cease fire, is enormously costly to both sides and costly too to the possibilities of inter-regional cooperation. Yet, for each side, stalemate is preferable to the preferred solution of the other side. The compromise solution of autonomy should solve this impasse, and the official US government policy is that autonomy presents the only realistic option for the population of Western Sahara, given the nature of the territory and its population. If it were to become fully independent, it would have a population of only 200,000 to 400,000 people, making it one of the smallest non-island states in the world. It would likewise be among the poorest, since it has no arable land and few natural resources (fish and phosphates, the price of which has been low for a long time).

With substantial land area, a small population, and extremely limited resources, the Western Sahara could fall prey to subversion and terrorist groups now operating in the region. It likely would remain a source of acrimony and tension between Morocco and Algeria as well as the other bordering states of the Maghreb. It is in the interest of the US to see that this conflict does not continue, and to avoid an outcome that produces another Somalia on the Atlantic coast of North Africa.

The view that the current situation is manageable and/or sustainable over the longer term is an illusion. The ease and ostensible seriousness of UN-based attempts at moving a resolution of the conflict forward give a false impression of stability to the stalemate. Morocco and Algeria keep a watchful eye on their delicate relationship (“enemy brothers,” one commentator termed it) and they share an interest in not letting that relationship explode. But tensions between neighbors have a habit of getting out of hand on occasion, as Arab-Israeli and Indian-Pakistani relations have demonstrated in recent years. In these latter areas, it was often a third-party rebellious movement—Hezbollah, Islamic Jihad in one case,



and Lashkar-e-Taiba in the other—linked with internal factions on one side or the other that triggered explosions and dragged the confronting states beyond their sober policies. Any worsening of bilateral Maghrebi relations would strain relations with Europe, Russia, and America – and could lead to a crisis in relations at an inopportune moment. The Polisario Front has recently stepped up its threats to return to hostilities unless its preferred solution is enforced. While it may seem unlikely to some observers that the Polisario would make good on these threats without Algerian support, the dangers of the tail wagging the dog in these circumstances cannot be ignored. It is in the interest of the US to help the parties to recognize that the current stalemate is mutually harmful and potentially could become even more so.

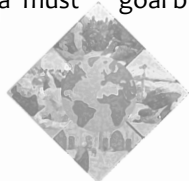
#### THE OPTIONS

Policy analysts agree that **the single most effective option in the Maghreb for improving stability and security, promoting prosperity and opportunities for economic and personal growth, ensuring effective counterterrorism measures, and broadening the capacity of the North African countries to govern, to enhance the rule of law, and to overcome citizen apathy and alienation is the implementation of regional integration among the countries.** Greater integration in economic policies, commercial relations, engagement with global markets, and security and military programs will enable North Africa to chart a steady and pragmatic course and deal with the significant challenges to domestic security and regional stability—goals of interest to the countries involved, of course, but also of great importance to the United States.

The recent American presidential campaign brought out the need for a renewal of leadership through multilateral diplomacy and closer cooperation with America’s global and regional allies. President Barack Obama has stated that America must

start “looking around the corners” to provide leadership in cooperation with our allies to head off problems before they reach crisis stage. The Maghreb is certainly one of those regions where “looking around the corner” should persuade American policymakers that the time to act is now, before the region becomes an even more serious problem for the US and its European allies. In this approach of farsighted multilateral cooperation, the US can pursue three major policies that will stimulate cooperation among the Maghrebi countries – a vision deferred for half a century since the 1958 meeting of Maghrebi leaders in Tangier.

**First of all, the US should re-launch an initiative that will reward a dynamic, functioning Arab Maghreb Union with economic, commercial, and technology partnerships that will encourage greater economic growth, political reform, and social development.** The United States, working with the European Union, should work to draw the nations of the region into closer networks of cooperation and to demonstrate to the leadership and populations of the Maghreb that progress and stability in the region will come through cooperation rather than conflict. The current economic downturn makes this action even more timely. The instruments exist or can be created. The core element for success requires that the US and EU begin to deal with the region as a region, complementing current bilateral relations with an overarching coordination. Within the US foreign policy structures, the creation of a Deputy Assistant Secretary of State for North Africa would facilitate that coordination and elevate the attention given to the region by the State Department. In the field, US ambassadors to the Maghreb countries should hold regular meetings together to coordinate policy actions and information exchange in the region. In implementing all aspects of this policy, it is important to operate within the capabilities of each country in the region, helping each to move toward a common goal but not in lockstep.



Incentives need to be created through the renewal of the US-North Africa Economic Partnership, first launched under Secretary of State Madeleine Albright in 1998 and favorably received at the time by Algeria, Morocco, and Tunisia. A focused policy to encourage Maghreb economic integration will have multiple components. As a means of promoting regional integration, the existing US-Moroccan FTA calls for discussions to take place between the US and Morocco on the extent to which materials that are products of countries in the region can be counted for purposes of satisfying the FTA's rules of origin. The US should begin these talks with Morocco, and explore creative ways to use the Moroccan FTA to promote regional integration, including through regional *cumulation* or "economic integration zones," which could be modeled on the successful Qualifying Industrial Zones (QIZ) in Jordan and Egypt that are tied to the US-Israel FTA. The US can build upon its trade and investment framework agreements (TIFAs) in the region (as with the Asian Pacific economic region) and bilateral investment treaties (BITs) with Tunisia and Morocco to promote regional trade and investment liberalization. Maghreb partners of the US and the EU should also be encouraged to eliminate their own tariffs and non-tariff barriers on products imported from other Maghreb countries and reduce barriers to intra-regional investment and trade in services. The US can refocus government action to create mandates for regional projects in North Africa for the Trade Development Agency (TDA), Overseas Private Investment Corporation (OPIC), and the Ex-Im Bank. The United States also can create regional, private sector initiatives through instruments and programs such as the Center for International Private Enterprise (CIPE), and promote foreign direct investment that focuses on the region as a whole, instead of simply on a country-by-country basis.

The United States should embrace existing efforts at North African economic integration and en-

sure that its policies are consistent with these efforts. It can cooperate with ongoing EU initiatives such as the Barcelona Process for Euro-Mediterranean cooperation, the eastern Mediterranean 5 [European]+5 [Maghrebi] efforts at handling common challenges, and the French-sponsored Union for the Mediterranean designed to promote exchanges between the north and south shores. Each of these initiatives can benefit from some external energizing. By emphasizing reform, the EU has done much to improve the business climate in Eastern Europe and can do the same for the Maghreb. One example would be US support for systems for independent administrative and judicial review of customs determinations. The US and the EU should encourage harmonization of regulatory regimes throughout the region to the highest possible standards, as is being done for ASEAN in Southeast Asia and the Asia-Pacific Economic Cooperation (APEC) in the Pacific area. In the Maghreb, where both the US and European countries have common interests, the two sides of the Atlantic can find a common cause for cooperation and overcome the temptation to see each other as competitors, played against each other by old habits. This requires focused dialogue, measures of collaboration, and attention to mutual benefit, as we work to revive the spirit of trans-Atlantic common interest.

The most dangerous future challenge to the region concerns its water supply. The Maghreb is now a water-threatened area (WTA) where water is in scarce supply, and will soon become a water-deficient area (WDA) where water supplies are seriously inadequate to human, agricultural, and industrial needs. A coordinated international effort to support research, investment, and infrastructure development to meet the threat before it crunches agriculture and urban life in the region is a critical confidence-building measure. As in any area, collaborative research can have important spin-off effects on the improvement of research and development



capacities in the Maghreb. Another major focus of this collaboration should be to bolster the capacity of the UMA through funding and technical assistance to promote Maghrebi economic integration. As a leading member of International Financial Institutions (IFIs), the US can work to encourage and support coordinated efforts to promote North African regional integration, including current efforts at high-speed train and motorway construction and crisis stabilization in the region. Other sectors that may be ripe for greater regional cooperation include energy, agribusiness, and banking.

The United States should encourage Libya to take an active and responsible role in efforts at regional economic cooperation, and should provide assistance and incentives as necessary. In addition to promoting regional integration, the US should take concrete steps to strengthen its own economic relationship with Libya, including a formal TIFA or other measures that will help integrate Libya into the world economy. Because Libya has close ties with Algeria, comprehensive engagement with Libya will be important to realize the promise of regional integration and to ease tensions between Algeria and Morocco. Libya has expressed an interest in increased regional integration, and it would benefit from enhanced ties with its neighbors. In particular, strengthening economic ties with Libya is an achievable first step. At the same time, US policymakers should adopt a pragmatic approach, keeping in mind that Libya is emerging from many years of political and economic isolation.

The United States also should launch a major complementary initiative to promote regional social development, by creating an institutional framework for further democratization. This would include an extension and further development of regional bilateral social development programs with the objective of creating regional cooperative networks for health, environment, education, women's issues, and human and civil rights. Programs to foster political participa-

tion, societal openness, rule of law, and public dialogue, as now offered through the National Endowment for Democracy (NED) network (International Republican Institute, National Democratic Institute) among others, are a necessary part of socio-economic cooperation and need expansion; progress in one country can help pace and encourage progress in its neighbor. The US can also encourage and support regional programs for trans-Atlantic university cooperation and research conferences, such as the regional programs of grants and workshops of the Council of American Overseas Research Centers (CAORC). There is untapped space for trans-Atlantic regional interfaith dialogues to further cross-cultural understanding among the peoples of the Maghreb, Europe, and the United States, developing and strengthening capacity for political and cultural pluralism and modernization to encourage the timid efforts in this direction throughout the Arab-Muslim world.

**Second, the US can promote expansion of security cooperation among the countries of the Maghreb.** Security rests above all on the improvement of socio-economic conditions and the development of a healthy society and economy, so that youth are not drawn down into the pit of despair and rebellion. This is the demand side of insecurity, with the unemployed seeking outlets for their despair. Programs to bring insecurity under control also need to deal with the supply side, the expansion of terrorism, jihadist groups, drug networks and smugglers. Without greatly increased levels of cooperation and coordination among the Maghrebi countries and with the US and the EU, the Sahel region will continue to be the Achilles heel of any efforts at regional security. The unregulated and ungoverned areas, including those populated by the Polisario refugee camps, are real threats to cooperation and stability in the region. Moroccan security services have been more effective against jihadist groups since the deadly attacks on Casablanca in 2003 and Madrid in



2004, and within the past year several major Moroccan terrorist cells with roots and connections in Europe have been dismantled before they could carry out their attacks. Although security has improved in Algeria since the series of AQIM attacks in 2007, the attacks continue and Algeria could benefit from increased regional cooperation. It would be far more efficient in meeting these threats to complement the “vertical” cooperation with the US with “horizontal” cooperation between Maghrebi countries.

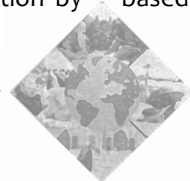
Cooperation requires sustained efforts. It can be promoted by the development of a regional counter-terrorism clearinghouse center within the trans-Sahel anti-terrorism initiative and another clearinghouse for information and coordination on measures against drug trafficking, illegal immigration, and trafficking in persons. It requires regional training programs through existing multilateral programs (like NATO’s Med Initiative) or through bilateral efforts of both the United States and European allies.

The US can help the countries adopt confidence- and security-building mechanisms (CSBMs) as a step toward the development of a security community in the region, defined as an area where war is no longer a conceivable arm of intra-regional state policy. The most obvious measure to promote regional integration is to reopen road and rail services between Morocco and Algeria (which would take only a few weeks work) and extend them from Casablanca to Cairo, and to increase direct flights between the Maghrebi capitals. The countries of North Africa face no threats external to the region, and they know that a war in the region would be costly and unproductive. Security cooperation is a better option for the US to facilitate, and would help forestall an accidental escalation of tense relations between neighbors. In particular, US military commanders in the region should develop programs that foster regional training and planning. Removing the single largest issue in the way of security cooperation by

resolving the Western Sahara conflict would allow Morocco and Algeria to turn coordinated attention to the security problem to their south, permit them to reduce their forces level and halt their arms race, and free them to devote more of their budgets to civilian needs.

**Finally, the US can help broker resolution of the Western Sahara conflict**, which is the major obstacle to regional integration and the central impediment to effective coordination of efforts to combat terrorism, illegal immigration, smuggling, drug trafficking, and to promote economic cooperation and other regional initiatives. If regional integration is the goal, then a solution to the Western Sahara conflict will remove the primary barrier to cooperation. For those who feel that the Western Sahara conflict is merely a symptom, not a cause, of ill relations, its removal can eliminate a specific instance and clear the way for other measures of cooperation and CSBMs that can chip away at bad neighborly relations. It should also be obvious that the Saharan problem will not be “solved” in any absolute sense in the near future, but that a new compromise status, as contained in the autonomy policy currently on the table at the UN, will put the region in a new institutional framework where attention can be focused on specific components of the situation without remaining stuck in the larger principled deadlock.

The Western Sahara conflict is not “low hanging fruit” waiting to be picked. Algeria continues to insist that the Sahara issue will never be settled on terms or a timetable other than one of Algeria’s choosing. Russian support of Algeria in the Security Council has made it difficult for Western allies to bring greater pressure to bear on Algeria at the UN, although Saharan independence is not a model case for Russia’s own interests. Nevertheless, if the US provides active leadership and works closely with its European allies, there are good prospects for creating an environment for action toward a solution based on the compromise expressed in the UN-





avored sovereignty/ autonomy formula, which is the only compromise solution on the negotiating table. Such a leadership role on the part of the United States would benefit the Maghreb and the interests of the US as well.

Successive US administrations have declared that the only feasible solution is to be found in the autonomy compromise. In this regard, the United States needs to begin immediately to treat the Western Sahara in a manner consistent with the declared policy—and encourage its allies to do the same. First, the US should adjust its policy on development assistance and investment support to offer direct assistance and development programs in the Western Sahara for the benefit of the local population and to provide better opportunities and more hopeful future for the people of the region. The US should encourage its European allies and the EU to join in this effort. Successive US administrations, both Democrat and Republican, have made a clear policy choice to promote a compromise political solution through a formula granting a large measure of autonomy for the region, under Moroccan sovereignty. A bipartisan consensus in the US Congress has endorsed the policy choice and has openly urged the US Government to pursue this path more vigorously. Failure to pursue this policy choice through concrete actions sends mixed messages to the parties involved and provides the kind of false hope for a policy reversal that perpetuates the stalemate and the dangers inherent in it.

Second, the United States and its allies need to bring pressure to bear on the UN High Commissioner on Refugees (UNHCR) to ensure that the population of the refugee camps under Polisario control in western Algeria enjoys the rights guaranteed them under international refugee law, especially with regard to freedom of movement, the right to documentation, the right to voluntary repatriation, and the right to free association. Firm actions to ensure that human rights are respected under international law in the

Saharan area could improve the climate for achieving the compromise political solution that is favored by most members of the Security Council.

These steps need to be accompanied by the completion of a conclusive process to resolve the legal status of Western Sahara. Thirty-five years of conflict, 18 years of stalemated truce, and four rounds of motionless negotiations on a compromise offer of autonomy are all too long. The people of the region must be given an opportunity for self-determination, which can take the form of autonomy (as occurred from Zanzibar to Aceh). That acceptance can be expressed in a referendum confirming the option offered. The process would begin with a formal endorsement by the interested Western states—US, UK, France, Spain—of the principle of autonomy, with a limited period of time for final negotiations to take place over its details. At the end of the upcoming fifth round of UN-sponsored negotiations between the parties, whatever its outcome, the US should pursue an effort among Security Council members to recognize autonomous status within Morocco and invite others to follow suit, much as was done for a similar option for Aceh, Cameroon, Biafra, and for a reverse option for Bosnia and for Kosovo.

To be complete, the resolution of the Western Sahara conflict should include the agreement of Algeria and special efforts should be made to secure its acquiescence. Excluded, an aggrieved Algeria will find ways to oppose the United States, Morocco, and economic integration initiatives. Although Algeria is important to the US for its oil and gas supplies, this fact should not be allowed to block a positive outcome for the Western Sahara conflict. While it is not clear what Algeria seeks to gain from continued conflict, there may be several ways to motivate its agreement. If, for example, Algeria could be seen as obtaining concessions for the Sahrawi refugees in the Tindouf camps, such as generous resettlement assistance from US/UK/France/Spain, that could help. Of-



fering Algeria a clear path toward eventual free trade status with the US might also be attractive. A common position and firm hand at the back by the US, UK, France, Spain (and Italy) on autonomy, including encouraging both Algeria and Morocco to enter negotiations with a positive and forthcoming spirit and seek win-win solutions, will set the right tone for productive talks. Maintaining some kind of UN association with the process could make eventual Algerian acquiescence easier. Morocco could also provide a formal parliamentary ratification of the 1972 boundary treaty that Algeria ratified immediately after its signature and was publicly acknowledged by the late King Hassan II but not ratified due to the absence of a parliament at the time. Morocco could also retract its government and public maps showing the border to be in dispute. In the end, if incentives do not work, the US should move ahead with this initiative independently and urge the states of the Maghreb to set the problem aside and focus on other aspects of cooperation, as they did when they established the UMA initially in 1989.

#### CONCLUSION

As the Obama administration considers its priorities in the Middle East and North Africa, it is critical to break the habit of viewing the region as composed of a number of separate countries of secondary national interest. The countries of the Maghreb represent vital interests for the United States, from supplying energy and economic opportunity to removing a growing terrorist presence with real potential for threatening American lives and facilities. Regional integration in North Africa will support a range of US interests that are central to the strategic pursuit of the region's stability, security, and economic goals. But regional integration cannot be realized without resolving the Western Sahara conflict. Given the current position of the US government – that broad autonomy for the Sahrawi people under Moroccan sovereignty is the only realistic solution – the plat-

form is in place to move proactively and successfully to bring an end to that conflict, to increase counterterrorism cooperation, and effectively to encourage regional economic integration that will bring greater prosperity and opportunity to the peoples of the Maghreb and greater security for US interests. ♦

