

spotlight europe

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The Changing Face of North Africa. An Opportunity for and with Europe

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North Africa is changing fast, and its youthful societies look back with pride at their recent uprisings. However, they are also getting frustrated by the fact that the economic outlook is not improving. Europe's role in the strategically important southern Mediterranean area needs to be realigned in order to promote the development of democracy, employment opportunities, and security. There is a great deal of potential for cooperation with Morocco, Algeria, Tunisia, Libya and Egypt.

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Many Europeans are concerned about what is happening on the other side of the Mediterranean. Their perceptions are moulded by the civil war in Syria, the nuclear standoff with Iran, violent demonstrations in Egypt, and the fighting with radical terrorist groups in Mali.

A mere two years ago Europe was full of hope as it watched the peaceful demonstrations in which Tunisians and Egyptians, most of whom were young people, challenged and then overthrew their rulers, Ben Ali and Mubarak, with their calls for dignity, freedom, participation and work. However, the Europeans became rather sceptical when the revolt against the Libyan dictator, Gaddafi, compelled the West to provide military assistance, and thousands of people were killed, maimed and wounded in a war that lasted for about seven months.

Subsequent elections which brought Islamist parties, rather than secular forces or members of the protest movements to power added to the European unease. And the extent to which Islamists are in favour of democracy and freedom is still a moot point.

Furthermore, the profound economic and social problems that the old authoritarian systems tended to sweep under the carpet are now making themselves felt. Prices are going up, there are not enough jobs to go round, corruption is rampant, and in some places crime is on the increase.

For all these reasons many young people in the rebellion states are proud and frustrated at one and the same time. They are proud of the fact that their protest movements helped to topple the dictators and that they now have freedom of

speech and greater media diversity. But they are also frustrated about their difficult living conditions and the uncertain prospects for the future.

They are also looking for answers to questions about identity, modernization and political legitimacy in a rapidly changing world. This quest differs from country to country in the Arab world. It is often rather difficult, sometimes circuitous, and occasionally goes hand in hand with violence. Thus Europe's neighbourhood in North Africa is changing, suggesting that a fresh look at Tunisia, Egypt, Libya, Algeria and Morocco is required.

Turmoil is Changing the Face of North Africa

Ever since the overthrow of Ben Ali and the first free elections in **Tunisia**, there has been mistrust between Islamist and secular groups, paralysing political and social life as well as the transformation process. The murder on 6 February 2013 of Chokri Belaid, a secular opposition politician, and the ensuing demonstrations were an alarm signal. Those in the Ennahda Movement and the opposition parties who are willing to reach a consensus are now striking compromises and moving ahead with reforms.

A consensus seems to be emerging in the constitutional disputes about the relationship between religion and the state, and the balance of power between the president and the parliament. A new government that is partly made up of technocrats is slowly implementing economic and social reforms, and preparing for the elections due to be held towards the end of the year. However, the old administrative apparatus is frequently at loggerheads with the new political agenda. Radical groups such as the salafists have to be put in their place. The press code has still not materialized. In addition to a spirit of political compromise, what Tunisia needs most is investment and growth. One in two young people are out of work. On the other hand, quite a few young people with small businesses of their own are creating jobs, which is a hopeful sign. Despite substantial political obstacles, with its 11 million citizens, Tunisia

has good qualifications to transform itself into a democracy and a social market economy.

On the other hand, 82 million **Egyptians** need something on the lines of a miracle in order to extricate the country from the impasse in which it finds itself. The list of problems is long and daring. A broad spectrum of secular opposition parties and the governing Islamist Muslim Brotherhood are pursuing mutually obstructive policies. Whilst it is true that President Mursi has the legitimacy that comes from winning a free election, the powerful central committee of the Muslim Brotherhood party limits his ability to act independently. Its efficient apparatus has appropriated many essential positions within a political system that is dominated by the Mubarak era. The Coptic Christian minority is being forced to toe the line. The opposition is becoming more radical in the expression of their frustration. Old cadres are adding fuel to the flames by simply making things worse. Powerful army generals control 40% of the economy. The courts and the administration are paralyzed by corruption. The police rarely tries to apprehend criminals and bring them to justice, and many citizens feel helpless. Investors are withdrawing their capital, and tourists are staying away. And all of this is happening against the backdrop of high unemployment and the impending financial collapse of the state. Currently Egyptian MPs are being prevented from taking their seats as a result of a controversial court ruling which casts already a shadow on parliamentary elections later this year, which the Muslim brotherhood will be struggling to win. Furthermore, the quarrelling political camps cannot reach agreement on an election law. Since the political parties are separated by profound mistrust, the European Union should insist on the presence of international election observers.

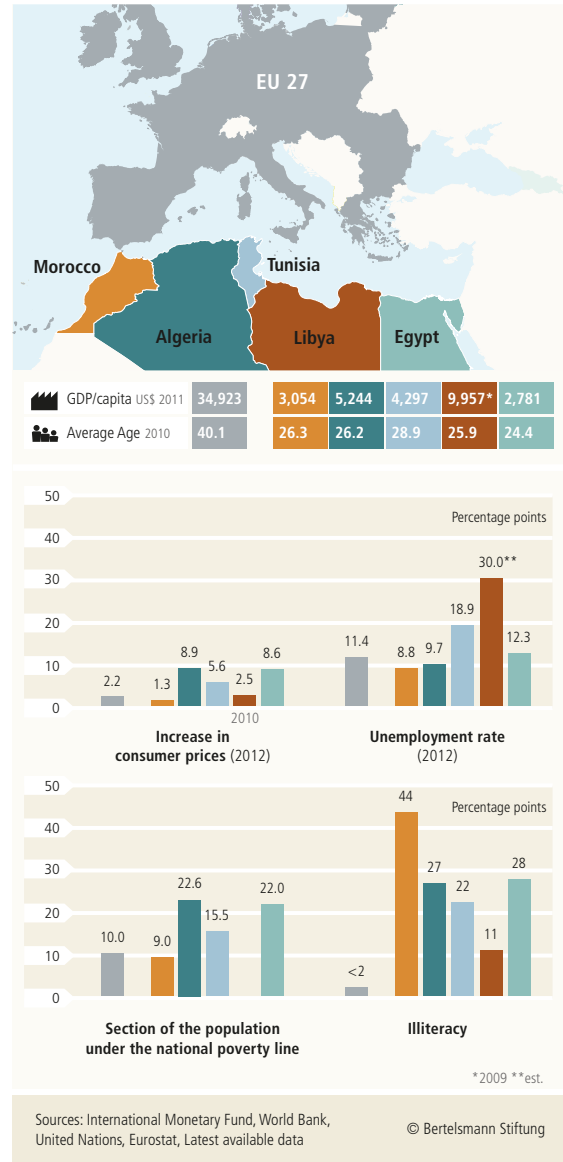
Many Egyptians are currently attempting to weather the storm in a stoic manner, and are trying to keep their heads above water with small business deals. The post-Mubarak era has also given young entrepreneurs a certain amount of freedom, and this enables them to give free rein to their creativity and to find out how far they can go. Almost all of the political parties and the institutions are controlled by the older generation. That is why changes can be implemented only by the younger generation and civil society.

The degree of complexity in **Libya** is comparable to that of Egypt, but displays very different reference points. The militias brandish their weapons as they present their demands. Western companies wait in vain to be paid for their work. The difficult security situation, the dispute about the work ban on former ministers and civil servants from the Gaddafi era, and the malfunctioning administrative apparatus are standing in the way of the country's development. Gaddafi's brutal reign has left behind many wounds. The Muslim Brotherhood, which receives help from abroad, is becoming stronger, even though many people consider its Islamization agenda to be rather suspicious. However, the country's vast oil reserves, though foreign companies are nervous about political risk, and the work being done in the elected Constituent Assembly give cause for hope. The deputies have installed a government headed by a liberal prime minister, Ali Zeidan. It possesses legitimacy, though it is not as yet strong enough to disarm the militias and to integrate them into a national army and police force, or to assert its authority over the various tribal chieftains and regional potentates. These goals can be attained by redistributing the nation's wealth among the regions and decentralizing important competences and powers.

The situation in **Algeria** yet again differs from that of its neighbours. In 1992 the Algerian army intervened during the second round of the parliamentary elections when it became apparent that the Islamists were about to win. This was followed by seven years of civil war. There were more than 100,000 victims, and when it came to an end the country's inhabitants were in a state of shock. This trauma led many Algerians to fear that a local "Arabellion" could easily bring civil war back to their country. Early in 2011 many young people briefly took part in peaceful demonstrations that were broken up violently by the police. However, there are persistent calls for work, accommodation, freedom and participation. More and more young people are beginning to reject the "system," which in so many words means that power is in the hands of a clique of ageing generals who control the revenues from natural gas exports and pull the strings in the background. However, there are also some signs of hope in Algeria. The country's political culture is enlivened by a certain amount of media

Economic and Social Developments in North Africa

Europe and the southern Mediterranean region.
The striking disparity between north and southw



freedom and an active kind of civil society. EU parliamentarians were present as observers at the recent elections, which were freer than any previous polls. However, there are restrictions on freedom of assembly and freedom of association. Algeria's leaders know that they will have to introduce political and economic reforms in order to create jobs, reduce the level of corruption and to make the administration more professional. The situation continues to be rather paradoxical. The revenues from natural

gas exports mean that Algeria is a rich country, and at the same time the levels of poverty and youth unemployment are rather high.

Further, West, the Kingdom of **Morocco** is making progress with regard to the legal equality of Arabs and Berbers. It has such a high degree of legitimacy that it can actually afford to distribute revenues more fairly among all the different social groups, to strengthen the freedom of the press and the freedom of assembly and association, and to integrate young people into the political system. The peaceful demonstrations by young people early in 2011 marked the start of a dynamic political process. The king responded to the protests and the calls for work, freedom and participation with an open debate on constitutional reform. However, the revised text did not entirely meet the expectations of the 20 February protest movement. An important innovation is that in future the king will appoint a prime minister who comes from the parliamentary majority. Since the elections held in November 2011 the head of government has been Abdelilah Benkirane, a member of the Islamist Justice Party. There are a number of other challenges. Among the many different challenges, the educational system will have to be improved, and the private sector will have to be mobilized in order to reduce the high levels of unemployment, poverty, and illiteracy.

The turmoil in Tunisia, Libya and Egypt has in fact put pressure on Morocco and Algeria to introduce reforms. At the same time this opens up new prospects for closer cooperation, and this in turn may help to solve some of the urgent socio-economic problems.

Turmoil is Bringing North Africa and Europe Closer Together

These problems obviously have a bearing on the European Union. True, as a result of the sovereign debt crisis and the high unemployment rates in southern Europe the resources that would be required in order to give North Africa a helping hand, if need be with a kind of Marshall Plan, are limited. However, throwing up one's hands in despair is not going to help anyone.

Europe and North Africa are very close to each other in geographical terms. Europe has an ageing society, with an average of 40 years. Its southern neighbours, where on average people are 25 years old, have far more youthful societies. As a result of its burgeoning population, North Africa is going to become a more important market for European products. Energy demand on both sides of the Mediterranean will continue to increase, and solar energy has a bright future in the area in addition to oil and natural gas.

There are five policy areas in which the five North African countries can work together with Europe in order to develop ways of solving their economic and social problems.

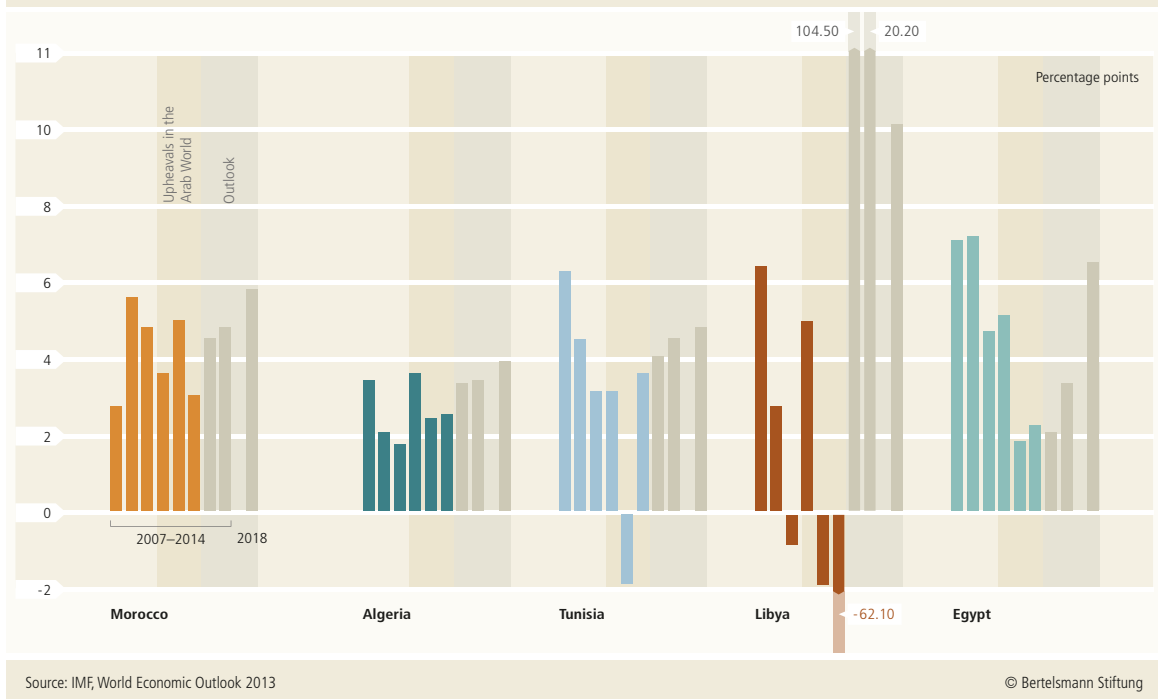
On account of their vast reserves of oil and natural gas Algeria and Libya possess substantial financial resources, which could be invested in employment-intensive industrial and infrastructure projects. These employment opportunities are in fact what unemployed workers from Egypt, Tunisia and Morocco are looking for. For this reason the five North African states should develop a common **labour market**.

New and worthwhile jobs are also being created by local sources of alternative energy, which include solar and wind projects. In the years ahead North Africa will need more energy as a result of its modernization programmes and growing population. However, there should not be a reduction in the amount of oil and natural gas being exported. Electricity generated by wind and solar power systems will cover the additional demand, and for this reason investments in local sources of alternative energy will turn out to be rather lucrative.

The European Union is North Africa's most important trading partner. Easing **trade restrictions** with the EU can help its neighbours in the south to generate additional revenues. Greater export opportunities, for example in the agricultural products sector, will improve the income of North African agricultural and supply companies, and this in turn will create more employment opportunities. However, for the time being it seems unlikely that the southern member states of the EU will agree to liberalize the European market for agricultural products. There are well-

Real Economic Growth in North African States

Economic consequences of the Arabellion



founded fears that this might adversely affect their revenues and the local job market.

Trade between the five North African countries amounts to no more than five percent, which means that the expansion of intra-regional activities in this area is a real possibility. However, the greatest problems are the conflicting interests of the various states. Thus Morocco and Algeria will have to improve their relations and open their borders. And for this to happen they will have to resolve the West Sahara dispute. At the United Nations Europe should join forces with the US and come out in favour of a solution based on the UN resolutions.

The state cannot and should not be the only entity capable of providing new employment opportunities. At the moment many of the governments in North Africa are trying to employ more young people in government agencies. However, these jobs are insufficient, and employees often need a second or even a third job in order to make ends meet. At the same time the private sector should no longer be almost wholly dependent on government tenders and contracts. In fact,

in future the state will need the assistance of the private sector in order to generate new employment opportunities. More capital, greater legal security and more sophisticated human resources development projects can motivate young people to start their own businesses.

European financing and organizational skills are already having an effect in this area. There are two especially noteworthy projects:

(1) In Tunisia the German Chambers of Industry and Trade and the Goethe Institute are supporting a dual training initiative. Tunisian companies that are hoping to do more business with German companies need appropriately qualified staff. The training project enables young people to acquire practical skills and a knowledge of German. This approach tries to do something about the fact that in North African countries about 60% of the students come on the labour market every year with a university degree in either the humanities or the social sciences. However, as a result of the low level of teaching and the low level of the qualifications graduates find it

difficult to get jobs in the business world. If the EU member states adopted more flexible visa policies, it would make it easier to train young people from North Africa in European companies (“EU journeyman years”).

(2) In addition to the qualifications issue, forging relationships with small and medium-sized enterprises in Europe is of growing importance for the creation of jobs in North Africa. Furthermore, the “Class 2013 Project” is helping to bring together young Tunisian and Egyptian entrepreneurs when they visit German companies. This triangular structure can facilitate an exchange of experiences between entrepreneurs who are setting up new businesses in North Africa.

Millions of immigrants from North Africa work in the European Union, and many of them have started businesses in Europe. They should be encouraged to support young entrepreneurs in their home countries.

Unfortunately there are still fears that Europe will be swamped by illegal immigration, and for this reason a flexible visa policy for young entrepreneurs and trainees from North Africa has not as yet materialized. It may be possible to learn something from the example of **Turkey**, an economic powerhouse, which benefits from its visa freedom for its neighbours. Thus many people from North Africa spend their vacations and do business in Turkey. As they visit Istanbul’s tourist attractions they experience at first hand that an Islamic country can in fact prosper and become democratic.

When it comes to business start-up projects, European-North African initiatives could ask a number of other partners to become involved. For example, Turkish companies are very much in evidence in North Africa, and the Turkish chambers of trade have built up a strong position in the area. Furthermore, the US Congress plans to make money available for North African start-ups. Although it would be true to say that companies and investors in the rich Gulf states still look askance at the North African market, it might well be a good idea to think about new types of cooperation between

the Gulf region, North Africa and Europe.

When all is said and done the Europeans do not have as much financial resources as they used to have, as a result of the sovereign debt crisis and the high unemployment rates in southern Europe. For this reason the different initiatives and the various types of financial assistance should pool their resources, since this will enable them to make a greater impact. It would make sense to insist on closer coordination of the **EU Neighbourhood Policy (ENP)** as pursued by the Brussels institutions towards Morocco, Algeria, Tunisia, Libya and Egypt with the wide-ranging bilateral activities of the three large EU member states Spain, France and Italy in order to ensure that European policymaking does not reach a state of gridlock.

Civil Society as a Pillar of Political and Social Consensus

The resolution of social and economic problems in North Africa also presupposes the existence of a lively and pluralist civil society. Since the end of the uprising more than 4,000 civil society organizations have been registered in Tunisia alone. Many of these NGOs fuel the debates in the parliaments and the media by coming up with a host of new ideas and concepts. Some of the political parties do not have any socio-economic agenda worth mentioning. Many of the NGOs can also help to foster a culture of consensus and compromise in the political sphere, and in this way help to build bridges between the Islamic and the secular camps. Not all of the actors think that this is a good idea, and some of the radical groups and corrupt civil servants are putting pressure on certain NGOs. Civil society certainly needs rhetorical support, but it also needs fair and transparent legislation that protects its work, provides for fair regulation, and promotes pluralism. The EU and its member states, which fund and support many of the civil society projects in North Africa, should scrutinize this legislation with all due care.

It might also be useful to exchange experiences with people from central and eastern Europe who after 1989 helped with the transition of

their societies to establish democracy and the market economy. Young people from North Africa who are involved in the political and social development of their countries sometimes refer to valuable conversations with some of the Polish Solidarnosc activists who took part in the Round Table in Warsaw in 1990 and

told them how difficult it was, for example, to define the role of the Roman Catholic church in the state and in society at large. Poles and Tunisians now want to establish an Institute for Democracy in Tunis, a good example of how it is possible to exchange information about the transformation process. ■

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