

E.C.-U.M.A. : A GREATER FRAMEWORK FOR DIALOGUE

by

Colleen Fannin
International Institute of Islamic Thought
555 Grove Street
Herndon, VA 22070

and

Philippe Lachapelle
George Mason University
Department of Decision Sciences
School of Business Administration
Fairfax, VA 22030-4444

When one thinks of the European Community (E.C.) and its relationship with the countries of North Africa, many aspects come to mind. Since the independence of Algeria, Morocco and Tunisia, relations have revolved around trade, the economic, social and cultural aspects of North African labor migration to the E.C., and tourism. More recently an issue on either side of the Mediterranean has been North African worry about the E.C. response to the opening up of Eastern Europe and E.C. anxiety over the North African response to the Gulf Crisis. In the long run, however, two factors will remain central to the future of E.C.- North African relations within the context of a 'New World Order:' 1) trade relations and 2) the European perception of Islam as a force for change in the Maghreb.

The objective of this paper is to illustrate the evolution of trade relations between the two regions to date and to show that E.C. 1992 represents the first real structural change in trade relations since Maghreb independence. Secondly, the paper will offer some observations about Islam as a social and political force having the potential to serve as a stabilizing factor in the region and thus requiring a more sophisticated understanding on the part of

European interests.

THE MAGHREB: UNITY OR DIVERSITY?

In many ways, much can be learned about the Arab world by looking at the regimes and economic policies of the Maghreb: Morocco, a multi-party constitutional monarchy has maintained a rather conservative development strategy since independence, Tunisia is a republic with a long history of constitutional development and grass roots labor organization while Algeria, until recently, was a one party state pursuing socialism and industrialization with the strong support of the military. Although all three countries were under French colonial influence, French policy was highly differentiated in the region leaving a lasting impact on each country's nationalist struggle and those economic development policies pursued since independence¹. Morocco has maintained a conservative economic policy based on the export promotion of agriculture² and has been the most successful in diversifying its economy into the 1990's while Tunisia has focused on liberalization and industrialization in the manufacturing sector. Algeria's experience has been unique with regard to her neighbors with the impact of massive oil and gas revenues in the 1970's and early

¹ Hermassi, E.; Leadership and National Development in North Africa: A Comparative Study, Berkeley University of California Press, 1972.

² Swearingen, Will; Moroccan Mirages Agrarian Dreams and Deceptions, 1912-1986, I.B. Tauris and Co. Ltd., London, 1988.

1980's enabling the country to embark on massive industrialization schemes based on import substitution.

Despite the diversity of leadership styles and economic endowments, the realities of the 1990's have had a leveling effect on North Africa. Typically, analysts look at the region in the colonial and post-colonial phases. The 1990's promises to be a new phase in North Africa, a post-nationalist phase, due to the growing recognition of their common challenges and lessons learnt from past experiments based on the ideological euphoria of the post-colonial experience. The world wide recession of the 1970's, the disappointing performance of the oil weapon and the rapid integration of international trade flows and transactions have all rattled those political and economic policies pillars which have kept the individual states of the region inward looking.

Common leveling themes in the Maghreb equation include economies which are highly dependent on world prices for oil, agriculture, phosphates and the E.C.'s demand for labor. There are 1.8 million immigrants from the Maghreb living in the Member States, mostly in France, and labor remittances account for 50% of the value of Morocco's total merchandise exports³. Furthermore, the countries of the region are highly dependent on food imports because of irregular rainfall and government policies which emphasize

³ Stork, Joe; "Europe's Other Frontier: North Africa Faces the 1990's," Middle East Report, March-April 1990/No. 163.

irrigated agriculture for export. Population growth rate is 2.5 to 3.2% per year and in Tunisia 38.5% of the population is under the age of 15 and in Morocco and Algeria the figures are 41.2% and 44.4% respectively putting enormous pressure on the government's employment policies⁴. The mixed blessing of oil revenues has ensured that Algeria has the highest debt service ratio of all the nations in the region as a percentage of GNP at 96.5%, Morocco comparatively is at 29.1% and Tunisia at 23.4% of GNP⁵. Morocco's moderate political policies vis a vis the United States and the gulf monarchies has guaranteed it for the time being, World Bank loans and a major debt rescheduling arrangement with the International Monetary Fund.

Due to many of the circumstances outlined above as well as the collapse of global rival superpower patronage, the Maghreb is toning down the intensity of policies like Moroccanization, nationalization, import substitution and moving towards restructuring based on more liberal economic programs, political reform and attracting foreign investment in recognition of the role of interdependence at the regional and international levels.

THE EVOLUTION OF TRADE BETWEEN NORTH AFRICA AND EUROPEAN COMMUNITY:

The present character of North African agricultural trade with

⁴ World Bank, 1988.

⁵ Middle East Economic Digest, January 12, 1990.

Europe developed under the policies of French colonialism based on the core periphery model. In the colonial stage of development, entrenched colon interests with a dynamic lobby presence in the French metropolis were able to guarantee markets for their products in France. The early development of North African agriculture was based on the relationship between the colon cultivators and these guaranteed markets which in turn depended on the political importance of colonialism to France. After independence, there was a transfer of these interests and subsequent loss of political advocates in France for the region's agricultural production which continues to employ about half of the population.

In the post-colonial era, a new trade policy emerged with the endorsement of the European Community under the General System of Preferences which involved all third countries falling within the purview of Community trade. Bilateral preferential trading agreements later became the cornerstone of the Global Mediterranean Policy. After independence, Maghreb trade negotiators asked for preferential agreements to compensate for the extroverted nature of their agriculture export base dependent on and oriented to European markets and to offset the effects of the common agricultural policy. The first of these agreements signed in 1969, and then later in 1976, covered a range of North African products regulating their entry into E.C. markets through complicated formulas including percentages for preferential access to markets, calendar restrictions and quotas all designed to protect competing European

products.

The official objective of preferential trading relationships was the promotion of the economic and social development of Morocco, Tunisia and Algeria through trade, economic, technical and financial cooperation. Evaluations of the success of the E.C.'s Global Mediterranean Policy after twenty years vary. In the case of Morocco, preferential markets have induced irrigated agricultural production which has contributed to the structural and political ossification of export led growth in this sector and left Morocco in a uniquely vulnerable position with the enlargement of the E.C. to fully include Spain and Portugal in 1992⁶.

THE CHALLENGE OF 1992:

In light of the fact that 67% of North African exports go to E.C. markets, and that for Morocco and Tunisia, the bulk of this trade is in agriculture and food products, the asymmetry of the Spanish and North African economies will be brought acutely into focus after 1992 when Spain and Portugal complete their E.C. adjustment period. The Maghreb countries can expect a significant increase in Spanish production linked to a better utilization of distribution systems in the Community, economies of scale, mergers and acquisitions--all of which will increase the competitiveness of the

⁶ Fannin, Colleen; "Preferential Trade and Development: The Case of Morocco," University of London, [SOAS], Unpublished, 1989.

Spanish food industry. The situation has been particularly aggravating to Morocco.

Observers⁷ have argued that Spain will overtake Morocco in agricultural exports to the Community by modifying the shape of Community agriculture and thus, the Community's import needs. Estimates claim that the Twelve will increase by 30% its agricultural area, its agricultural workforce by 28% and land cultivation by 30%⁸. Nevertheless, preferences have played an important role in aiding Morocco to maintain traditional export ties with France and the E.C. They have given Morocco an 80% reduction in the external tariff in trade in agriculture while assuring Spain only a 69% reduction, yet Spain already supplies the EC with about 45% of its agricultural exports while Morocco provides a much smaller share at only 15%. Traditionally, Spain has been the Community's largest supplier of agriculture. EC 1992 has had the effect of dramatizing the urgency of Morocco's need to diversify its export base in agriculture. While the value of

⁷ Pomfret, Richard; "Effects of Preferential Agreements on Trade," Mediterranean Policy of the European Community: A Study of Discrimination in Trade, Macmillan Press, London, 1986.

Sutton, M.; Morocco to 1992: Growth Against the Odds, The Economic Intelligence Unit, London, 1987.

Oualalou, F; "Le Maroc, Le Maghreb, et La CEE" A Propos d'Economie Marocaine, Societe Marocaine des Editeurs Reunis, Rabat, 1980.

⁸ Sekat, M.; "Economic Aspects of Morocco's Relations with Europe," Paper presented at a conference on Morocco's relations with Europe, University of London, [SOAS], 25 November, 1988.

preferential trade agreements have been eroding since their inception in 1969 due to the various devices made available to the Community by the Common Agricultural Policy such as import calendars, reference prices, quotas and voluntary export agreements, the Moroccan government has been sluggish in pursuing other markets and vigilant in guarding its preferences.

The increased demand for consumer goods in the common market will be of greatest advantage to the developing countries where the process of industrialization is well advanced. The UMA Member States, because of their specialization in manufacturing for the European market, should not see the harmonization of standards in the E.C. as an handicap but as an advantage compared to countries producing for other markets. Furthermore, at the exception of Lybia which has no preferential trade agreement with the E.C., free access (with no-reciprocity) to the European market for industrial products has been granted to Morocco, Tunisia and Algeria in the framework of the preferential trade agreements and to Mauritania in the framework of the Lomé Convention.

The challenge of 1992 has been for both partners to address North Africa's need to diversify exports as its traditional markets 'dry up' and for the Community to balance North African expectations with its commitment to the Common Agricultural Policy which will undoubtedly encourage Spain to produce in those areas traditionally supplied by Morocco. Observers since the early 1970's have been

suggesting that the North African states increase trade amongst themselves to take advantage of complimentary economies. Political differences over the Western Sahara conflict, competition over Super Power patronage (Algerian and Libya in the Soviet camp with Morocco and Tunisia in the American camp) and Libyan adventurism as well as an institutionalized rivalry between the nations of the region competing to supply the markets of Europe has traditionally made inter-Maghreb cooperation highly unlikely. The perception on the part of the governments of North Africa, of 'Fortress Europe' as a real threat, has stimulated new incentive to integration thus overriding political considerations in the interests of securing economic stability.

A NORTH AFRICAN RESPONSE TO 1992: THE ARAB MAGHREB UNION

President Chadli Benjedid of Algeria, Colonel Ghadafi of Libya, King Hassan II of Morocco, Colonel Taya of Mauritania and President Ben Ali of Tunisia signed the Treaty setting up the Arab Maghreb Union (AMU) in Marrakech on 17 February 1989. While the current initiative for North African integration has been immediately inspired by the model of integration currently being formulated by the European Community, the notion of integration is certainly not new to the Arab world if by integration, we mean the free movement of labor, capital and ideas across nation states. We have also to keep in mind that the whole notion of the nation state is relatively new to the Arab world. One has only to look at the

Ottoman model to see an integrated region which stretched from the Western most part of Algeria into the Soviet Union for an Arab/Islamic version of integration. It will probably remain one of the great ironies of administrative history to see the model of the nation state imported to the Ottoman empire and imposed by nineteenth century French and British colonialism only to be abandoned by United Europe itself ninety-two years later!

Historically, Islam has been a great unifying force in the Arab world from its daily ritual prayers and the use of Arabic in both devotional and daily life to the pilgrimage to Mecca which has served as a meeting place for Muslims to share and exchange ideas for the last 1400 years. The influence of Islamic concepts has not been lost upon the present architects of the Arab Maghreb Union whose acronym. U.M.A., is the Arabic phonetic equivalent of Umma which describes the community of believers. Such social and cultural factors may be played upon in the future to reinforce the acceptance and political will of the United Arab Maghreb concept.

The idea of a united Maghreb is not new to the region. What then has changed in the North African context which has given fresh impetus for this latest initiative for unity and how does this event relate to what we have called the post-nationalist phase in

regional political developments? According to one observer⁹, the evolution of the Maghribi concept has been based upon three key elements: 1) the notion of the umma or Islamic socio-political concept of community ; 2) the nationalist reaction against French colonialism and the latter's attempt to undermine the Arab-Islamic identity; and 3) the aspirations of the Maghreb's people for a modern and progressive renewal. One factor in this equation has changed. The present North African initiative is not based on the anti-French sentiment typical of the colonial struggle against the "Other" for liberation. It does not have the vitriolic confrontational character of the early 1920's and 1930's. This undoubtedly has the effect of making the prospect of a united North Africa more palatable to their European neighbors to the North. In the geo-political context of Mediterranean security, a Maghreb union is presently viewed as stabilizing rather than as a destabilizing factor. A united post-nationalist North Africa is now perceived as being within the European purview of interests rather than as a threat to European interests.

EUROPEAN COMMUNITY RESPONSE TO THE ARAB MAGHREB UNION: THE NEW MEDITERRANEAN POLICY:

Since the official acceptance of Spain and Portugal into the

⁹ Jabri, M. Abed; "Evolution of the Maghrib Concept," Contemporary North Africa: Issues of Development and Integration, Halim Barakat, (ed.), Center for Contemporary Arab Studies, Georgetown Universtiy, 1985.

European Community in 1986, the Commission has been tirelessly solicited by the countries of North Africa, and especially by Morocco, as to its policy towards the region in view of changing market conditions after 1992. The gravity with which Morocco viewed the negative effects of E.C. 1992 on its long term trading position is best expressed in King Hassan II's application to join the European Community in 1987.

A recent paper published by the Commission outlines the Community response to the countries of the Greater Arab Maghreb¹⁰. In the 1980's, the Community viewed the problem with Morocco and other Maghreb countries as one of how to maintain traditional exports in light of the changes which will be brought on by unified Europe. In 1985, French foreign policy makers took it upon themselves to defend exports from non-E.C. countries by refusing to ratify Spain and Portugal if at least traditional exports were not maintained. In 1986, the Community accorded a package of concession to Morocco including a change in the average number of years from which export quotas were calculated to include exclude Morocco's drought years, the range of products given preferential treatment were expanded to encourage diversification, and export calendars were extended. Morocco continually felt that negotiations were going in the direction of institutionalized discrimination of production in favor of Spain.

¹⁰ Camier, Alice,; "The Countries of the Greater Arab Maghreb and the European Community," November, 1990.

The emphasis of the European policy has turned from trade to aid with a new twist: active support of inter-Maghreb trade. In light of the socio-economic problems which were especially manifest during the recent golf crisis, the latest Community response has been a commitment to encouraging Maghreb regional cooperation and interdependence in the form of conceptual, technical and political support in the construction of the AMU founded on the complementarities of the North African economies¹¹. A significant amount of financial aid destined for the Maghreb, 14 billion French francs; 1.5 billion in aid and 12.5 billion in loans will go to regional development projects. In an effort to liberalize the Algerian economy, for instance, from a rigidly planned central economy to a promotion of the role of enterprise the E.C. will be providing technical and financial support to the creation of a securities market in that country¹². Within the framework of the New Mediterranean Policy, the E.C. has pledged additional aid to finance and encourage inter-Maghreb trade and investment schemes.

Projects already underway include a pipeline linking Algeria and Italy via Tunis which came into service in 1983 and two more projects are envisaged including a 400 km trans-Maghreb pipeline planned for 1991-92 and a 2000km Algeria-Morocco pipeline which could then be extended across the Straights of Gibraltar to Spain

¹¹ AGENCE EUROPE ; Wednesday, 10 April, 1991, No. 5468.

¹² AGENCE EUROPE; Thursday, 4 April, 1991, No. 5462.

and Portugal. Current cooperation agreements with the Maghreb cover trade, labor, investments and financial aid. There have been few changes in trade relations since 1969 with the exception of the anticipated structural market changes in E.C. after 1992 and the E.C. policy to support inter-Maghreb trade. We can regard the new E.C. policy as a positive step in the future of long term economic development and stability in the region because it aims at redirecting finance investment from those sectors of the North African economy which have traditionally gone to reinforce export capacity to the E.C., to reinforcing inter-Maghreb trade and the development of new markets for North African trade which currently stands at about 3% of AMU trade.

Accusations that the rescue of the East would be at the expense of Europe's southern neighbors has also added impetus to Europe's new Mediterranean policy.

ISLAM AND THE WEST: A COMMENTARY

It is difficult to write about any relationship between Europe and North Africa without touching upon the current phenomenon of the Islamic revival which has affected all the governments of North Africa.

While the Europeans might be a bit more enlightened when it comes

to Islam than the Americans, there is a general consensus among Middle East academics of the need to deconstruct the Orientalist paradigm which permeates most Western perceptions of Islam¹³.

The attitudes which come across in the Western press fall under a set of generalizations which see Islam as essentially primitive and un-democratic with a legacy of archaic laws, which should they come to be adopted in any country, would be incompatible with the modern world. Those, however, who have taken the time to study Islamic law, have found it to be quite flexible and adaptable to the modern problems facing Muslim communities world wide¹⁴.

The extent of the problem of Western perceptions is evident in a recent comment by a Spanish official discussing recent Algerian municipal elections, "Spain cannot coexist with Islamic regimes on its southern frontier as long as they are not within a democratic framework, we worry that such regimes would prefer an artisanal/bazaar economy like in Iran, rather than a capitalist one."¹⁵ In considering such a statement, one wonders if the speaker had in mind that Iran's gross national product is based on the sale of Persian carpets. Acknowledging the problem in the

¹³ Said, Edward; Orientalism, Random House, New York, 1979.
Covering Islam: How the Media and the Experts Determine How we See the Rest of the World.

¹⁴ Esposito, John; Women in Muslim Family Law, Syracuse, N.Y., 1982.

¹⁵ Maliniak, Thierry; "Espagne: La Carte de la Modernisation: Les Douze face au Maghreb," Le Monde, Mardi 12 mars 1991.

context of King Hassan of Morocco's application to the E.C., the London daily, the Financial Times reported; "King Hassan of Morocco's declared intention of applying for membership to the European Community was greeted in the European media with a mixture of incredulity, scorn and the kind of racial jibe which many educated Arabs have come to expect from Western countries.¹⁶" The stereotypes which many Westerners have come to accept uncritically about Islam and Arabs will be of little help in understanding the challenge of the Islamic revival.

Perhaps part of the problem is what is meant by demands for 'democracy' in the Third World. In a recent article which appeared in a widely read Middle East journal, the following comment appeared, "The Arab Maghreb Union is a unity of regimes: there is not yet anything equivalent to the 'people's power' or political reform movements at work in Eastern Europe."¹⁷ In view of Algeria's recent multi-party elections, the most spectacular democratic reform in the country's post-independence history, such comments are deeply disturbing. In view, also, of the grass roots and popular nature of Tunisia's Islamic Tendency Movement and the June 1990 Algerian municipal council elections which placed the Islamic Front in 32 of the 48 regional assemblies, one can only conclude that such observers dismiss "Islamic" as undemocratic.

¹⁶ Financial Times, Wednesday, April 17, 1991

¹⁷ Stork, Joe; "North Africa Faces the 1990's," Middle East Report, March/April No. 163; Vol. 20, No.2, 1990.

Closer examination of the Islamic movement in Tunisia, however, shows its leaders working for issues easily identifiable in the West as "democratic,": free and democratic elections, a multi-party system, free press and improved human rights--surprisingly compatible with secular pro-democracy movements elsewhere. If by democracy we mean an expression of the popular will, than certain Islamic parties in North Africa seem to represent the people's choice.

We have come to associate religion and politics with Islam, but religion plays a part in the politics of many Western countries, Northern Ireland is a good example. Part of the problem with the Islamic parties and the Islamic revival itself throughout the Islamic world is not that there is any inherent deficiencies in Islam, but that there are many disagreements between those who have taken it upon themselves to study Islamic principles and apply them. No one can deny that Islamic reformers have a lot of work to do and that Islam will probably mature with political and democratic developments in individual countries. From a political perspective, what is appealing about Islam is its potential to provide an integrating and appropriate social and political framework which would give authenticity and a sense of identity to one quarter of the world's population¹⁸.

¹⁸ Abul-Fadl, Mona; Islam and the Middle East: The Aesthetics of a Political Inquiry; International Institute of Islamic Thought, Herndon, Virginia, 1991.

Unlike the pro-democracy movements in Eastern Europe which are currently disintegrating into ethnic unrest and institutional chaos, the countries of the AMU have one of the most culturally homogeneous populations in the Arab world, thanks in part, to Islam. In categorically dismissing any notion of Islam as a legitimate force for change in North Africa among those parties which might be called reformist rather than militant, one is only encouraging the extremists to prevail. It is worth noting that only in Morocco, where the King is also the Commander of the Faithful, have the extremist been unable to gain a foothold.

Are we heading for a new cold war with Islam? Are the West and Islam doomed to cultural exclusivity based on alienation and an oppositional mindset? There is another model of East/West cooperation we could aspire to which took place in the very area we are discussing today: the great cultural exchange and flourishing which took place under Islamic Spain¹⁹.

In no other region in the world do we have Islam and the West in such close proximity as between Europe and North Africa. It is a rare and hopeful inter-cultural achievement to see Tahar Ben Jelloun winning the most coveted French literary prize serving as a reminder and an example of the fertile ground for further achievement.

¹⁹ Voll, John; "Arabs and Westerners: A Historical View," The World and I, February, 1990.

While the reformers of the Islamic revival, which has different meanings in different countries²⁰, struggle with adapting the Islamic legacy to running a modern state in a rapidly integrating international system, perhaps Islam, which we have come to view in the West as part of the problem, will become part of the solution. While it is up to the leaders of North Africa to design their own culturally appropriate paths to national development in the post-nationalist phase, an attitude on the part of the Community of tolerance and healthy curiosity towards Islam might go a long way in bringing to the fore the humanist traditions of both the West and Islam within a greater framework for dialogue.

The new E.C. policy supporting inter-Maghreb cooperation can only be seen as a step in this direction and a vote of confidence in the leadership of North Africa.

²⁰ Hunter, Shireen (ed.); The Politics of Islamic Revivalism: Diversity and Unity, Indiana University Press, 1988.