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THE COUNTRIES OF THE GREATER ARAB MAGHREB AND THE EUROPEAN COMMUNITY

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THE COUNTRIES OF THE GREATER ARAB MAGHREB

AND

THE EUROPEAN COMMUNITY

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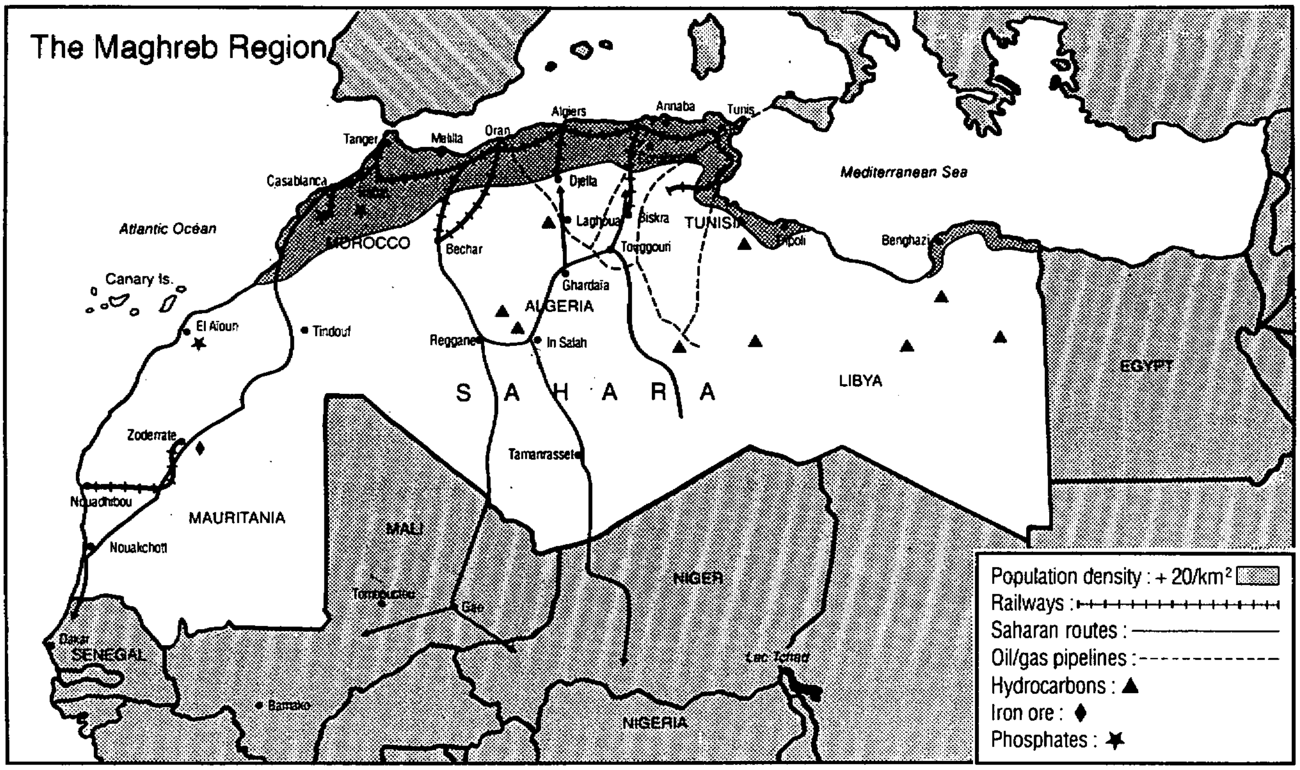
FOREWORD

The European Community has covered a great deal of ground in its more than 30 years, but there is still some way to go to the internal market, to economic and monetary union, to political union and more. To the east, that "other" Europe awaits a fruitful partnership. To the south, beyond the Mediterranean, other partners, older and closer ones, beckon it to more ambitious cooperation. Amongst them are the Arab countries of the Greater Maghreb, which have come up with what is of course so far only an outline - but time will do its job - and set up a regional unit called the Arab Maghreb Union, or AMU for short.

The European Community has always offered encouragement and support for every move towards economic grouping in every part of the developing world. Because that is its natural vocation, so to speak. And above all because it is convinced that this is the sine qua non of real and reasonably autonomous development. And because relations between regional units are the right setting for better balanced and more efficient cooperation.

This paper cannot of course predict what cooperation between Europe and the future Arab Maghreb Union will be like. It has the far more modest aim of briefly reporting on progress to date, outlining interdependence between the countries of the Maghreb themselves and between them and Europe and summarizing cooperation between the Community and each of them.



AMU-EEC IN FIGURES

	AMU	EEC
Number of countries	5	12
Area (million km2)	5.77	2.25
Population in 1990 (million)	65	340
Urban population (%)*	48	78.4
Life expectancy at birth*	62.4	75.9
Fertility index *	5.1	1.6
Per capita GNP ($)	1773	13 570

* *World Bank, report 1990, figures for 1988.*

COUNTRIES OF THE GREATER MAGHREB - AN OUTLINE

	ALGERIA	LIBYA	MOROCCO	MAURITANIA	TUNISIA
Area (km2)	2 381 74	1 759 540	446 550	1 025 520	163 610
Currency	dinar	dinar	dirham	ouguiya	dinar
Independence	July 1962	December 1951	March 1956	November 1960	March 1956
Population (forecast 90, million)*	25.36	4.45	25.14	2.02	8.17
Annual growth (85-90)*	3.1%	3.7%	2.6%	2.7%	2.4%
Urban population (forecast 90)*	44.7%	70.2%	48.5%	42.1%	60.9%
Under-15s (88)**	44.4%	46%	41.2%	43.9%	38.7%
Per capita GNP ($, 88)**	2360	5420	830	480	1230
GDP $ billion, 88)*	58.25	23	17.83	0.910	9.61
Main exports	hydrocarb.	oil	phosph. food prods textiles	iron ore fish prods	textiles fertil. & other chemicals hydrocarbons
EEC exports (% of total)***	61%	60%	53%	60%	67%
Exports to EEC (% of total)***	71%	80%	61%	51%	74%
Cereal self sufficiency (85-88)	32%	16%	76%	32%	46% (very variable)

Sources:

* *Paul Balta, Le Grand Maghreb, 1990.*

** *World Bank*

*** *Eurostat, 1987*

THE ARAB MAGHREB UNION

The premises

The Maghreb has long had plans for unity.

The first attempt at setting up a single institution goes back to 1958, when the Moroccan and Tunisian nationalist parties and the Algerian FLN held the Maghreb Unity Congress in Tangiers (at the time of the EEC was being formed), but little headway was made, as they were all busy creating their individual States.

Although the Maghreb had an economic laboratory in the Maghreb standing consultative committee set up six years later, cooperation remained on a strictly bilateral level.

The trigger was the reconciliation of Tunisia and Libya in December 1987 and the re-opening of diplomatic relations (cut off in December 1976 by Hassan II just after Algeria's recognition of the Sahrawi Arab Democratic Republic) between Algiers and Rabat in May 1988. Algeria and Morocco then opened their frontiers, did away with visas and set up a joint committee.

More meetings between the Algerian, Tunisian and Libyan authorities were proof of the region's new dynamism. In February 1987, Tunisia proposed a Maghreb common market and called on those who had not already done so to sign the 1983 treaty of friendship, brotherhood and harmony with Algeria.

On 22 May 1988, Tunisia and Libya tried to speed up the move towards unification with a decision to bring in a common identity card, allow free movement of individuals and goods and devise pilot projects.

The devastation wrought by the locust invasion in March was a further appeal for cooperation, this time with locust control from Mauritania to Libya.

Joint energy projects were planned too, with the opening of a mixed Algeria-Libya oil company, schemes for Algeria-Tunisia-Libya and Algeria-Morocco pipelines.

On the crest of this wave came the first Maghreb Summit, at Zeralda (Algeria) on 10 June 1988, when the leaders of the five States decided to set up a Maghreb High Commission and five specialized commissions on finance and customs, economic affairs, organizational and structural matters, culture-education-teaching-information and social affairs-human affairs-security.

The Treaty

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.

AMU has political, executive and legal bodies:

- a presidential council of the five Heads of State, which meets twice a year (plus any extraordinary meetings), is chaired by each leader in turn and takes decisions unanimously. The terms of office so far have been:

February-December 1989	Hassan II;
January-June 1990	President Ben Ali;
July-December 1990	President Benjedid;

- a council of Foreign Ministers;
- a steering committee comprising a member of each Government;
- a general secretariat to the presidential council;
- a consultative council, comprising 10 representatives of each national parliament, which may be given legislative powers to become a Maghreb parliament;
- a legal body, made up of two judges per country, to settle any disputes between the various structures.

According to the 19-Article Treaty, the five main aims of the Union are to:

- strengthen the ties of brotherhood between the member countries;
- ensure them progress and prosperity and defend their rights;
- ensure their mutual agreement and protect their independence;
- pursue a common policy in a variety of fields and ensure cultural cooperation with a view to protecting both the "spiritual and social values of Islam" and the "national identity of the Arab people".;
- work for the free movement of individuals and of services, goods and capital.

Implementation

There have been two Summits since AMU was founded in Marrakech - in Tunis in January 1990 and in Algiers in July 1990.

The Tunis Summit, chaired by Mr Ben Ali, showed a desire to step up the political dialogue between the countries of the Union and strengthen ties with the countries of Europe.

It was decided to increase the number of members each country sent to the Consultative Council from 10 to 20 and the five countries agreed to give AMU a permanent secretariat general and a seat - although the location has not yet been fixed.

Four specialized ministerial commissions (on food security, economic and financial affairs, infrastructure and human resources) have been formed and Foreign and Defence Ministers invited to come up with a formula for coordinating and cooperating on political and defence matters.

Lastly, the Five stressed their concern with safeguarding the identity, rights and interests of the Maghreb immigrant community.

Since Tunis, the five Heads of State have shown a constant interest in closer relations with the EEC.. Although Morocco thinks a united Maghreb dialogue via a permanent Maghreb mission to the EEC would be premature, Mr Ben Ali has spoken on AMU's behalf on many occasions, suggesting a multidimensional Mediterranean Fund, a development fund fed from debt servicing, to take a Maghreb-wide look at the AMU countries' debts and revise the aid machinery with a view to co-development within the framework of the new Mediterranean policy.

Spain's idea of a conference on security and cooperation in the Mediterranean along the lines of the CSCE, backed by Italy, France and Portugal, got the support of the AMU Five at a conference of non-aligned Mediterranean nations in Algiers shortly before the Summit.

AMU members hope to see the idea of a Euro-Mediterranean development bank along EBRD lines gain ground and to organize a Marshall Plan for North Africa.

The opening (Ben Ali) and closing (Benjedid) speeches at the Algiers Summit, which was chaired by the Algerian Head of State, were an opportunity to recall these proposals and express AMU's attachment to the EEC.

There was another request for a common charter on immigration, as a framework to guarantee the rights of the Maghreb colony in Europe.

Mr Benjedid also outlined the main steps involved in the creation of a Maghreb common market - the setting up of a free-trade area, followed (by 1995) by a customs union. Agreements on the free movement of agricultural products, on investment incentives, medical control and goods and passenger transport have been signed, but plans for a Maghreb airline and a Maghreb passport have yet to be ratified. Above all, the secretary-general and the seat have yet to be named.

Foreign Ministers of the Twelve and the Five held their first informal meeting, with Mr De Michelis (Italy) and Mr Ghozali (Algeria) in the chair, in Brussels on 12 November 1990.

Both sides confirmed their intention of institutionalizing the dialogue and Mr De Michelis talked about "a real political cooperation meeting, even before the political dialogue has been institutionalized".

Although the main item on the agenda was the Gulf crisis, Mr Ghozali also asked the EEC to lift the sanctions on Libya, which was a sine qua non if there was to be a proper dialogue between Europe and the Maghreb - a request which the EEC would be looking at in the coming weeks, Mr De Michelis said.

The Italian Minister made it clear that the Twelve were keen to come to an agreement with AMU on cooperation in the Gulf, in accordance with the proposals of the renewed Mediterranean policy.

Mr Ghozali once again insisted on the living conditions and free movement of Maghreb immigrants in the Community, particularly after 1992. The Community, Mr De Michelis maintained, had agreed that this was a priority for future cooperation.

INTERDEPENDENCE IN THE MAGHREB

How are AMU members exploiting their potential for complementarity now the Maghreb is integrating?

While 55-60% of the Twelve 's total trade is done with other members of the Community, barely more than 3% of AMU trade is with other countries of the Union. There are historical reasons for this and they are aggravated by structural, legal and administrative impediments (non-convertible currencies, for example) and by a failure to realize what opportunities are available in each of the member countries.

The very real industrial diversification of the Moroccan and Tunisian economies was in fact a function of the European demand for manufactures (textiles mainly), which increased the North-South emphasis to the detriment of East-West.

Now, Morocco should be more concerned with gearing its agricultural surpluses (due to recent competition from Spain and Portugal) to covering the shortfalls of its partners in the Maghreb - where none of the countries are self sufficient in food. And more should be made of the complementarity between countries which produce hydrocarbons (Algeria and Libya) and countries which produce consumer goods and food (Tunisia and Morocco).

The importance of informal trade (Moroccans and Tunisians buying subsidized food and oil in Algeria and Algerians going to their neighbours for consumer goods in scant supply at home) is a good illustration of the trade intensification potential.

Energy is a privileged field for cooperation in the Maghreb. A pipeline linking Algeria and Italy via Tunis came into service in 1983 and the facilities are being completed with two more projects to:

- construct a 400 km trans-Maghreb pipeline, planned for 1991-2 (an Algerian-Tunisian-Libyan company);
- a 2000 km Algeria-Morocco pipeline (a mixed company), which could then be extended across the Straights of Gibraltar to Spain and Portugal.

Tunisia and Libya have agreed to exploit part of Libya's Bouri oil deposit jointly and to build a pipeline together. Mixed (Algerian-Libyan particularly) companies are being developed.

But the main thing for Maghreb unity is a unified transport and communications system, which means creating a full road network linking the five countries and extending the present railway to Libya and Mauritania.

The 2262 km railway trip between Tunis and Casablanca, for example, currently covered at 60 km per hour, takes 44 hours, but the idea is to get this down to 30 hours in 1991 and 28 by 1995. There is talk of a joint airline, Air Maghreb, for domestic freight and passenger flights in the countries of the Arab Maghreb. And there are plans for mixed sea, land and rail transport companies.

Although the five countries of AMU have historical, religious and linguistic affinities, they have, like any new community, to learn to live and work together. The recent attempts at cultural cooperation, the drive to set up a free Maghreb book market, the creation of a Maghreb human rights union (February 1989) and the various Maghreb amateur drama festivals all point to closer cooperation based on greater mutual understanding.

INTERDEPENDENCE BETWEEN EUROPE AND THE GREATER MAGHREB

The extension of the Community to the south is strengthening the traditional ties between Europe and the Maghreb.

The European Community welcomes the emergence of AMU and intends pursuing its drive to promote a Mediterranean area of joint prosperity - a difficult enterprise, but one to which it attaches importance and which will not detract from its new responsibilities in the east.

Trade

The interdependence between Europe and the Maghreb is manifest in trade first and foremost. Preferential trade arrangements ensure free access for industrial products and tariff concessions for most of the Maghreb's agricultural exports to the Community.

The EEC is the leading trading partner of the countries of the Greater Maghreb. But although the EEC accounts for about two thirds of AMU's external trade (60% of imports and 67% of exports*), AMU only accounted for 3.8% of the EEC's imports and 3.3% of its exports in 1989**.

However, the trend in the Maghreb is to diversify both sources of supply and export markets, as, for example, is happening in Morocco.

The AMU-EEC trade balance is showing an EEC deficit because of Libyan and Algerian trade surpluses.

The countries of the Maghreb (other than Mauritania) have improved the extent to which their exports cover their imports since 1975, in spite of the extra imports needed for development.

The structure of trade is gradually diversifying too, thanks to the industrialization drive and the steps taken to reduce food dependency in the countries of the Greater Maghreb. Free industrial access has made for a substantial increase in the manufactures exported to the EEC, with an attendant decrease in the share of farm produce.

* *Source: Eurostat 1986-87.*

** *Source: OECD, 1989.*

The EEC imports large quantities of hydrocarbons from the AMU countries - 96% of Algeria's exports (this country currently caters for more than 10% of the EEC's gas requirements) and more than 95% of Libya's exports to the Community. And it imports large amounts of phosphates from Morocco (the world's third largest producer) and Tunisia (the fifth).

The EEC still gets iron ore from Mauritania (it accounted for 80% of the country's exports to the Community in 1988-89)* and textile imports from Morocco and Tunisia are expanding, as provided for in the voluntary restraint agreements.

The EEC also imports fish products from Morocco and Mauritania (about 15% of Mauritania's exports to the Community in 1988-89*), citrus fruit from Morocco and citrus fruit and olive oil from Tunisia.

The Five's main imports from the Community are manufactures (machinery, capital goods, transport equipment etc) and foodstuffs (cereals, butter, milk, milk products, sugar etc) - 80% of Algeria's imports, a similar percentage in Tunisia, Morocco and Mauritania and an even higher one in Libya.

Investments

Although investment projects are an important aspect of Euro-Maghreb interdependence and get a special mention in the cooperation agreements between the EEC and Algeria, Morocco and Tunisia (Article 4), the Greater Maghreb is still attracting little in the way of private foreign investment.

Investments are made, of course, particularly in textiles and the tourist trade in Morocco and Tunisia, and Morocco can congratulate itself on having its foreign investments rise by an average of 7% p.a. since 1982, and 25% in 1988 alone, thanks to simpler administrative procedures for authorizing foreign and national investments.

In 1989, 15% of Morocco's total investments were from foreign sources, 71% of this from the Community.

However, free access to the Community's industrial market has not provoked massive delocalization of production in the Mediterranean. Neither geographical proximity nor free access to the market have prevented our investors from clearly preferring other parts of the world (South East Asia especially).

The main causes of this lie in the unsuitability of economic and administrative policies, generally poor productivity and narrow national markets. Occasional restrictions in textile exports, making potential investors fear further restraint, are also to blame.

However, things have been improving for some years now. Thanks to the drive to adapt investment codes, the laws in most of these countries are very favourable to foreign investment and the private sector is encouraged. Systematic use of such measures could well help boost private investments in this part of the world.

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* *Sources: DG VIII statistics (Eurostat).*

Labour

The human and economic dimension of the migration of Maghreb workers is an important - and sensitive - aspect of Euro-Maghreb relations.

An estimated 1.8 million immigrants from the Maghreb live in the Member States. They include:

- 819 000 Algerians (the majority in France, with a minority in Germany, Belgium and the United Kingdom);
- 747 000 Moroccans (mainly in France, but some in the Netherlands and Belgium too, and in Germany, Italy, Spain and the United Kingdom);
- 238 000 Tunisians (mainly in France, but in Germany, Italy, Belgium and the Netherlands too)*.

Every worker from the Maghreb has at least three dependents with him. Very few Libyan or Mauritanian workers emigrate to the Community.

Labour provisions - whereby the migrant workers get the same conditions of work and pay and social security advantages as European workers - have been included in the social sections of the agreements with the Maghreb countries, although the social security advantages have remained a dead letter, as the three countries involved have never followed up the EEC's proposals on implementing measures.

The financial transfers these migrant workers make are an important part of the balance of payments of the Maghreb countries, particularly Morocco (almost 10% of whose work force is employed abroad) and to a lesser extent Algeria too.

These transfers, a prime source of foreign exchange for Morocco, ahead even of phosphates and tourism, accounted for 22% of the current balance (ECU 1.3 billion) in 1987. After a sharp decline (-20%) in 1988, incentives brought about a slight improvement, of an estimated 5%, in transfers in 1989.

But the trend is downward, towards stagnation or even regression of these transfers.

The decline in migration since 1975 after a 15 year-period during which it was encouraged on both sides of the Mediterranean, is a psychological and economic shock of no mean proportion to the countries concerned and it has worsened an already difficult employment situation in the Maghreb (where 15-20% are jobless).

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* *Sources: Eurostat 1987 & DG V (Directorate-General for Social Affairs) estimates.*

	Net transfers of funds by Maghreb workers ($ million)	
	1970	1987
Algeria	178	434
Morocco	27	1587
Tunisia	20	486

Source: World Bank

Financial aid

Lastly, economic relations between Europe as a whole and the Maghreb as a whole involve, typically, a considerable flow of official aid from both the Community and the Member States*.

Although the sums in question may seem small alongside what is actually required for development or what is sent to other parts of the world, Europe is still the Maghreb's biggest source of official aid, overall, providing almost half its total world aid (an average of 47.3% in 1985-88).

An average of 12% (1984-88) of this financial contribution - a figure very close to that for aid from the Community and the Member States to the developing nations as a whole - comes from the Community proper, mainly under the financial protocols provided for by the cooperation agreements with Algeria, Morocco and Tunisia and under the Lomé Convention in the case of Mauritania, one of its signatories. But the Community can also assist outside this contractual framework with such things as food aid, emergency aid and NGO cofinancing (see following chapter).

The Member States' contributions vary, as the table shows. France provides the most aid (40% of all bilateral aid from Europe to Tunisia and more than 90% to to Algeria). Germany is also a major donor and it is followed by Italy and Belgium and then the Netherlands and Denmark. Ireland and the Community countries on the Mediterranean (Greece, Spain and Portugal) provide very little aid, naturally, because of their own internal difficulties.

* *Libya, particularly because of its level of income, only gets minimal aid from the States of Europe and none at all from the Community, with which it has no cooperation agreement.*

Aid from the Member States (average over 1985-88)

	Algeria	Morocco	Mauritania	Tunisia
France	91	69	56	39
Germany	2	23	15	14
Italy	3	4	17	41.5
Belgium	3	2	1	3
Portugal, Denmark & UK	1	2	11	2.5
Member States total	100%	100%	100%	100%
Average ($ million)	54	232	76	132

Source: OECD

EEC (Community + Member States) share of net world official development assistance (average 1985-88)

Algeria	Morocco	Mauritania	Tunisia	Region
33%	46.3%	45.5%	64.4%	47.3%

Source: DAC, 1989

Although the amount of aid the Member States - mainly Italy, France and Germany - provide for Libya is small ($ 5.54 million in 1988), it still accounts for 41.3% of the country's total (bilateral and multilateral) aid (average 1979-88, source: OECD).

COMMUNITY COOPERATION

History

The first steps towards cooperation were modest ones.

1. Algeria, Morocco and Tunisia

In 1957, the signatories of the Treaty of Rome declared that the Community was willing to conclude economic association agreements with the independent countries in the franc zone, "with a view to maintaining and intensifying the traditional patterns of trade and contributing to the economic development of these countries".

But cooperation was slow to start. Algeria was still French territory in 1958 and therefore a beneficiary of the first EDF. But it took several years after independence for cooperation relations to be established with the Community.

Rabat and Tunis, on the other hand, asked to negotiate association agreements with the Six back in 1963 and the first agreements, setting up a preferential trade system, were signed for a period of five years in 1969.

They were geared to creating a free-trade area in the long term and gave Morocco and Tunisia free access to the Community market for almost all their industrial products and privileged arrangements for some agricultural goods.

At the Paris Summit of 1972, the nine Heads of State and Government agreed that the Community should handle its relations with the Mediterranean countries globally within the framework of what was called the global Mediterranean approach.

This cooperation, however, was not to be run on an inter-regional, multilateral basis, as was the case with black Africa, and parallel negotiations with the three countries of the Maghreb therefore began in 1973 and the cooperation agreements were completed in April 1976.

2. Mauritania

The late fifties were the years of French decolonization. Mauritania, a former French colony, became independent in November 1960, but was anxious to maintain what it had achieved in its association with Europe - i.e. privileged access to the Community market (its iron ore export revenue was vital) and financial aid.

In 1963, the seal was set on this association by Yaoundé I, a freely negotiated, five-year Convention on trade and financial and technical aid concluded collectively with a group of partner countries (the 18 Associated African States and Madagascar - the AASM).

The second European Development Fund was set up with this first Yaoundé Convention. While the first EDF had put priority on infrastructure and equipment, more than 40% of the second one went on developing and diversifying the productive sector, with particular emphasis on agriculture.

The instruments of cooperation were more diversified. The second EDF included loans as well as grants and the financing was no longer confined to investments as technical assistance and training were now provided too. Another innovation was the contribution from the European Investment Bank, which made its first appearance alongside the EDF.

Yaoundé II (1969-74) used the same system, although there was some controversy about access to the Community market for products covered by the common agricultural policy (CAP). Finally, the Community agreed that more favourable arrangements than those offered to third countries would be provided for these products, hitherto excluded from the system of free-trade laid down in the association.

With enlargement, the Community decided to spread its cooperation policy wider. Negotiations between the 19 AASM, Commonwealth and various other countries began in Brussels in July 1973, the ACP (Africa, Caribbean and Pacific) Group was born and the biggest cooperation agreement in the history of North-South relations saw the light of day. So Yaoundé was a testing ground for the first Convention of Lomé, signed on 28 February 1975.

The present framework

Cooperation between the Community and Mauritania is still governed by the Lomé Convention and with the three other Maghreb States (Algeria, Morocco and Tunisia) by the various cooperation agreements of 1976.

The innovations brought on the occasion of the five-yearly renewals of the protocols annexed to the agreements and the four successive Lomé Conventions have simply added to and improved the original framework - which is still the basis for the "global" cooperation which the Community is aiming at.

1. The Mediterranean agreements

The development of the Mediterranean basin, a natural extension of European integration, did not result in a collective agreement with the Maghreb, but in three parallel, global cooperation agreements signed with Tunis, Algiers and Rabat on 25, 26 and 27 April 1976.

Like Lomé, these agreements combine various means of action to foster the economic and social development of the countries in question. They are aimed at long-term cooperation, as is apparent from the fact that they have been concluded for an indeterminate period, only the protocols, which lay down the amounts of financial aid, being renewed every five years.

The two main areas of cooperation (over and above the provisions on the labour force) are trade and development aid.

Preferential trade arrangements

The agreements provide free access to the EEC market for all industrial products - i.e. no customs duties or quantitative restrictions (subject to limitations on textile exports brought in under arrangements made outside the Morocco and Tunisia agreements) - and tariff concessions (20-100%) for most of their agricultural exports.

When Spain and Portugal joined the EEC, these agreements had to be adapted and the Community undertook to ensure that the traditional exports of the Maghreb countries would be maintained - as indeed it did for other third Mediterranean countries.

The free access to the EEC market for industrial products was confirmed (there were still limitations on textile exports), but agricultural products were a more delicate issue. It was planned to phase out customs duties (already cut under previous agreements), in parallel with similar measures for Spain and Portugal, on all but one or two products for which no real trade patterns existed or which were not covered by the agreements and which the countries concerned had developed as exports to the Community in the previous few years. But Moroccan products not covered by the agreements in fact got the benefit of this measure too.

Duties on a fairly large number of products which were sensitive as far as the EEC was concerned were eliminated within the annual quotas fixed in accordance with the average exports to the EEC of the partners concerned over the 1980-84 period. "Reference quantities" (which, once reached, can, where appropriate, be transformed into tariff quotas) were laid down for "less sensitive" products, also in the light of exports in 1980-84.

Lastly, there are special provisions for products such as wine, olive oil, oranges, small citrus fruit, lemons, tomatoes and table grapes.

Under the terms of the agreement, Algeria, Morocco and Tunisia do not have to make reciprocal trade concessions. All they have to do is grant the EEC most-favoured nation treatment.

Mention should also be made of the EEC-Morocco fisheries agreement, which follows on from the former Morocco-Spain and Morocco-Portugal bilateral agreements and was signed on 26 May 1988 for a period of four years. It provides an EEC financial contribution of ECU 70 million p.a. (cooperation, fisheries programmes and training) in exchange for fishing rights in Moroccan waters and is extremely important to both parties involved.

Development aid

The amounts of Community financial and technical aid are laid down in the five-yearly protocols annexed to the agreements. But the Community also helps outside the contractual framework, with such things as food aid, emergency aid, NGO projects and so on.

Although the financial contribution to the three countries increased by an average of 61% in the third protocols, this is only a modest increase bearing in mind inflation.

Algeria was allocated ECU 265 million under the first two protocols and priority was on scientific cooperation and on agricultural (including fisheries), vocational and industrial training. The third protocol provides ECU 239 million, to be shared between cooperation in science, management, energy, hydraulics, seeds and pesticides, handicrafts, artisanal fishing and support for economic reform.

The first two protocols provided Morocco with ECU 329 million, for hydro-agricultural development, agricultural credit facilities and vocational training. The ECU 324 million of the third protocol is for agriculture (60%) and for vocational training and teaching and the development of economic links between Morocco and the EEC.

Tunisia was allocated ECU 234 million under the first two protocols, with infrastructure in the lead, followed by agriculture and fisheries (almost exclusively). The figure for the third protocol is ECU 224 million, 60% of it for agriculture (a food self sufficiency programme) and 25% for industry and services (export development).

Tunisia and Morocco also get some food aid from the Community. Tunisia, for example, had milk products worth a total of ECU 25 million and Morocco emergency and exceptional aid worth ECU 36.7 million in 1982-86. Algeria, which has a higher revenue, is only marginally involved here.

Lastly, the Community has stepped in with emergency aid to cope with natural disasters (the El Asnam earthquake in 1980 and the locust invasion in 1987-88), drought and (Sahrawi) refugees

A large number of NGO projects are also being run in these three countries.

Financial and technical aid to the Maghreb (ECU million)

	1st protocol (1978-81)			2nd protocol (1981-86)			3rd protocol (1986-91)			Total
	A	M	T	A	M	T	A	M	T	
Budget	44	74	54	44	109	61	56	173	93	708
EIB	70	56	41	107	90	78	183	151	131	907
TOTAL	114	130	95	151	199	139	239	324	224	1615

2. Lomé Convention

Mauritania, like the 68 other ACP States, has the benefit of non-reciprocal, preferential trade arrangements under Lomé (European exports are no longer entitled to the preferential treatment they had under Yaoundé).

Virtually all ACP products come onto the Community market free of customs duties and quantitative restrictions. However, the principle of free and unlimited access does not extend to some particularly sensitive products covered by the common agricultural policy - although they tend to be covered by arrangements which are preferential in comparison to those applying to other third countries.

Mauritania has had the benefit of this for its iron ore. Since Lomé III, the least developed countries (LDC) have received "compensation" if the product in question accounts for at least 1.5% of total export earnings in the year preceding the application and if the drop in export earnings is at least 1.5% of exports of this product to the EEC over the previous four years.

Since 1984, iron ore, initially covered by Stabex, has come under Sysmin, the special financing facility brought in under Lomé II to help ACP States which are heavily dependent on their mineral exports to the Community.

The facility provides special loans (at 0.75% over 40 years with a 10-year grace period in the case of LDCs). Mauritania can apply for aid from Sysmin if the ore represents more than 10% of the total volume of its exports over a four-year period.

Sysmin aid is cofinanced with other funders (the EIB, the World Bank and the ADB).

The amount of Lomé and non-contractual aid is considerable. Mauritania received ECU 83.6 million under Lomé I, spent chiefly on agricultural projects, health, training and road projects. Under Lomé II, it received ECU 56.8 million, again spent mainly on agriculture, infrastructure and health.

The ECU 96.8 million under Lomé III went to finance, inter alia, an ECU 15 million (Nouakchott-Aleg and Nouakchott-Rosso) road programme, an ECU 35 million regional development programme in the Gorgol, an ECU 15 million risk capital programme, an ECU 18 million SNIM rehabilitation scheme and an ECU 7 million debt programme.

There is a provisional ECU 72 million (ECU 61 million grants and ECU 11 million risk capital) for Lomé IV, but the allocations within this budget have yet to be decided. The country will also be getting ECU 8.5 million (first instalment) from the structural adjustment funds.

The figures previously quoted for Lomé I, II and III include non-programme resources from the debt programme, Sysmin (railway rehabilitation programme) and risk capital.

Mauritania has received a considerable amount of aid outside the Lomé Convention.

It was given 198 000 t of cereals, 12 000 t of butteroil and 18 500 t of milkpowder from the Community over the period 1973-89 and 15 000 t of cereals (food aid) in 1990.

Mauritania is also well-placed when it comes to NGO projects - 19 such schemes, totalling ECU 1.5 million, were run there between 1982 and 1988.

There have been regional programmes too, with the Community financing various schemes - a gas programme, a solar programme and an environmental training and information programme.

Lastly, Mauritania granted the EEC fishing rights for 1987-90 in exchange for a three-year indemnity of ECU 20.2 million, plus a multiannual research and training programme. However, the conflict with Senegal has created problems with the implementation of this agreement - which was renewed just recently, with the three-year financial compensation which the Community has to pay in 1990-93 going up to ECU 27.75 million. The Community is also helping with the financing of Mauritania's science programmes (ECU 900 000) and making study awards to Mauritanian nationals (ECU 360 000).

Financial means provided for Mauritania, Lomé I, II, III & IV (ECU million)

Lomé I 1975-80	Lomé II 1980-85	Lomé III 1985-90	Lomé IV 1990-95
83.6	56.8	96.8	72 + 8.5

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