



To be continued...

The EEC and the Arabs: time for realism

Ghassan Salamé

The Europe most familiar to the Arabs is the “Europe of nations”, made up of some ten states that fought with, traded with or colonised some part of the Arab world. In each of the Arab countries, a European country had disproportionate influence in the past: France in Algeria or in Lebanon, Italy in Libya, Great Britain in Jordan or in Oman. Whatever the legal form of this presence was (colonisation in Algeria, protectorate in Morocco and in Tunisia, mandate in Iraq, Lebanon, Syria and Jordan, or exclusive treaty with the Gulf Emirates), the desired effect of the dominating European power was always the same: to prevent as much as possible the commercial, cultural or political access by other European countries to these zones in order to create the conditions for as exclusive a domination as attainable. A few countries, such as Egypt, Morocco and Tunisia, were the targets of veritable inter-European competition: between the French and the English, the French and the Spanish, and the Italians and the French.

Independence for these countries—for the leaders as much as for their tradesmen—became synonymous with the opportunity to make contact with European states other than their former colonisers. In the case of Saudi Arabia, this effort culminated in a privileged relationship with the United States; for the Maghreb countries it led, among other things, to newly woven contacts with the Federal Republic of Germany and with Great Britain. Even when the English had yet to evacuate the Suez Canal militarily, Nasser’s Egypt dared to buy arms from the USSR. Politically and commercially, more than seeking to diversify relations, the goal was to cut the umbilical ties to the former metropolitan powers.

At the very moment when the independence movements were igniting throughout the Middle East, the erstwhile European colonisers, exhausted by their wars, began a process of *rapprochement* that eventually led to the creation of the EEC and to its progressive enlargement. For a long time, though, the EEC hardly affected the view the Arab countries had of Europe: it remained a zone made up of composite nations and rivals. The EEC only interested the experts in international law who otherwise hastened to discredit it as a model for the Arab world. For the Arabs, a steel or coal cooperation agreement was truly a miserable ambition: this was the golden age of Arab nationalism, and far from mimicking the EEC's gradual pace, they searched ardently for a Bismarck and a Prussia in order to achieve political unity in a single state.

In fact, the EEC did not begin to emerge as a concept until after the 1973 crisis. The sympathetic attitude of France towards the Arabs during this war, the opening on European initiative of an Arab-European dialogue, and above all the beginnings of European political cooperation started to convince the Arabs of the existence of a structure that added up to something more than the individual participating countries. The distancing of certain Arab countries (as with Iraq under Saddam Hussein) with from the USSR, the burden and the risks of too strong a relationship with the United States (felt by Mubarak's Egypt) and the progressive fraying of painful colonisation memories (as in Algeria) all contributed to making Europe a partner of choice for the Arabs. The fall of the Shah of Iran and the unprecedented position taken by Europe in the Arab-Israeli conflict at the time of the European Summit in Venice (1980) opened the decade 1980 with promises of intense cooperation, increased as much by substantial progress in commerce as by the massive arrival of hundreds of thousands of newly rich Arabs in the cities of Europe. However, underneath it all, for the Arabs France remained France, England remained England, and the other European countries remain themselves: the Arabs essentially continued to consider Europe a collection of states competing for their markets. Only with difficulty did the Arab leaders succeed in protecting inter-Arab economic relations from their continuous political quarrels and rivalries. Subconsciously, and to a degree mistakenly, they thought the inter-European relations were no different from their own.

This explains the sort of surprise the Arabs feel today on seeing on the horizon the coming of 1993, whose process of integration the overwhelming majority of their leaders did not understand. The Arab world is still wondering at its significance and a common attitude is far from being adopted, as it was clear to

those who had contact with the Arab delegates when the Euro-Arab dialogue was hastily resumed in Paris in December 1989. Yet the existence of the EEC and its future role are beginning to be clearly felt by two groups of countries more or less inspired by the EEC model. First, the issue of petrochemical exports has caused the countries of the Gulf Cooperation Council (GCC) to acknowledge that at times it is in Brussels that important decisions are taken, and has thus pushed them to study with even more interest the workings of the European organisation. The second group affected has been Maghreb (Algeria, Libya, Mauritania, Morocco and Tunisia), strongly dependent on the future of its relations with the EEC, and which joined together in 1989 to form the Arab Maghreb Union (UMA), even more openly inspired by the EEC.

Risky business

In December 1989 a meeting was held in Paris between EEC and Arab League foreign ministers. Aside from the idea of resuming dialogue between the two zones, this meeting of 34 delegations was in the end rather deceptive. It appeared that the French government had wanted to organise the encounter in Paris before its term in the presidency of the EEC expired, primarily to reassure the Arabs on the interest that Europe maintained regarding its neighbours to the South in spite of Eastern European developments. In addition, France wanted to reaffirm its extra-European interests at a moment when these Eastern changes and prospects for German reunification were feeding convictions of a redistribution in European equilibria—to the disadvantage of France. The meeting had been prepared in a matter of weeks and at race-track pace. Some recalcitrant European partners, most notably Great Britain, had to be dragged by France, almost against their will. The Paris meeting thus turned out to be more a signal of a French political interest than the start of a genuine euro-arab dialogue. Symbolic of this were the contrasting reactions of the Arabs and Europeans when in the middle of a session, Roland Dumas announced the fall and capture of Ceausescu: the former turned still as marble, and the latter exploded in applause.

If the deceptive history of the past fifteen years of innumerable Arab-European encounters (including the much-talked-about dialogue launched under Giscard d'Estaing) is to be a lesson for the future, then Arab-European ties in their comprehensive approach will remain fixed—if continued—on questions of a political nature, with the Arab-Israeli conflict taking the lion's share. But in economic matters, it has been difficult to conceive cooperation between the two groups in a fruitful manner, and this is for several reasons.

To begin with, Arab economic integration is hardly comparable to European integration. Inter-Arab economic and financial accords have not been signed (or ratified) by all the countries, and when they are, only rarely are they put into effect. The case of Egyptian workers expelled from Iraq *en masse* in the course of summer 1989 is an example: on this matter the two countries are indeed signatories of bilateral and multilateral agreements; moreover, they had just created three months earlier the Arab Cooperation Council (ACC), while the Arab Labour Organisation has its seat in Baghdad. The closing of the Iraqi pipeline in Syria in 1981 when Baghdad, at the time at war, needed it the most is a second example of the predominance of conjunctural and political considerations over long term economic conventions. The collection of Arab multilateral economic conventions adopted under the wing of the Arab League runs longer than 500 pages, but circulation of persons and of capital remains extremely uneasy, and inter-Arab trade relatively marginal (rarely going above eight per cent of each of these countries' foreign trade). The famed "Chart of Common Arab Development" adopted with great pomp at the Arab summit of Amman in 1980, after years of work by experts and which on certain points goes even further than the EEC agreements, has remained a dead letter in spite of its ratification by 20 out of 22 countries.

Secondly, despite what may be said, in normal periods the situation itself of the different Arab countries and hence their relations with the EEC are conditioned by very different considerations. Whereas the Maghreb poses very specific problems of demographics, foreign aid and exports, the Gulf countries press the issues of petroleum exports, and the more recent problem of petrochemical products. The EEC has a Mediterranean policy, another for the GCC and a third for Africa (Lomé I and II): all of this makes it a very complex operation to open a dialogue uniting these two groups of countries.

Strategic compensation

The countries of the Maghreb and of the Fertile Crescent do benefit, as well as Turkey, from some preferential status agreements, and to soothe their worries about the possible negative effects of Spanish, Portuguese and Greek admittance to the EEC, these agreements have become more generous (in "compensation"): free trade in manufactured goods, limited concessions for agricultural products and aid and credit agreements. In addition, this

“Mediterranean” group takes advantage of numerous bilateral agreements with the former colonial powers, but many an accord is threatened by European integration. For example, once the Single Market is in full swing, it is clear that France will no longer be able to negotiate an agreement as easily as the one it concluded with Algeria in 1988 on gas delivery and financial aid.



Ploughing the Desert

The fear of the “Mediterraneans” today is to see a Europe entirely engaged in the Eastern countries and in the African-Caribbean ensemble of former colonies, where Europe claims its priority to be. If this were to prove true, a worsened trade atmosphere and aid in constant decline would result. For their part, the Gulf countries would like to see these preferential agreements accorded by the EEC to the “Mediterraneans” extended to their advantage as well, notably in the manufacturing sector. However, the EEC has an obvious interest in not negotiating with the countries of the Middle East as a whole, in order to protect

its markets from the import of government subsidised manufactured goods in the petroleum producing countries. Here there is a problem in the geographical definition of the EEC's commercial domains. It may become acute if the GCC countries were to come to the conclusion that they are unable to impose their views upon the EEC about petrochemicals and therefore succeeded in convince all the member countries to take on Europe as a bloc, or if the "Mediterraneans", in a rise of pan-Arab sentiment, succeed in convincing the Gulf countries to re-politicise petroleum trade.

Thirdly, the demographic problem is acute for all the countries of the Mediterranean, and in particular those of the Maghreb. Already the populations of Egypt and Turkey are superior to that of France, and the gap is growing larger. Furthermore, there are easily more than three million Arabs in France and a million Turks in the Federal Republic, while clandestine immigration is becoming more general. The Rushdie affair, or the controversy over wearing of the Islamic veil in French schools are politically very meaningful, and have clearly proved that the communities of immigrants in Europe pose not only acute specific problems (going so far as to include violent activities, such in September 1986, the "Tunisian connection" used by Iran, terrorism of Kurd origin, or the doubts still remaining with regard to the assassination of Olof Palme). They can also lay the seeds for division within the very core of European societies as it was seen in the discussion between who is for or against Rushdie, for or against the integral application of secular laws in French school, for or against expedient means with regard to clandestine immigrants, and the like.

Fourthly, the EEC as an independent actor has stepped into the Arab-Israeli conflict by encouraging agricultural exports from the occupied Palestinian territories to Europe, without mandatory passage via Israeli companies. The arrangement got past Israeli objections only after the threat was made to stop EEC credit flows to the Hebrew state. The latter did succeed in sabotaging that specific transaction (by letting the fruit rot before being transported), but a precedent was nonetheless established. Moreover, Commissioner Matutes cancelled a visit in February 1990 to Israel in protest of human rights infractions in the occupied territories, and the EEC denies all Israeli proposals for cooperation in electronics, for fear that Israel would use this technology for military purposes. In order not to irritate the Arabs, the EEC also has refused all cooperation in the energy sector, although Israeli manufactured goods have been entering the EEC free of custom charges since January 1989. Additional concessions to Israel risk antagonising the Arab side, while at present, Israel is

asking for more leniency on the question of certificates of origin in order to export its electronic products, as well as for the possibility of Israeli manufacturing concerns to compete for public procurement contracts within EEC countries. The further the EEC goes in the supra-national direction, the more the Arab-Israeli conflict will weigh on EEC economic choices, and the more the EEC will have to mix in attempts towards its resolution.

As for the resolution of the conflict, the Europeans in their Venice (1980), and more recently, Madrid (1989) declarations did succeed in achieving a common position: an appeal for an international conference, the preference for a comprehensive solution and not for bilateral agreements acquired in "little steps" and a balancing of the security concerns of Israel with the legitimate rights of the Palestinians. The Soviet Union was not unfavourable to such an approach, whereas the United States and Israel are still opposed. Israel fears that a rise in Europe's influence will see to the prevalence of these themes. And, as any comprehensive Arab-European negotiation inevitably will be dominated by the Palestinian affair, the interest for the EEC as much as for certain Arab organisations (GCC, Maghreb) will lie in the on-going isolation of their economic negotiations from the comprehensive framework of the dialogue. But the confusion of the political and economic domains will remain a resort for all Arab parties that feel disadvantaged by a purely economic negotiation.

Fifthly and finally, Europe not only must examine the security consequences of the demographic explosion on the southern rim of the Mediterranean, as well as of the unanimously predicted enduring economic crisis: it must also face the fact that some Middle Eastern countries now possess weapons that could threaten Europe. Ballistic missiles in the hands of countries such as Israel, Saudi Arabia or Iraq could be acquired by Egypt or Libya, and thus weigh on Europe like a dozen swords of Damocles. That Libyan aircraft violate Italian airspace is already, unquestionable. The debate would then be between Europeans worried over dissociating political from economic questions, and Arabs as incapable of doing so in their mutual rapports as they are with their external relations. The Gulf countries seem to be the most suited and interested in operating this type of dissociation.

Commercial blues

On March 17, 1990, a long awaited meeting was held at Muscat in an attempt to ease tensions between the EEC-GCC countries. Representatives of the two

groups had met in Granada, Spain, at the beginning of this year, but the encounter had left some resentment in the air, and the general secretary of the GCC, Abdallah Bishara, had considered "a negative climate" to have developed in Europe with regard to the Gulf. GCC leaders were disappointed by the low level of the European delegation (compared to their own) at the Grenada talks, as much as by European firmness on matters.

Essentially, the GCC's objective is the signing of an agreement on free trade with the EEC, arguing that Israel benefits from such a treatment, and more generally, that EEC products access the GCC markets either dutyfree or with very low tariffs (four to seven per cent). The EEC's position is negative, arguing that Gulf petrochemical products are subsidised and could be "dumped" onto European markets, putting European industry in this sector in a sour state. In principle, the Gulf countries do benefit in the European market from most-favoured-nation status: penetration of crude oil is duty free, as is the penetration of manufactured goods and petroleum products. The import ceiling which provides that the exports of a single GCC country into the EEC cannot represent more than 20 per cent of total Community demand has however never been reached. But protectionist measures did begin in December 1984, with a 13.5 per cent tariff on methanol imported from Saudi Arabia, followed by a tariff on polythene in August 1985.

Gulf aluminium entering the EEC is taxed with a six per cent tariff, and GCC current capacity is 400,000 tonnes per year, to double by 1993 with the enlargement of both the Alba factory in Bahrain and the Dubal factory in the United Arab Emirates, as well as by the construction of a new Saudi factory now underway. Up to the present, aluminium exports to the EEC have not exceeded the duty-free ceiling of 15,000 tonnes annually, but GCC pressure in this domain will pair with the growth of its production capacity.

The GCC's negative reaction to custom duties on petrochemical products was not long in coming. Threats of retaliation were followed by negotiations conducted most notably by Mr. Hans-Dietrich Genscher, and these led in 1988 to a "cooperation arrangement" ("the poor cousin of Community armour in matters of external relations", said Claude Cheysson) in practically all of the economic and technological domains, with annual meetings at the ministerial level between the two parties. In December 1989, the EEC Council of Ministers gave the Commission the green light to begin negotiations with the

GCC on the question of petrochemicals. Because of the European petrochemical lobby, the Commission used vis-à-vis the GCC the argument that, at present 95 per cent of Gulf exports to the EEC are exempt of duty payments, whereas 55 to 60 per cent of EEC exports towards the Gulf are the object of taxes. Accordingly, the EEC pays 800 million ecus in duty to the countries of the Gulf, but from the latter receives only 50 million. In terms of free trade practices then, the balance tips in favour of the EEC.

Moreover, under pressure from the petrochemical lobby, the EEC added one preliminary condition to the extension to the GCC of the same privileges already accorded to the Mediterranean countries: the completion of this process of tariff unification within the GCC, expected for 1995. The EEC proposed a progressive reduction of current tariffs over a period of eight to sixteen years, during which the Gulf countries could impose similar tariffs in areas in which they considered their national manufactured goods to be threatened by imports from Europe. The countries of the GCC have already expressed their opposition to this offer for which they fault the petrochemical lobby, in reminding the EEC that today it imported from the Gulf only three per cent of its needs in petrochemicals.

The pharmaceutical industry also risks falling into this delicate category. Six years ago, the availability of very inexpensive petrochemical products led to the launching of a pharmaceutical industry producing under licence (notably in Saudi Arabia, but also in Abu Dhabi). The GCC would like to direct the flow of its products towards Europe, but the EEC responds by brandishing a two-year delay before the commercialisation of a new drug can be allowed, and a new industrial lobby in Europe joins in (with the petrochemical and refining lobbies) the opposition to a free trade agreement.

Other problems have surfaced: the EEC questions the very existence of private property in the countries where the government is the sole owner of the mineral resources, notably gas and oil, and therefore in a position which dominates the economy, since oil and gas form by far the largest part of budgetary resources, foreign trade revenues, and GNP. One could ask then to what extent private stockholders invited to buy shares of the petrochemical complexes are really "private investors", coming into these projects of their own will, and having a say in their actual management. Many experts in the EEC think that the GCC private sector's investment in the huge industrial programmes in GCC countries is too limited, too marginal in managerial terms, and possibly dictated

**Ghassan Salamé is Director of Research at the CNRS
and professor at the Institut d'Etudes Politiques
and at Université de Paris I. One of his most recent works is
Liban: espoirs et réalité, IFRI, Paris, 1987.**

to the entrepreneurs by the governments as a form of window-dressing from the state in the direction of civil society.

In addition, the EEC tends to consider that some GCC countries are less solvable than is really the case either because of their limited oil revenues (Bahrain, Oman), or because of financial mismanagement in the public sector (UAE), or because of the general risks which were related to the Gulf War. GCC governments consider these views unrealistic, especially in light of inter-GCC solidarity, huge proven oil reserves and the expected rise in oil prices. Another matter is that the EEC would also like to see European banks receive the same treatment from which Gulf banks benefit within the EEC (practically uninhibited opening of branch offices).

But the importance the GCC countries hold for Europe is indisputable. Recalling the essential facts, commercial exchange certainly did undergo a notable slide of 30 per cent from 1981 to 1988 because of contraction of the Gulf economy; but since 1984, the EEC has succeeded in reversing this tendency, with the trade balance marking a surplus to its advantage (4.5 billion dollars in 1988). To this it would be better to add the transfers of revenue of some 150,000 EEC citizens working in the Gulf countries and the often spectacular spending of tourists in the EEC originating from the GCC: this leads to a surplus in the European trade balance with the GCC countries estimated at over 10 billion dollars in 1989. Furthermore, the financial holdings of the Gulf countries have recently tended to drift towards Europe, with the EEC absorbing 34.6 per cent of these holdings in 1988 (128 billion dollars at the end of 1988) against 28.1 per cent in 1983.

Two factors may exacerbate the problem. The first comes from the fact that the GCC is increasing its production capacities in petrochemicals, the only truly

easy industry for these countries: the GCC now has the capacity to produce more than 11 million tonnes of petrochemical products (ethylene, methanol, urea) and fertilisers per year, especially in the 12 Saudi factories, while Kuwait is constructing a giant, two-billion-dollar factory for the same objectives. To make their products even more competitive, notably in Asia, the GCC countries in 1990 started on a programme that will provide them with their own vessels for the transportation of these products, which today are shipped by foreign companies.

The second factor arises from an apparent American decision to rapidly improve its commercial position in the Gulf. The American share of foreign financial holdings in the GCC has fallen to 12.8 per cent of the total, and contrary to that of the EEC, the American trade balance with the GCC is in the red (-2.6 billion dollars in 1989) and will be even more so because of increased American dependence on imported oil. Consequently, one should anticipate a United States more commercially aggressive than in the past, something already noticeable in 1989 as the US succeeded in increasing exports to the GCC from 13.3 to 15.5 billion dollars, and clearly present in the arms sales to the GCC. The Bush administration seems more determined than in the past to pass by the objections of the Israeli lobby.

For the period 1990-91, the administration has asked authorisation from Congress to sell two hundred M-1 Abrams tanks and twelve reconnaissance aircraft to Kuwait, forty F-18 Hornets and eighteen Apache helicopters to the United Arab Emirates, as well as a quantity of Lance missiles to Saudi Arabia. Narrow European-American competition is in course in the alimentary sector. The Middle East imported over 30 billion dollars worth of foodstuffs in 1989, with the American share at 14 per cent as opposed to the 10 per cent of three years earlier, and against a European share of 25 per cent. The American objective is to carve itself a stronger position in Saudi Arabia, in Iraq and in Algeria.

The question of petroleum remains to be considered. Today the GCC exports nearly 3.2 million barrels per day to the EEC. The GCC countries account for almost 18 per cent of EEC petroleum needs, far from the 50 per cent reached in 1981. However, all indications are towards a progressive increase of this figure due to the decline in North Sea production and USSR exports. This occurs after almost two decades during which Europe had succeeded in lowering its dependence on imported oil in both absolute figures and in relative terms.

Kuwaiti investments downstream in refinement and distribution (studied with interest by the Saudis) aim at avoiding possible European protectionism in the area of refined products.

To strengthen its commercial position, the EEC can point to its military power, employed most notably for de-mining and tanker escort activities during the period 1987-88. At the time, about forty European warships had headed in the direction of the Gulf. Regrettably, however, the Europeans responded quite timidly to Kuwaiti appeals on the matter, allowing the US and USSR to reap the larger part of political credit in this operation. What must be understood is that regional security needs of the GCC countries are going to be further aggravated: these are very rich countries, both militarily vulnerable and demographically under-populated, surrounded by countries (such as Iraq, Iran, Egypt and the two Yemens in the process of unification) more densely populated, far less rich and far more powerful. The rule for centuries has been that for protection against regional pressures, the countries forming the GCC must count on extra-regional aid, formerly an exclusively British one, now Western, and above all American. Europe will be called on to be more and more present in this land.

Are the relations between the GCC and the EEC important enough to justify ignoring the opposition of the EEC petrochemical industry (200 billion dollars)? The answer is yes if these relations are threatened by the current tensions that, in turn, are most probably exploited by the political and commercial rivals of Europe. A framework-agreement has become inevitable due to fears that an anti-European campaign could amplify and become a political affair. The EEC ministers present at Muscat in March 1990 undoubtedly have understood this, and a bit of détente in these relations has been perceivable since. Its pursuit depends essentially on the amount of European seriousness adopted in the application of the framework-agreement of 1988.

The "Greater Maghreb"

With the Maghreb, the zone closest to Europe in geographical terms and where Europe has long had a presence, the EEC has a relationship which is profoundly unbalanced from several points of view.

As far as comparative strength is concerned, the gross domestic product of the EEC is close to 40 times greater than that of the UMA countries, whereas the

population of the EEC is only 5.2 times larger and the area of the countries of the Maghreb is 2.7 times greater than that of the EEC. These practically contiguous areas present strongly contrasting profiles, much like those of India and Japan, or the United States and Mexico (the per capita GNP ratio is on the order of nine to one, to the advantage of the EEC). The dominance of Islam in North Africa introduces an additional variable, not to be taken lightly.

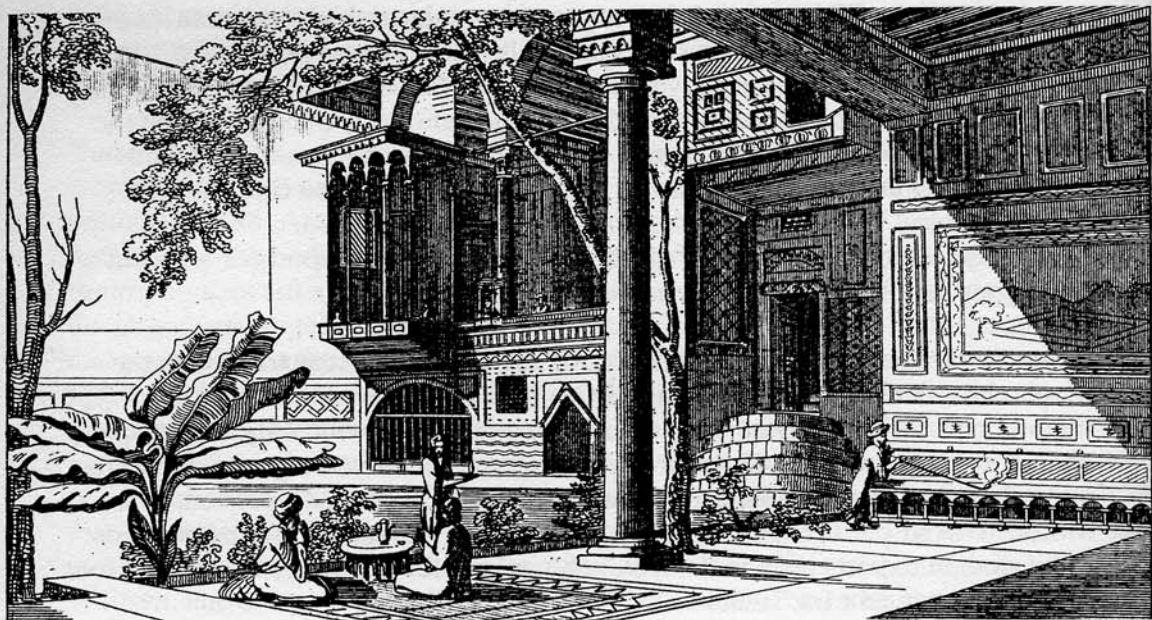
In the food sector, the UMA is extremely fragile: Algeria imports 66 per cent of its grain, Tunisia 45 per cent, and Morocco 32 per cent.

Regarding trade, Europe is essential for the Maghreb, whereas trade with the Maghreb is almost marginal for the EEC. On average 5.4 per cent of EEC imports come from the Maghreb (oil and gas included), while only 3.9 per cent of EEC exports are directed towards the Maghreb. However, a great deal of the imports of the Maghreb countries come from the EEC: from 48 per cent for Morocco, to 61 per cent for Algeria, to 68 per cent for Tunisia. An even larger share of their exports goes to the EEC: 58 per cent for Morocco, 68 per cent for Algeria, 76 per cent for Tunisia and 78 per cent for Libya.

While inner-European trade is quite substantial—something which aids unification—inner-Maghreb trade represents hardly 5 per cent of commerce for the five UMA members.

Considering demographics, the Maghreb, which numbered 22 million inhabitants in 1950, today figures around 54 million and 72 million are expected by the year 2000. Unemployment is an endemic problem that is only getting worse: it would have been necessary to create 180,000 jobs per year over the course of the last ten years in Algeria, and 60,000 in Tunisia. A recent study of the Centre d'Etudes Prospectives et d'Informations Internationales (France) summarised the situation accurately: "there exist in the world few zones of such direct contact between poor and demographically young countries, and other rich and old ones, and furthermore, which occurs between such different cultures". This report estimated that the active population of four of the North African countries (Algeria, Egypt, Morocco and Tunisia) would exceed the combined active population of France and the Federal Republic before the year 2005.

Finally, as for the tourist trade, the Maghreb counts on EEC nationals who comprise 70 to 75 per cent of the visiting tourists, even if Morocco has



Afternoon in Cairo

become an attractive destination for many Arabs (350,000, as opposed to 900,000 from the EEC in 1989).

This explosive disequilibrium explains the specific nature of the problems that mark EEC-Maghreb relations, and these problems clearly reveal an almost typical North-South relationship, the geographic contiguity endowing it with a dimension both urgent and familiar.

As for the question of immigration, European industry in the countries where immigrants from the Maghreb used to go, has practically no need any longer for them, and from this stems a policy encouraging Maghreb workers living in Europe to return to their homelands, as well as a freeze on new arrivals. This new policy is at odds with the demographic explosion going on in the Maghreb, where official unemployment figures range between 15 and 25 per cent, a conservative estimate to say the least. The Maghreb fears the arrival of East European immigrants onto the EEC market. Indeed, the countries of the Maghreb estimate that workers emigrated abroad make up 20 per cent of their total earnings in foreign currency. And the freeze on immigration only

accelerates the development of clandestine immigration. The Mediterranean may soon constitute an enormous Rio Grande that European border guards will not be able to control. The consequences on these developments can be perceived in the rapid pace of Maghreb immigration in countries which had hardly experienced it beforehand, such as Italy and Spain.

Where imports to the EEC of Maghreb farm products are concerned, the Maghreb countries have complained a great deal about the negative effects that the enlargement of the EEC has had on their agricultural exports (olives, citrus fruits, vegetables), but the truth is that the principal restriction in exports has been caused by an increase in Maghreb consumption. What is more, certain agricultural and fish products are now barred by the authorities from local consumption in order to be exported and earn foreign exchange. But these practices can be hardly continued in the event of Maghreb democratisation or a rise in Islamic influence.

EEC investment and de-localization of European industry into the Maghreb is the ticket for future cooperation. In the Maghreb labour is less expensive and there are interesting quantities of raw materials: notably oil, gas and phosphates. For this transfer of factories to take place, adequate legislation is necessary, which already exists in Tunisia (and with restrictions in Morocco) and which has just been adopted in Algeria with the introduction of a new Treasury and Finance Code in March 1990.

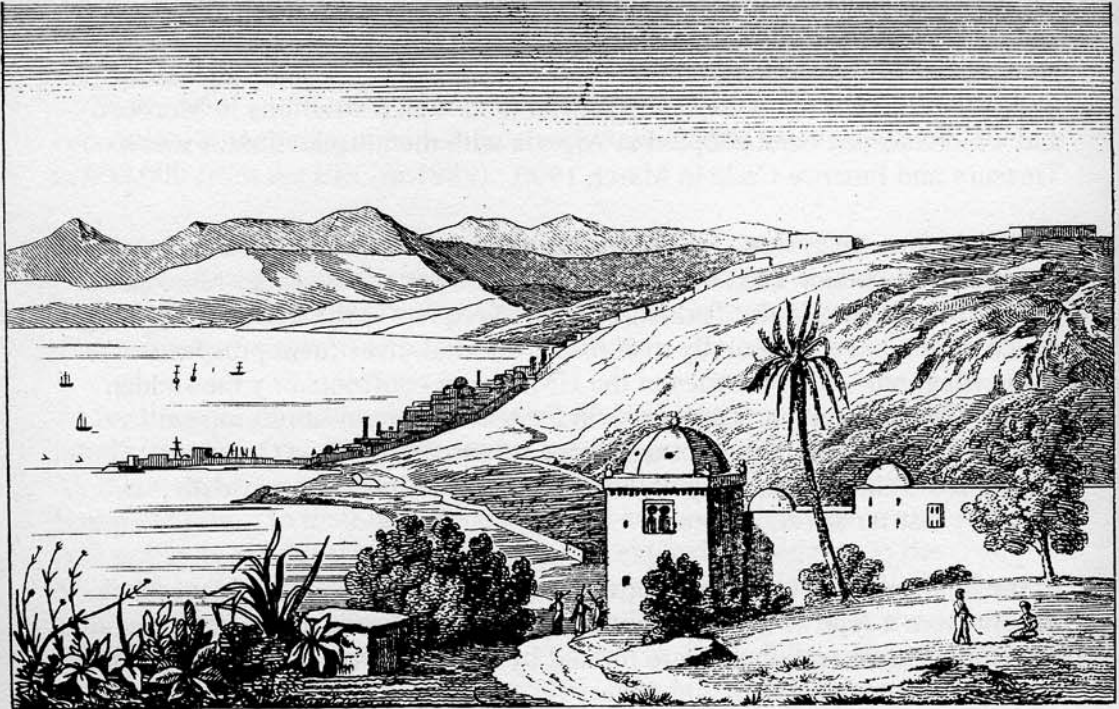
As for the European side, it is generally accepted that, in the future, an expansion outside EEC has to take place. However, no sooner relieved by the filibustering of the Turkish admission request to the EEC—something which would have profoundly disturbed industrial investment prospects in the Maghreb—the countries of the UMA were confronted by the sudden arrival of completely new prospects in Eastern Europe. With European expansion capacities being not unlimited, countries like East Germany, Czechoslovakia and Hungary will be fierce competitors and this will certainly last for several years.

In the interim, however, manufactured goods exported from the Maghreb do benefit from a type of tariff exemption, agricultural products face only very low import taxes and textiles are limited by a ceiling. Nevertheless 1993 risks having severe consequences in the textile sector. A study by the periodical *Textile Outlook International* shows that the arrival of 1993 will have a

To be continued...

diminishing effect of 10 to 20 per cent on transportation costs within the EEC, and therefore on the cost of production, as well.

Regarding aid, the UMA countries fear that the amount allotted them by the EEC will be diluted due to the opening up of the East. The EEC accorded an aid of 100 million ecus to Morocco, for the most part in the form of grants. Total aid to the Maghreb for the years 1986-1991 reaches 787 million ecus. What is certain is that France will have trouble in trying to convince its European partners to accept its bilateral accords with the countries of the Maghreb. The Schengen agreements, if and when they are signed, will constitute a barrier to access for residents of the Maghreb to Europe, and integration of the market will prohibit preferential bilateral trade agreements. Integration could also block EEC aid solicited for the construction of the Algerian-Moroccan gas pipeline, in turn, the umbilical cord of Maghreb integration. In order to show a profit, this pipeline must have a capacity of 10 to 15 billion cubic metres per year; but Norwegian



The City and Bay of Algiers in 1830

opposition and the rivalry of Soviet gas may prove to discourage strongly any aid asked of the EEC.

What does the future hold for UMA-EEC dialogue? The UMA was created by the five heads of state within the Maghreb at their meeting February 17, 1989, in Marrakesh. It was the first time that the five countries had been assembled together since the very beginnings of the *idée maghrebine*, born in Tangiers in 1958, and 25 years since the creation of an "Advisory Commission for the Greater Maghreb", moribund from the outset. Its first year of existence hardly responded to questions about its real purpose: was it the start of a Maghreb economic community or simply a propaganda affair to counter the creation of the GCC, the ACC (with Egypt, Irak, Jordan and Yemen) and the increased integration seen within the EEC? The Tunis Summit of January 1990 was, as it turns out, quite deceiving, for it dismissed truly important matters (free circulation of persons and of capital) until later, instead taking a tiny step ahead by creating a permanent secretariat to replace the previous rotating one.

Several observations should be added here. Although the economic systems are not compatible, there are no obstacles so overwhelming as to impede harmonisation, since Morocco and Tunisia have comparable regimes and Algeria is moving with determination in the direction of a market economy. A serious problem exists instead in the monetary field for the national currencies in the Maghreb are not convertible among one another.

Yet the most formidable obstacles are of an openly political nature, namely the Sahara conflict, which started in 1975 and is far from being over. Polisario attacks have resumed since the Marrakesh agreement (notably two very bloody attacks in November 1989), and Algerian-Moroccan relations have once again taken a turn for the worse, causing the Tunis Summit in January 1990 to lose much of its interest. The Algerian-Moroccan rivalry has practically blocked the selection of a capital for the Maghreb. Extreme preoccupation with independence in the Maghreb imposes strict unanimity: it only takes the absence of one of the five member countries to stop all proceedings. The relations between Morocco and Mauritania remain very unstable, and have deteriorated since Morocco decided to take a position in the bloody conflict between Senegalese and Mauritians that has been considered in the Mauritanian capital as being too favourable to Senegal. There is also the case of Libya which, while still a member of the UMA,

insists on defining itself mainly with respect to Egypt, and in keeping its distances with a group in which the ardent colonel does not easily have the upper hand.

In the Maghreb the rise of Islamic fervour is another worry that is quickly developing. The Islamic movement has already been legalised in Algeria and undoubtedly soon to be so in Tunisia. Only with difficulty could the Islamic current do more than the present leaders in social and economic terms, which is why if the Islamic leaders were to come to power, unquestionably they would emphasise the cultural sphere, hunting down the Francophone technocrats who have lead these countries since their independence.

It should be pointed out nevertheless that the only Arabs to have made a genuine effort to understand the way the EEC works have been those of the Maghreb. Hundreds of their experts are studying what the Single Market will be like, often going (as in the case of the crown prince of Morocco) to study on location in Brussels. The Arab Maghreb Union is now thinking of opening its own office of representation to the EEC, just as Israel has recently done.

On shifting ground

In the end, it is probable that the 1993 market—if its constitution is not affected or slowed by what is happening in Eastern Europe (but this is another problem)—will give Europe additional means of applying pressure towards its partners and notably towards the Arab countries. Europe can use this reinforced position to ignore the region, which would be very serious, or to engage in new agreements on demographic, political and economic questions. Two sub-regions can be distinguished here: the Maghreb, because of its geographic proximity and demographic problem, and the Gulf, because of its status as both a supplier of oil and an important market.

Europe, as compared to the two superpowers, will have greater leverage in the region and should use this in the future in order to improve its own standing vis-à-vis both the United States and the Soviet Union. For a good two decades—and practically since the Suez crisis—Europe has played a minor role in the resolution of Middle East conflicts. The Arab-Israeli peace process, for example, has been conducted on a unilateral manner by the US since 1973. This should now change. To a certain extent, the situation is returning to a point where Europe will have an inevitably stronger role, perhaps as had been

the case before the Suez crisis. Recently, an American expert commented in *The Middle East Review* that Europe has, and is likely to continue to have, a more sustained and durable political, economic, and cultural presence in the region than either the United States or the Soviet Union.¹ The Europeans will be less in competition among themselves, and more so with the two superpowers.

While efforts to reduce European energy dependence have been considerable, the figures for this dependence—after 15 years of a decrease—have once again begun to climb on the average of one point per year, and will reach nearly 50 per cent by 1993. And the Arab countries are in the best position to respond to these needs. In commercial terms, the EEC supplies on average 43 per cent of Arab imports (as opposed to 11 per cent for the US and 10 per cent for Japan), whereas 35 per cent of Arab exports in turn go to the EEC, compared to 19 per cent to Japan and 8 per cent to the United States. Put in different terms, though the relative importance of the Arab world for the Europe of 1993 is not central, the importance of Europe for the Arab world remains commercially and politically essential. What should be anticipated is the expression of frustration by the Arab world each time it perceives a lack of European interest, and this could occur with violence.

More than anything else, though, the developments in the USSR and the evolution of the East-West relationship will affect Arab-European relations. To a degree it was bizarre to see the two superpowers meet not long ago during a storm off the Maltese coastline, so symbolic an intersection between Europe and the Arab world. The Bush-Gorbachev encounter soon after the collapse of the Berlin Wall came across as a more or less conscious effort—and therefore a more or less concerted one—on the part of Moscow and Washington. Primarily it was to demonstrate that in spite of everything they were still the two principal poles of the international system, as well as to show their force and entente in the very heart of *mare nostrum*: “nostrum” for both great civilisations bordering it, and at the same time, frontier and bridge between them as well.

The evolution of relations between the two blocs will undoubtedly be central in determining both European and Arab capacities to affirm their autonomy and to define their relations in all freedom. But the moment when the Soviet Union begins to insist once again on its geographic proximity to the Middle East and to define “interests” for itself which a far away America cannot possibly

claim,² it is only natural that Europe should do the same, and thereby force Washington's recognition of Europe's own geographic contiguity and historic and cultural affinities with the Arab and Islamic world. If this were to occur, then perhaps the East-West conflict would appear in yet another new form, where a united Europe progressively is led to replace the US as the main centre of Western influence. At this point the Middle East would cease to live in the shadows of Soviet-American competition, as has been the case since Suez (1956). The Middle East would become the main stake in a rivalry both very ancient and very modern between the two parts—east and west—of Europe, a rivalry for which the Ottoman Empire and the Byzantine one before it both paid a price.

References

¹ - Ellen Laipson, "Europe's Role in the Middle East: Enduring Ties, Emerging Opportunities", in *The Middle East Review*, Washington, Winter 1990.

² - See Ghassan Salamé, "Est/Ouest/Proche Orient" in *Politique étrangère*, June 1990.