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**CAPACITY ECONOMICS BUILDING NEEDS  
UNION OF MAGHREB ARAB (UMA)**

**BESOINS EN RENFORCEMENT DES CAPACITES ECONMIQUES  
UNION DU MAGHREB ARAB (UMA)**

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## **ABSTRACT**

UMA was founded on 17 February 1989, when the Constitutive Treaty of the Union of Maghreb Arab, was signed by the five Heads of State in Marrakech. UMA's objectives include:

- The consolidation of fraternal relations binding the Member States and their peoples;
- The progressive realization of the free movement of persons, services, goods and capital between Member States;
- The adoption of a common policy in all areas. In economic terms, the common policy is to ensure the industrial, agricultural, commercial and social development of member states.

This article try to treat capacity economic building issue of UMA, and, with a view to strengthening regional integration of the UMA in relation to other African communities and to emerge through a field survey the key areas of this integration.

Maghrebian economic integration consists in undertaking of the following reforms by the UMA countries themselves: *(i)* Liberalization of the trading of goods and services, *(ii)* coordination of economic policies, *(iii)* setting up of a fixed exchange rate system or possible adoption of a single currency. Etc... All these dimensions of economic integration are in fact interlinked, and in order to strengthen them, accompanying measures are necessary.

The formulation of the aforementioned capacity building must be stated in the plan of action to be adopted by all the UMA countries, and the support and monitoring of all the partners in all the phases of the attainment of integration.

**Keys words:** Regional integration, building capacity, UMA, Economic Emergence.

## 1. Background:

The 1990s were marked by a new wave of regionalism characterized by the dismantling of tariff barriers and the reduction of customs tariffs. North Africa and the Maghreb in particular has not remained outside this process and witnessed the creation of the Arab Maghreb Union in 1989. The Maghreb is a bloc of some 91 894 000 inhabitants, covering a surface area of 6 048 425 km<sup>2</sup> shared by five countries, namely and from West to East respectively Mauritania (MRT), Morocco (MAR), Algeria (DZA), Tunisia (TUN) and Libya (LBY). These Maghrebian countries share a common history, the same State religion and a geographical, sociological, linguistic and cultural unity. To this vast pool are added development difficulties in the face of economic challenges symbolized by high unemployment averaging 28%, a large population and high economic dependence on external trade.

In order to tackle these difficulties and speed up the economic development of the region, there is consensus that economic integration must take place. The closeness of the problems and the will for Arab unity advocated by the leaders led to the signing of Arab Maghreb Union (UMA) on 17 February 1989, whose objective was to economically integrate member countries, settle internal conflicts, promote the region's development and improve the standard of living of the populations.

## 2. Problématique:

This article try to treat capacity building issue of UMA, and, with a view to strengthening regional integration of the UMA in relation to other African communities and to emerge through a field survey the key areas of this integration.

The methodological approach followed for data collection from the UMA General Secretariat consisted of the following: (i) Desk research mainly on the UMA, (ii) Focus group meetings with the heads and experts of each department of the UMA General Secretariat and, (iii) Giving out the questionnaire to departments of the UMA General Secretariat and receiving lists of the capacity building requirements of the departments.

## PART I: REGULATORY AND INSTITUTIONAL FRAMEWORK OF THE AMU

### 1. Creation of the Union of Maghreb Arab (Interests of member countries):

The countries have in common the need to create not only a free trade area representing a large market of production and consumption factors of approximately 90 million people. Then there is the desire to be connected to the global economy, and being an organ made up of developing countries (DC), the UMA also seeks to eradicate poverty. For Libya, the UMA presents an opportunity to integrate a vast market for its petroleum products. Morocco, a middle income country, has a diversified economy. It exports phosphate, fertilizer, agricultural products and food-processing products. Mauritania, a small country of 3.6 million inhabitants, requires a more extensive area where there is movement of goods, services and people in order to develop its economic trade. For Tunisia, the UMA presents a good opportunity to sell these manufactured products, chemicals. Finally Algeria needs these UMA partners through which its gas pipelines can pass en route to Europe and for the supply of agricultural products.

## **2. Objectives for the creation of the UMA (Visions & Missions):**

The objectives are the following: (i) Strengthening the bonds of brotherhood which unite the member States and their peoples, (ii) Bringing about the progress and prosperity of the societies of which they are comprised and defending their rights, (iii) Contributing to the maintenance of peace based on justice and equity, (iv) Seeking common policies in different domains of goods and capital et, (v) Strengthening the links of economic complementarity within the Maghreb and reducing the isolation of these member countries.

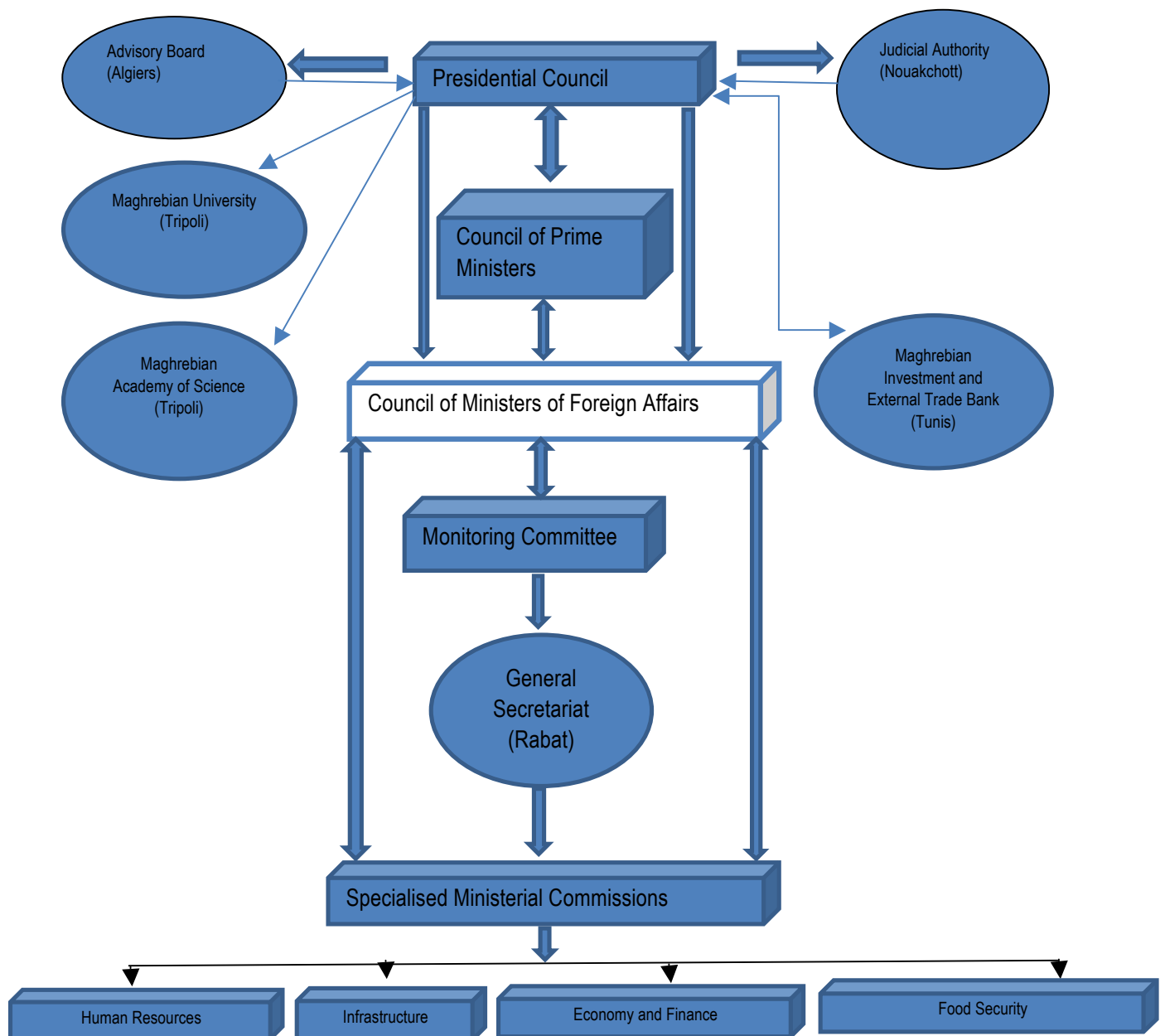
## **3. Presentation of the main stages in the creation of the UMA:**

**3.1. Historical Landmarks:** The UMA was founded on February 1999, when the constitutive treaty of the Union of Maghreb Arab was signed by five heads of State in Marrakech.

**3.2. Objectives of the creation of the UMA:** The treaty set three objectives: (i) Consolidation of brotherly relationships between the five member countries, (ii) Gradually bring about the free movement of goods and services, of people and capital and; Adoption of a common economic policy in order to bring about the industrial, agricultural, commercial and (iii) social development of member States, as well as the creation of joint projects and the drawing of up various programs.

**3.3. The three stages in the creation of the UMA:** The following stages were decided on: (1) The creation of a free trade area (FTA) with the removal of all tariff and non-tariff barriers to trade between the five member countries, (2) The establishment of a customs union (CU) resulting in a unified customs and the adoption of a common external tariff in relation to the rest of the world and, (3) The creation of a common market (CM) in order to strengthen the integration of Maghrebian economies and the removal of restrictions to the movement of production factors the Maghreb bloc.

#### 4. Institutional mechanisms of UMA:



The AMU is an inter-State entity. There are eight organs comprising its institutional structure, and they can be divided into two categories:

#### 4.2. UMA's political organs:

The organs responsible for developing the Union's general policy are: (i) The Presidential Council (PC), (ii) The Council of Ministers of Foreign Affairs (CMFA), (iii) The Conference of Prime Ministers (CPP) and, (iv) Advisory Board (AB).

**4.2.1. The Presidential Council (PC):** is the supreme organ of UMA. It is made up exclusively of the Heads of State of member States. If the treaty required such a high level of representation, it was so as to have members who had all the power to commit their States. This, moreover, is what is provided for in most regional organizations the world over. Furthermore, the constitutive treaty provides for unanimity as the only avenue for decision-making.

**4.2.2. The Council of Ministers of Foreign Affairs (CMFA):** it plays a central coordination role within the structure of the Union. It is responsible for preparing the sessions of the PC and for examining proposals from the Monitoring Committee and the Specialized Ministerial Commissions.

**4.2.3. The « Conference » of Prime Ministers (CPP):** like the Advisory Board (see below), it is a consultative body. It is therefore not truly an « organ » of the Union but a flexible, informal "conference" which can meet whenever there is need. In fact, it has never met.

**4.2.4. The Advisory Board (AB):** The Advisory Board is made up of thirty representatives per country (150 members in all) chosen by the legislative bodies of member States. The functions of the Advisory Board are important: it gives an opinion on every draft decision submitted to it by the Presidential Council as it can submit to the Council recommendations to strengthen the Union's action and realize its objectives.

#### 4.3. AMU monitoring and implementation organs:

The monitoring and implementation organs are the following: (i) Specialized Ministerial Commissions (SMC), (ii) General Secretariat (GS), (iii) Monitoring Committee (MC) and, (iv) Judicial Authority (JA).

**4.3.1. The Specialized Ministerial Commissions (SMC),** are multisectoral, inter-State organs responsible for preparing the PC's draft decisions and they implement these same decisions after they have been adopted by the AMU's Supreme Authority.

**4.3.2. The General Secretariat (GS),** is not a simple, strictly administrative organ. Unlike in other comparable organizations, it is now (since the amendment of the AMU treaty) a permanent, independent organ responsible for the coordination and implementation of the AMU's decisions.

**4.3.3. The Monitoring Committee (MC)** is appointed by each member state to monitor the affairs of the Union under the authority of the CMFA. In fact the Committee is selected by the political authorities of the governments of member States which come under the MFAs of these States.

**4.3.4. The Judicial Authority (JA),** is the Union's jurisdictional organ. It is made up of two judges from each State, who are appointed for a period of six years, half of which is renewable every two years.

## PART II: ECONOMIES OF MAGHREB COUNTRIES

The Maghreb region has more than 90 million inhabitants, 30% of whom were under 15 in 2012, 39% of whom were Algerians, 38% Moroccans, 12% Tunisians, 7% Libyans and 4% Mauritians. Over the course of the 2000 to 2010 decade, the Maghreb recorded an average growth rate of 4,8% with the growth rate of Algeria being 3,8%, Libya 5,2%, Mauritania 5,5%, Tunisia 4,7% and Morocco 4,9%, which performance was still not adequate to curb the high unemployment that the region was experiencing , especially among the youth.

### 1. Performances in trade and competitiveness:

Over the 2001-2011 decade, the portion of intra-North Africa trade flows in the total trade in the Sub-region leveled off at slightly less than 5%, and the table below relating to intra-RECs trade clearly demonstrates the low level of opening up of trade between the countries of the sub-region.

Table n°2: Portion of intra-African trade 2011 (exportations)

Exports to -----> (% of total exports)

Zone	AMU	CEMAC	COMESA	ECCAS	ECOWAS	SADC	WAEMU	AFRICA	WORLD
AMU	3.6	0.2	1.7	0.3	0.8	0.1	0.5	5.6	100.0
CEMAC	0.2	1.0	0.2	1.3	1.9	0.4	0.3	2.7	100.0
COMESA	2.8	0.2	8.9	2.1	0.5	7.6	0.2	16.1	100.0
ECCAS	0.1	0.4	1.6	0.6	0.4	3.0	0.1	4.1	100.0
ECOWAS	0.3	1.3	0.1	1.4	6.3	3.0	3.4	10.9	100.0
SADC	0.3	0.1	6.5	1.7	1.1	9.9	0.3	12.5	100.0
WAEMU	0.9	2.0	0.4	2.5	23.2	4.3	12.1	30.5	100.0
AFRICA	1.4	0.5	3.5	1.3	2.3	4.6	1.1	10.1	100.0
WORLD	0.7	0.1	0.8	0.2	0.7	0.9	0.2	2.9	100.0

Table n°3: Portion of intra-African trade 2011 (importations)

Imports to <----- (% of total imports)

Zone	AMU	CEMAC	COMESA	ECCAS	ECOWAS	SADC	WAEMU	AFRICA	WORLD
UMA	4.0	0.1	2.2	0.1	0.4	0.5	0.2	6.4	100.0
CEMAC	1.8	2.7	1.1	2.8	6.5	1.7	2.1	13.5	100.0
COMESA	1.7	0.1	6.1	1.3	0.1	9.4	0.1	14.8	100.0
ECCAS	0.9	1.4	4.9	1.6	3.2	8.2	1.1	16.6	100.0
ECOWAS	0.8	0.2	0.3	0.3	6.8	1.6	3.2	9.7	100.0
SADC	0.1	0.1	3.4	2.0	2.2	11.4	0.1	14.7	100.0
WAEMU	1.8	0.4	0.4	0.5	14.8	1.4	6.5	18.7	100.0
AFRICA	1.4	0.2	2.5	0.8	2.6	4.4	0.9	10.1	100.0
WORLD	0.7	0.2	0.6	0.6	0.8	1.2	0.1	3.3	100.0

Source: AfDB-ECA-AV Statistical Yearbook 2013 Edition

What emerges from the above data is that intra-North African trade remains very marginal, below the average of most other regions on the Continent. This substandard performance at the same time offers real opportunities for the sustainable recovery of trade balances of

most of the countries, especially through optimization of opportunities existing in the sub-region.

## 2. Performances in intra-Maghrebian trade:

Intra-UMA trade is exceptionally low, the average of intra-UMA trade was 3% of global trade between 2007 and 2011. It appears from the table below that the UMA stands at approximately 56% of its trade potential.

Table n°4: Estimated Export (UMA Countries)

Country	Real Exports	Estimated Exports	Real Exports as a percentage of estimated
Algeria	656.87	2202.99	
Libya	732.67	753.35	
Morocco	198.30	834.23	
Mauritania	15.41	13.03	118.2
Tunisia	1053.67	937.60	112.3
Total	2656.92	4741.21	56.0

Source: Calculations based on UNCTAD estimates and data

The analysis of these results gives an idea of aggregated data for given export volumes, but does not however make it possible to see the distribution of these exports according to partner countries and in precise proportions and volumes. In order to obtain a more detailed view of this trade, there is an analysis of these exports by country of origin.

### 3.1. Analysis of potential within the UMA by country:

The UMA zone presents a higher level of integration than the North African average and it seems important from this point of view to understand the value of partner countries in the observed export flows. In the table below, we note the major role of Tunisia which alone accounts for close to 40% of intra-UMA exports.

Table n°5: Distribution of real exports, AMU zone (2002-2011).

Country	Real Exportations	Percentag
Algeria	656.87	24.72
Libya	732.67	27.58
Morocco	198.30	7.46
Mauritania	15.41	0.58
Tunisia	1053.67	39.66
Total	2656.92	100.00

Sources: Calculations based on UNCTAD – estimates and data

### 3.2. Algeria's Potential:

In the light of the table above, Algeria's principle trading partners are Morocco and Tunisia with 436 and 170 million dollars of (real) imports respectively. The simulations obtained show however that these figures are even lower than the potential level, especially in the case of Libya whose imports only represent 4% of the potential value. Algeria is therefore clearly below its exports potential (30%) with its partners except for Mauritania where this export potential is reached.



Table n°6: Distribution of Algeria's export potential (2002-2011)

Importing Countries	Libya	Morocco	Mauritania	Tunisia	Total
Real exports	20.47	435.79	30.37	170.24	656.87
Simulated exports	474.62	905.9	20.76	801.70	2202.99
Percentage	4.31	48.10	146.31	21.23	29.82

Source: Calculations based on UNCTAD – estimates and debtor

**3.3.Libya's Potential:**

Unlike Algeria, Libya is probably close to its potential (97%) within the AMU, in spite of performance rate of 0.88% with Algeria. It follows that trade with Algeria could be multiplied by more than 100 and rise to 404 million dollars instead of 3, 6 million dollars.

Table n° 7: Distribution of Libya's export potential (2002-2011)

Importing Countries	Algeria	Morocco	Mauritania	Tunisia	Total
Real exports	3.60	87.68	-	641.39	732.67
Simulated exports	404.95	34.29	-	314.11	753.35
Percentage	0.89	255.68	-	204.19	97.25

Source: Calculations based on UNCTAD – estimates and data

**3.4.Morocco's Potential:**

Morocco's exports represents 24% of the potential level which is approximately 834 million dollars. Tunisia and Algeria are the primary destinations for Moroccan products in terms of real export flows. Notwithstanding this observation, the forecasts give an existing potential only with the Libyan and Algerian partners.

Table n°8: Distribution of Morocco's export potential (2002- 2011)

Importing countries	Algeria	Libya	Mauritania	Tunisia	Total
Real exports	68.43	26.16	29.46	74.25	198.30
Simulated exports	760.08	34.43	4.64	35.08	834.23
Percentage	9.00	75.97	635.09	211.65	23.77

Source: Calculations based on UNCTAD – estimates and data

**3.5.Mauritania's Potential :**

Mauritania's exports seem to have reached their potential level with reference to simulated exports. However, at bilateral level, they are below 50% of the forecast level with Morocco. Exports to Morocco could consequently be multiplied by 2 and rise from 1, 15 to 2, 56 million dollars.

Table n°9: Distribution of Mauritania's export potential (2002- 2011)

Importing Countries	Algeria	Libya	Morocco	Tunisia	Total
Real exports	12.47	0	1.15	1.79	15.41
Simulated exports	9.64	0	2.57	0.82	13.03
Percentage	129.29	0	44.82	217.68	118.22

Source: Calculation based on UNCTAD – estimates and data

### 3.6. Tunisia's Potential:

Just like Mauritania, Tunisia has a ratio higher than 100% for real exports over the estimated potential. All the same there is a latent potential with regards to the Algerian market for which Tunisian exports represent 248 million dollars compared with a simulated value of 607 million dollars.

Table n°10: Distribution of Tunisia's export potential (2002- 2011)

Importing Countries	Algeria	Libya	Morocco	Mauritania	Total
Real exports	248.29	641.56	154.14	9.68	1053.67
Simulated exports	607.51	297.04	31.68	1.37	937.60
Percentage	40.87	215.98	486.49	706.69	112.38

Source: Calculations based on UNCTAD estimates and data

The forecasts made globally imply the existence of a significant of trade potential within the AMU. For countries with a limited potential, this could mean that either they have a reduced supply capacity (which would probably be the case of Mauritania with regard to the low volume of its exports), or that they have already reached their optimal level in terms of the relative importance of their share of exports in the zone (case of Tunisia).

## PART III: REGIONAL INTEGRATION OF THE UMA

### 1. The integration experiences of the UMA countries:

Following the example of other Regional Integration Zones, the UMA member countries embarked on a multitude of agreements of association and partnership, which were often negotiated unilaterally, without any prior assessments of their impact on the UMA having been carried out.

Table n°11: Matrix of Agreements entered into by the different UMA countries

	Morocco	Libya	Algeria	Tunisia	Third country
Algeria				Tunisia : Preferential Agreement 2008	Jordan : FTA - 2002  EU - Agreement of Association with the European Union 2001 - came into force in 2005 – GAFTA – Tunisia, Morocco, Libya, Algeria
Morocco				Jordan, Egypt - Agadir Agreement -  AFTA- 2004 – Came into force in 2007  Tunisia : FTA 99	United States : FTA –b signed in 2004 – States of the European Free Trade Association, FTA Signed in 1997/GAFTA – Tunisia, Morocco, Libya, Algeria  Jordan, Egypt - Agadir Agreement – EU Agreement of Association - signed in 1996 - came into force in 2000 / Egypt - FTA - 1999  Jordan - FTA - 1998/Turkey – FTA - 2004/United Arab Emirates - FTA – 2001
Libya				Tunisia : FTA 2001	GAFTA – Tunisia, Morocco, Libya, Algeria
Tunisia	Jordan,  Egypt -  Agadir Agreement -  AFTAZLEA  Morocco: FTA 99	Libya :  FTA 2001	Algeria :  Preferenti al Agreemen t  2008		Egypt: FTA - 1998./Turkey : FTA 2004  States of the European Free Trade Community -/FTA - 2004  Syria : ALE 2004  Iraq : Executive Protocol on the creation of an FTA -  2001/Jordan, Egypt – Agadir Agreement – FTA  Kuwait – FTA 1999, Iran – FTA 2007  Jordan – 1998  GAFTA – Tunisia, Morocco, Libya, Algeria  EU Agreement of Association - signed in 1995 -came into force 1998

The most important integration framework which UMA countries are part of is the AFTA: Arab Free Trade Area, which was initially attempted to be created in 1953, leading to the signing in 1964 of the Arab Common Market Agreement by Jordan, Syria, Egypt and Iraq. They were joined by Libya in 1975. However, even if a second Trade Exchange Facilitation and Development Agreement between Arab States was concluded in 1981 in Tunis, it was the decision in 1997 by the Economic and Social Council (an institution of the Arab League) to create an AFTA followed by an Arab Common Market in 2008, which constituted a « qualitative leap » in these developments.

#### 4. The main international experiences of regional integration:

Five (5) regional economic integration experiences, outside the UMA, were recalled, namely those of the EU, ERCOSUR, l'ASEAN, ECOWAZ and CCG. Their principle characteristics are summarized in the table below:

Tableau n° 12: The main international experiences of regional integration

	ASEAN	MERCOSUR	ECOWAS	CCG	EU	AMU
Countries	5 founders (1967), 5 New (1999)	2 founding countries ,  2 joined and 2 in the process (1991, Attempts in 1969  and 1974)	15 member states (West Africa), 1975	6 founding countries (1981), Yemen  In the processing	27 member countries,  (CECA : 1951)	5 member countries  (1989)
Nature of Integrat ion	De Facto	De Jure	De jure	De Facto	De Jure/De Facto	De Jure
Type of REI	Open	Closed but with associate members	Open	Closed	Open	Open
REI Objective	Enlarged FTA	FTA > common market but a multi-level process according to country	Customs Union  > Monetary Union	FTA  > Economic Community	Common Market  > Economic and monetary Union	FTA  > CU  > CM  > EC
Instituti onal System	Intergovern mental	Intergovernmental	Intergovernmental	Intergovernmental	Intergovernmental  (AE and justice)  And Supranational  (economic and monetary)	Intergovernment al
Institution s	Heads of State Summits (annual), Sectoral  Commissions  ,  Ministerial conferences , standing committee  (every month)	Common market Council, Common market group, Commissions	Heads of State and of Government Conference, Conference of Ministers, Parliament, Economic and social council, Court of justice, Commissions	Supreme Council, (annual),  Commission  For the settlement of disputes, Council of Ministers (meets every three months)	European Commission  Council of Ministers, Parliament, Court of Justice	Presidential Council, Council of Prime Ministers, MCFA, Consultative Council, Advisory Board, General Secretariat, CMS
Involve ment in other agreem ents		Bilateral Agreements with the USA	Future APE Agreements with the EU			EU, GFTA Agreements

The analysis of regional economic agreements experiences, other than the UMA, bring out common points and specificities presented below: (i) The three (3) major geo-economic blocks which are Europe – Africa, America and Asia are experienced unequal regional

economic integration processes in terms of the extent, measured by the countries. The Europe Africa zone has recorded the greatest number of integration agreements, (ii) Another cause is Africa, which, during the period under review was involved in the creation of at least (4) Economic Regions : ECOWAS, CEMAC, SADC and AMU and, (iii) The UMA is the smallest regional grouping of the (in terms of number of States and surface area/population). It is also the process with the lowest intra-regional trade.

## **PART IV: IDENTIFICATION OF NEEDS AND CAPACITY BUILDING**

Despite the aforementioned dynamism, the results in terms of the integration process are modest. A new boost therefore had to be given to the UMA integration process. This boost took place at two levels, firstly that of the UMA organs, and secondly that of development partners.

Faced with the extent of needs to be identified and with the prospect of speeding up the UMA integration process, an UMA Regional Integration Strategy (RIS) covering the period 2010-2020 and consisting of two parts, namely: 1) the construction of a greater Maghreb with the aim of physically and economically integrating the UMA region and, 2) building the human and institutional capacities of the UMA, particularly in the implementation of detailed technical cooperation projects, as follows:

### **1. Agricultural Sector:**

#### **2.1. Overview:**

The dependence of Maghreb countries is structural for some products such as cereals (67%), sugar (85%), and vegetable oils (84%). With population growth, demand will increase while the performance of Maghrebian agriculture is limited by the ability to extend cultivated land, especially in the irrigated sector. The two other common problems for the Maghreb countries are the mobilization and management of water, and combating desertification.

Analyses show that the objective of food security could be better attained if the different countries effectively adopt a common strategy on the matter. The UMA must focus its efforts around the following actions: <sup>(1)</sup> Improve water resource management within the Maghreb in terms of both provision and use by supporting and adding value to new resources, such as recycling of waste water, desalinating of sea water, etc and the technical-political management of demand seeking to save water for both domestic and agricultural use; <sup>(2)</sup> Cooperation in the supply of cereals by setting up a cereals Observatory to monitor the state of markets (prices, stocks, transactions, etc. ...) and boosting trade in agricultural products and examining aspects of collective investments in cereals in order to reduce production costs and; <sup>(3)</sup> Encourage Research & Development in Maghrebian dryland farming, technology transfer, and agricultural extension.

#### **1.2. Identification of needs:**

Immediate needs in terms of food security, desertification and climate change. These needs have resulted in the holding of workshops and round tables on issues related to food security and environmental protection. One of the UMA's main objectives is to find technical solutions and raise the awareness of members on environmental and natural

resources degradation which are threatening member States and guarantee food security for all the citizens. From this point of view, scientific workshops which bring together experts, member States, etc. can be organized, the main themes being:

- Impact of climate change on agriculture and combating desertification ;
- Research and extension, advisory services and supervision of farmers ;
- Rational exploitation of water resources in the agricultural sector ;

The table below summarises the plan of action for the capacity building of aspects of agriculture.

OBJECTIVES	SHORT TERM	MEDIUM TERM	LONG TERM
Maghrebien Strategy for water and soils management	<ul style="list-style-type: none"> <li>- Launching of several studies on the water sector in AMU countries, soils, forests,</li> <li>- Identification of points on which coordinated national policies could be carried,</li> <li>- Consultation of member States regarding planning and annual programming instruments setup in their countries,</li> <li>Crafting by the States of coordinated national policies involving all stakeholders</li> </ul>	Organization of workshops on combating desertification ; <ul style="list-style-type: none"> <li>- Impact of climate change ;</li> <li>- Research and agricultural extension ;</li> <li>- value addition and , rational exploitation of water resources in the agricultural sector ;</li> <li>- protection and value addition of marine resources,</li> <li>-Preservation of water and soils,</li> <li>- Setting up of a Maghrebien water and soils Observatorys</li> </ul>	
Maghrebien network for combating desertification and the adaptation of crops to arid environment	Launching of studies on techniques and crops used around the world to enhance the value of resources in an arid environment,	<ul style="list-style-type: none"> <li>- Creation of a Maghrebien gene pool</li> <li>-Setting up of a Maghrebien technology park,</li> <li>-Implementation of a diversified incentive system for awarding a Maghrebien honorary prize and patent for invention,</li> <li>- Creation of a Maghrebien knowledge base for crops in arid environments,</li> </ul>	
Close cooperation in cereal supply	<ul style="list-style-type: none"> <li>-Creation of a cereal Observatory for monitoring the state of markets (prices, stocks, transactions, transactions etc. ...)</li> <li>-setting up a Maghrebien purchasing grouping,</li> </ul>	Examinations of all aspects of collective investments in cereals,	Study of the possibilities of setting up incentive measures in order to promote intra-Maghrebien Investments in cereals.
Improvement of Agricultural competitiveness		Creation of APM which is the (Agency for agricultural investment promotion in the Maghreb)	<ul style="list-style-type: none"> <li>-Setting up of an investment support fund in agriculture ;</li> <li>-Implementation of communication and information operations for the public</li> <li>- Setting up of a Maghrebien competition for enterprise creation in the agro foods sector</li> </ul>

## 2. Energy Sector:

### 2.1. Overview :

Energy has a certain interest for all the UMA countries. It makes it possible to reduce the cost of access to energy, to make supplies more secure, to add value to new resources and to strengthen the position of the Community in the region.

The long-term objective is the creation of a single energy market in the Maghreb. Setting up such a market takes place essentially through the strengthening of trade exchange networks, a common legislative, regulatory and tax framework, concerted management of rare resources, cooperation and complementarity in areas where the Community has fallen behind and unity in international cooperation. Furthermore, it must also be stressed that the creation of an economic Community is based on the principle that all its members adhere to certain rules of solidarity.

In order to strengthen the integration of the energy sector in the Maghreb, the following strategic guidelines have been proposed:

- Construction of trans frontier electricity, natural gas and petroleum product networks ;
- Pooling of competencies within specialized technology parks in the different areas of the energy sector, thus eventually reducing technological dependence ;
- Carrying out together federative projects in the electronuclear, solar, and equipment manufacturing sectors ;
- Reforming the legislative, regulatory and tax framework ;
- Creation of a permanent framework for consultation, coordination and reflection with a view to harmonizing energy policies and proposing strategies for cooperation within the Community or the region.

**2.2. Identification of needs:**

The needs expressed by the UMA are detailed as follows:

Table n°13: Creation of an integrated energy market in the Maghreb

	SHORT TERM (3 TO 5 YEARS)	MEDIUM TERM (5 TO 10YEARS)	LONG TERM (10 TO 20 YEARS)
<b>OBJECTIVES</b>	<b>OUTLINE OF INTEGRATED ENERGY MARKET IN THE MAGHREB</b>	<b>APPROVAL OF A PROGRAMME FOR THE CREATION OF AN INTEGRATED ENERGY MARKET IN THE MAGHREB</b>	<b>CREATION OF AN INTEGRATED ENERGY MARKET IN THE MAGHREB</b>
<b>REMOVAL OF BARRIERS TO THE INTEGRATION OF THE ENERGY SECTOR IN THE MAGHREB</b>	<b>IDENTIFICATION OF BARRIERS TO THE INTEGRATION OF THE ENERGY SECTOR IN THE MAGHREB</b>	<b>APPROVAL OF A PROGRAMME FOR THE REMOVAL OF BARRIERS TO INTEGRATION</b>	<b>REMOVAL OF BARRIERS TO INTEGRATION &amp; ADJUSTMENTS</b>
<b>REFORM OF THE REGULATORY, TAX AND INSTITUTIONAL FRAMEWORK OF THE ENERGY SECTOR</b>	<b>DRAFTING OF THE COMMON MINIMUM REGULATORY FRAMEWORK</b>	<b>APPROVAL OF A COMPLIANCE TIMEFRAME FOR THE COMMON MINIMUM REGULATORY FRAMEWORK</b>	<b>BRINGING ALL AMU COUNTRIES INTO COMPLIANCE WITH THE COMMON MINIMUM REGULATORY FRAMEWORK &amp; ADJUSTMENTS</b>
<b>ATTAINMENT OF FEDERATIVE PROJECTS IN THE ENERGY SECTOR</b>	<b>IDENTIFICATION OF KEY FEDERATIVE PROJECTS: INFRASTRUCTURE, VALUE ADDITION OF NON-CONVENTIONAL AND CONVENTIONAL RESOURCES, PRODUCTION OF EQUIPMENT, STRATEGIC STUDIES SERVICES, R&amp;D AND TRAINING</b>	<b>APPROVAL OF A PROGRAMME FOR THE ATTAINMENT OF KEY FEDERATIVE PROJECTS</b>	<b>ATTAINMENT OF INITIALLY IDENTIFIED FEDERATIVE PROJECTS &amp; ADJUSTMENTS</b>
<b>DEVELOPMENT OF TRADE</b>	<b>-DETERMINATION OF A COMMON TRADE PLATFORM IN THE AREAS OF GOODS AND SERVICES WITHIN THE ENERGY SECTOR ;  - DRAWING UP OF NEW PROGRAMMES FOR STRENGTHENING TRADE IN THE ENERGY SECTOR</b>	<b>SIGNING OF NEW BILATERAL AGREEMENTS ON THE TRADING OF GOODS AND SERVICES;  ENFORCEMENT OF NEW BILATERAL TRADE CONTRACTS FOR GOODS AND SERVICES IN THE ENERGY SECTOR</b>	<b>CONSOLIDATION OF TRADE &amp; ADJUSTMENTS</b>

**3. Industrial Sector:****3.1. Overview :**

Given the diversity of their development strategies, the Maghreb countries have not always had a common vision for industrial development: Algeria believes in the relevance of industrial policy, while Tunisia and Morocco are closer to policies advocated by a number of international development organizations and are of the opinion that the targeting of priority sectors is not necessary. They do however set up national strategic programs, such as the « Emergency » Plan for Morocco and Industrial Strategy 2016 for Tunisia. Libya and Mauritania have opted for opening up completely, since the levels of protection are lower among the countries of the Maghreb.

**3.2. Identification of needs:**



The strengthening of actions and measures to be taken by Maghrebian institutions in partnership with the operators in order to promote the Maghrebian industrial sector, are the following:

- Identification of needs expressed by the private sector through meetings with private sector operators and ministers of industry ;
- Strengthening Research and Development through active technical cooperation which is in line with the needs of companies ;
- Drawing up the Maghrebian-wide industrial strategy which takes into account the effective potential expressed by private operators.

#### **4. ICT Sector:**

##### **4.1. Overview:**

The Maghreb countries have integrated ICT at all levels of their industrial innovation strategies. However, elements of sectoral fragility were identified, namely : (i) Market constraints : unreliable public procurement ; dependence on public demand ; poor access to international markets, (ii) Financial constraints : poor access to financing ; under-capitalized companies, reluctance of banking sector, narrow scope of investment funds, risk aversion of Investment companies, (iii) Coordination constraints : tight public control of the sector, bureaucratic rigidity, unsuitable procurement procedures, weakness of science/industry links, and finally, (iv) Regulations constraints: obstacles to competition, high asymmetry of markets, etc... To overcome these constraints, the following measures are necessary:

- Drawing up a unified strategy which takes into account the specificities of national economies;
- Identifying, designing and implementing a cluster or pole of competitiveness ;
- Setting up a regional regulation and standardization authority.

## 4.2. Identification of needs:

The objective of the plan of action presented is to propose guidelines which strengthen the setting up of a Maghrebian e-strategy (ESM).

ACTIONS	MEASURES TO BE TAKEN	CONDITIONS FOR SUCCESS	EXPECTED OUTCOMES
Pole of regional competitiveness	<ul style="list-style-type: none"> <li>- creation of a training, research and technological production zone (pilot) with an incubator ;</li> <li>- development of a digital infrastructure (construction of flexible, responsive and reliable telecommunication infrastructure and multimedia services on the fiber optic superhighway, increasing international bandwidth</li> </ul>	<ul style="list-style-type: none"> <li>- setting up a more or less appropriate institutional and legal framework with laws relating to the protection of personal data, intellectual property etc. ;</li> <li>- Close cooperation between universities, firms and the State,</li> </ul>	<ul style="list-style-type: none"> <li>- construction of new sectoral specializations in activities with added value and greater potential for qualified employment creation ;</li> <li>-emergence of computer/telecommunications engineering activities ;</li> <li>- development of human resources /human and technical competences in the field of ICT ;</li> <li>- privileged sectoral positioning by rebuilding a local base of science/industry links, which are ineffective at national level ;</li> <li>- enhancing the potential of technological innovation ;</li> <li>- creating a creative environment out of the synergy which may exist between localized firms</li> </ul>
e-commerce platform	<ul style="list-style-type: none"> <li>- creation of an interbank grouping and of institutions governing the use of credit cards</li> <li>- setting up an online payment system in each country ;</li> <li>- regulate (unify) restraining exchange rate laws</li> </ul>	<ul style="list-style-type: none"> <li>-measures for standardizing and coordinating legal frameworks ;</li> <li>- mutual recognition of electronic signatures ;</li> <li>- free movement of goods and services ;</li> <li>- development of transport logistics between the countries.</li> </ul>	<ul style="list-style-type: none"> <li>- promotion of trade between the countries ;</li> <li>- creation of an international development area which offers a complete business infrastructure for local and international companies</li> </ul>
A Maghrebian telecommunications market	<ul style="list-style-type: none"> <li>-setting up of a regional regulation authority</li> </ul>	<ul style="list-style-type: none"> <li>- setting up of coordination actions</li> </ul>	<ul style="list-style-type: none"> <li>-sectoral profile of the economy modified and as a result, the competitiveness of the country,</li> <li>- transformation of practices and of space (from national to Maghrebian)</li> <li>- offer an attractive market for service developers and providers</li> </ul>

The countries have more than seventy (70) universities in the region, which offers enormous opportunities for research and networking of intellectuals and academics. AMU is proposing the linking of universities through academic exchanges, organizing regional meetings and workshops, encouraging joint scientific research, sharing knowledge with the help of subsidies, by setting up national and regional reviews, and setting up an intellectual center for the region.

## 5. Banking sector:

### 5.1. Overview:

The banking sector has been the precursor in regional development, with in particular the creation of the Union of Maghrebian Banks (UBM) in 1990. The UBM was the instigator of initiatives such as the creation of the Maghrebian Investment and External Trade Bank (BMICE) and, in spite of difficulties, continues to work for the strengthening of cooperation between Maghrebian companies and financial and banking institutions. The central banks have in turn and from the outset, accompanied this development with the setting up of a Council of Maghrebian Central Banks so as to better coordinate the monetary and financial spheres with a view to a gradual convergence towards the attainment of a global economic union. This Council has met seven times since 1990, the last meeting having taken place in Tripoli in 2008.

Several resolutions were adopted at these meetings – particularly the setting up of committees:

(i) banking supervision, (ii) monetary policy and exchange rate regimes, (iii) systems of payment and, (iv) financial stability. Aware of this situation, the International Monetary Fund (IMF), in consultation with the Ministries of Finance and Central Bank Governors, took the initiative to organize high-level regional conferences, which were attended by the successive Directors General of this institution. The objective was to sink the foundations of Maghrebian financial, economic and commercial integration, while circumventing the difficulties related to the political environment.

## 5.2. Identification of needs:

The summary of needs for the strengthening of monetary and financial integration is as follows:

Table n°15: Needs for the strengthening of monetary integration

Recommendations	List of actions	Modalities of implementation	Order of priority
Facilitation of financing of external trade and boosting of intra-Maghrebian investments	Monitoring of business climate and rating of doing business	Full payment of shares of BMICE capital by certain member States	Short term
	Promoting the Maghrebian Investment and External Trade Bank (BMICE)	Development of business relations between the banks, particularly regarding confirmation of letters of credit	Short term
	Strengthening the role of the intra-Maghrebian banking system	Broadening the range of instruments for financing intra-Maghrebian trade flows	Medium term
		<ul style="list-style-type: none"> <li>- Release of trade credit for Maghrebian operators.</li> <li>- Promote the progressive liberalization of intra-Maghrebian investment in the securities of regulated institutional investors (UCITS, insurance companies...)</li> </ul>	Medium term
Promotion and harmonization of systems of payment and technical platforms	1. Strengthen the harmonization of credit card systems ;  2. Increase the technical capacities of the stock markets ;  3. Set up a joint programme for the stability of financial systems	1. Draw up a contractual framework promoting the interfacing of the different systems in the context of the actions of the Union of Maghrebian Banks (UBM);  2. Make technical platforms conform to international standards for negotiating financial instruments, compensation systems and payment/delivery systems  3. Make communicability platforms available in all stock markets	Short to medium term
		Explore the possibility of dual listing of companies on different Maghrebian stock markets	Short to medium term
Dissemination of monetary and financial information	Setting up a portal on the different monetary and financial regulations in force in the different countries	1. Integration of legal and regulatory information on the subject ;  2. Establishing information exchange agreements on bank clients	Short term

**CONCLUSIONS:**

The revival of regionalism in Africa in the early 1990s and the need to give a new stimulus to the eight Regional Economic Communities recognized by the African Union, are among the factors which are a good argument for the capacity building of the UMA General Secretariat.

Maghrebien economic integration consists in undertaking of the following reforms by the UMA countries themselves:

- Liberalization of the trading of goods and services ;
- Liberalization of the flow of capital ;
- Liberalization of the movement of people;
- Harmonization of taxation and conditions for competition ...;
- Coordination of economic policies ;
- Setting up of a fixed exchange rate system or possible adoption of a single currency.

All these dimensions of economic integration are in fact interlinked, and in order to strengthen them, accompanying measures are necessary.

The formulation of the aforementioned capacity building must be stated in the plan of action to be adopted by all the UMA countries, and the support and monitoring of all the partners in all the phases of the attainment of integration.

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## ACRONYMS

- AFTA: Arab Free Trade Area
- AMF: Arab Monetary Fund
- AMGR: Annual Mean Growth Rate
- CEEC: Central and Eastern European Countries
- CET: Common Exterior Tariff
- ECA: Economic Commission for Africa
- EMFTA: Euro Med Free Trade Area
- EMU: Economic and Monetary Union
- EPA: Economic Partnership Agreements
- FDI: Foreign Direct Investment
- FPCS: Foreign Policy and Common Security (UE)
- FTA: Free Trade Agreement
- GAFTA: Greater Arab Free Trade Area
- IMF: International Monetary Fund
- JIA: Justice and Internal Affairs
- MENA: Middle East North Africa
- MFNC: Most Favoured Nation Clause
- MFNT: Most Favoured Nation Treatment
- NU: United Nations
- REI: Regional Economic Integration (UE)
- UMB: Union of Maghreb Banks
- UNEP: United Nations Environmental Programme
- WTO: World Trade Organization

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