

## CONFERENCE REPORT



## PARTICIPATING SCHOLARS

CSIS would like to thank and acknowledge the experts who spoke at the conference. This group's rich and varied experience in government, policy research, and academia allowed us to consider issues from multiple points of view.

**Jon B. Alterman**  
CSIS Middle East Program

**Haizam Amirah-Fernandez**  
Real Instituto Elcano

**Daniel Brumberg**  
Georgetown University

**Elizabeth Dibble**  
U.S. Department of State

**John Drowley**  
Eli Lilly and Company

**John Entelis**  
Fordham University

**Lianne Kennedy-Boudali**  
Rand Corporation

**Haim Malka**  
CSIS Middle East Program

**Hugh Roberts**  
Independent Consultant

**Claire Spencer**  
Chatham House

**Mona Yacoubian**  
United States Institute of Peace

**Malika Zeghal**  
University of Chicago

## Building Stability in North Africa: Prospects and Challenges

---

### OVERVIEW

North Africa is increasingly vital to U.S. interests, and it is emerging as a pivotal region in global affairs. The region is a major energy supplier and key front on the global war on terror. Though the state systems in the region remain robust, unresolved divisions within societies over the pace of economic and political development, political participation, and the distribution of resources continue to raise significant questions about long-term stability.

As the United States and North Africa grow closer in a number of spheres, it is crucial to fully appreciate the complex trends and developments underway in the region and understand how they affect the states of the Maghreb: Morocco, Algeria, Tunisia, and Libya. In an effort to get a deeper understanding of these trends, the Middle East Program at CSIS convened a one-day conference in Washington on January 17, 2008, that brought together leading authorities from around the world with expertise in economic, political, social, and security affairs.

### KEY POINTS

- State institutions in the Maghreb have proven remarkably durable and able to withstand significant shocks and challenges. There are no signs that any of these governments are under imminent threat of collapse.
- States have been able to co-opt or repress Islamist opposition forces effectively up to now. Governments have used electoral laws to divide such forces, and have managed the elections themselves in such a way as to limit the growth of Islamist representation in parliaments.
- Societal tensions are growing throughout the region, and publics appear increasingly hostile toward state authority.
- Terrorism is a serious challenge but does not threaten the stability of any regime in North Africa. To the contrary, the terrorist threat legitimates a stronger role for security services in public life.
- Transnational links and cooperation between terror groups are exaggerated, with no evidence of a region-wide movement emerging.
- Islam is an important force of mobilization, but the main concerns of a majority of people are jobs, education, housing, and corruption.

- The Maghreb has significant untapped economic potential and an attractive market of close to 125 million people. Yet, high unemployment and lagging education systems combined with issues of transparency, regulatory predict-

*“At the end of the day, opposition has had very little effect on the nature of power.”* John Entelis

ability, and intellectual property rights pose significant challenges to Western-style development. At the same time, significant interest and investment from the Gulf, Russia, and China may change the calculus of North African states toward adopting Western business models.

- As Western European governments continue to crack down on illegal immigration due to security concerns and a flood of immigrants from Eastern Europe, North African states will increasingly lose the release valve upon which they have long relied to ease socioeconomic tensions.

### POLITICAL CHANGE, OR LACK THEREOF

In every state in the region, the divide between state and society is deepening, John Entelis of Fordham University said. The depth of discontent with the way authority is used and maintained is both unprecedented and growing. Islamist activism has been the most visible organizing principle for this discontent, but far more is at work than a competition between secular and religious forces. Still, every regime in the region sees a political imperative in managing Islam. The governments of Morocco and Algeria emphasize their Islamic identity. In Morocco in particular, the King’s title as “Commander of the Faithful” and his ability to trace his ancestry to the Prophet Muhammad give him special status in this regard. Tunisia has taken another route, as it has a far deeper secular heritage. Still, the government has become accommodating to rising religious practice. All of the governments of North Africa seek to bolster their credibility by building mosques and providing religious programming on television and radio; meanwhile, they all seek to control the religious sphere by actively managing the clerical ranks and influencing if not controlling the content of sermons.

Most speakers agreed that the turn toward Islam in public life is more correctly seen as a mass political response than religious revival, and Entelis judged that regime tactics in this regard will ultimately prove counterproductive. He

argued that shortsighted government efforts to alternately punish and co-opt opposition forces in order to maintain authority fail to address the underlying calls for greater political contestation and genuine political participation.

Malika Zeghal of the University of Chicago suggested that over the last decade, regional governments have reinvented authoritarianism to give the impression of political change without any true devolution of power. Zeghal argued that this reinvention has been most notable in Morocco, which she referred to as a “competitive electoral authoritarian” regime that combines contested elections with a strong unelected government and quasi-authoritarian rule. Faced by a mounting challenge of Islamic activism, the monarchy opened up the electoral process while simultaneously shaping electoral outcomes. Rather than devolve power from the monarchy toward elected leaders, she said, Moroccan elections most often serve to rotate royal patronage networks, split oppositions between those working within and outside the system, and entrench monarchical authority.

Both Morocco and Algeria have pursued what Zeghal referred to as the “double division” of the opposition. In Morocco, the regime has integrated an Islamic movement, the Justice and Development Party (PJD), which accepts the rules of the political game. At the same time, the Moroccan government excludes the arguably more popular, yet illegal, Justice and Charity movement, which does not accept the King’s legitimacy and which the Moroccan government associates with political violence. In so doing, the Moroc-

*“What has happened is in fact not a transition toward democracy... but rather a reinvention of authoritarianism.”*

Malika Zeghal

can government splits the Islamic political sphere into two. At the same time, the government uses the threat of the Islamist PJD coming to power to pressure secular nationalist parties to come to heel. With the acquiescence of these parties, the government redrew voting districts in 2007 so as to ensure that no party won a plurality of votes, resulting in a ruling parliamentary coalition that supports royal prerogatives. Similarly, Algeria has three Islamist political parties that contest elections (the Movement of Society for Peace, the Movement for National Reform (Islah) and the Nahda Movement), but none have the capacity to challenge the fundamentals of the system.

Interestingly, governments have innovated far more successfully than opposition movements in North Africa over the last five years. In particular, the failure of Islamic political parties to transform the status quo has discredited them in certain ways and made it more difficult to mobilize supporters.

*“What destabilizes these regimes... is the combination of terrorism and particular kinds of external pressure.”*

Hugh Roberts

Rather than counting this outcome as a success for governments, however, Entelis viewed it with alarm. He argued that political opposition movements have all but exhausted the possibilities of bringing about change through legal means, and options for political expression and participation are narrowing. They can leave the country—either legally or illegally—game the system for personal benefit, or join a militant or illegal opposition force. He suggested that none of these choices bodes well for the long-term stability of the region. Claire Spencer of Chatham House broke down the choices more narrowly, arguing that people either become “subversives” or “sidesteppers.” The sidesteppers neither support the government nor confront it. Rather, they disengage from politics, biding their time until more conducive opportunities emerge for political activism.

## SECURITY AND TERRORISM

In U.S. dialogue with North African states, security-related concerns have overshadowed these social and political challenges. The “re-branding” of local Salafi-Jihadi militant groups such as the Salafi Group for Preaching and Combat (GSPC) and the Libyan Islamic Fighting Group as al Qaeda franchises has increased the alarm. While much remains uncertain about the objectives of these groups, panelists agreed that the threat these groups pose to the stability of North African regimes is often exaggerated. Speakers urged caution when assessing the nature of the terror threat in North Africa, and agreed that at the moment, there is no evidence of logistical links across the region among militant groups.

The composition and objectives of Salafi-Jihadi groups largely depend on the country. Even within the same country, there may be different considerations and objectives. In Morocco, terror cells are decentralized, poorly networked,

and concentrated in particular areas such as the shantytowns of Casablanca and the Rif region in the northern part of the country. The Moroccan Rif, similar to the Algerian Kabylie, has long been a center of discontent and opposition to the central authority. Recruiters for jihadi movements in Iraq have found fertile ground among young Moroccans there who feel they have no future in the country.

Unlike jihadis in Morocco and Tunisia, today’s Algerian militants carry a longer heritage of insurgency. The most significant threat comes from the GSPC, which traces its roots to the Algerian Fighting Group (GIA) which arose in the early 1990s after the secular government nullified elections that Islamist parties had won. Vigorous efforts by the Algerian security forces to repress the GSPC, combined with an amnesty campaign that lured a number of high-level officials to leave, crippled the organization. Younger radicals spurned the idea of moderation and transformed the remnants of the group into al Qaeda in the Lands of the Islamic Maghreb (AQIM).

According to Lianne Kennedy-Boudali of the RAND Corporation, the GSPC’s decision to take the name of al Qaeda was a survival strategy, not an ideological shift. In fact, the organization seems more interested in remaining relevant than fulfilling any particular mission. Despite the name change, it is not clear what level of support or coordination GSPC/AQIM is receiving from the centralized al Qaeda leadership. While the name change may have given the organization new networks of support, AQIM has also “burned bridges” because of personality conflicts and brutal tactics targeting civilians. Despite recent high profile attacks, its increasing reliance on less-qualified recruits suggests that the organization is struggling for survival; still, deep-seated opposition to the state means that groups such as AQIM can often find sanctuary and support networks. The groups also maintain relationships of convenience with smugglers and other criminal elements.

*“People’s concerns are not about terrorism. ... Their concerns are about more fundamental questions, about jobs, education, opportunity, housing, transportation, corruption.”* John Entelis

GSPC/AQIM remains largely an Algerian organization, albeit with revised objectives. Claims of transnational co-

operation, including the attacks in Tunisia in the winter of 2005 to 2006, are largely exaggerated. Thus far, the group has claimed a single operation outside of Algeria: a 2005 attack on a Mauritanian military post. Although the organization has singled out European countries as targets for attack, there have not yet been any European attacks linked directly to the organization. Panelists were skeptical of the idea that GSPC/AQIM cells had found safe haven in the Sahel region, arguing that inhabitants of the region are suspicious of outsiders and the open scrubland provides inhospitable terrain for insurgents.

Still, there is growing public sympathy for the kinds of radical interpretations of Islam that the GSPC/AQIM promotes. While such sentiment remains a minority view, it reinforces a broader trend of anger and discontent in North Africa. Kennedy-Boudali argued that jihadi activity appeals to young men across North Africa with few options.

*“Businesses are prepared to make a commitment for the long haul, but they have to have an element of predictability.”* Elizabeth Dibble

Hundreds if not thousands have gone to fight in Iraq, and the prospect of their return to the region with networks, experience, and a talent for tactical innovation poses a serious future challenge.

Panelists warned that an overemphasis on U.S. security cooperation with North African governments would be counter-productive. It could hinder political change and create brittle regimes that are less durable. Hugh Roberts warned that there seems to be a deepening split between key power brokers in Algiers which could, under the combination of “terrorism and particular kinds of external pressure,” turn into the bloody infighting of the 1990s and destabilize the regime. Panelists largely agreed that foreign governments interested in Algeria focus primarily on security issues, while local concerns of the population focus on socio-economic issues such as jobs, education, health care, housing, and corruption. The consequence is a resentment of foreign involvement, especially in Algeria. Several panelists advocated a more balanced bilateral relationship with greater emphasis on economic development.

## ECONOMIC POTENTIAL

Despite considerable socioeconomic challenges, the Maghreb remains an attractive market of close to 125 million people. Heavy investment, largely from the Gulf countries, signals the region’s significant growth potential. Yet, there is little economic cooperation among countries in the region and no transnational distribution system. According to Deputy Assistant Secretary of State Elizabeth Dibble, intraregional trade accounts for only 3 percent of the region’s total trade. For foreign companies, issues of transparency, predictability, counterfeiting, and intellectual property, not unique to the Maghreb, all complicate business transactions there.

John Drowley of the drug maker Eli Lilly and Company identified some of the challenges that Western companies face operating in North Africa, from competing against Chinese and Russian firms with different standards for ac-

*“One of the sources of anger against Europe ... is this business that only immobile objects from this part of the world are welcome in Europe.”* Claire Spencer

countability to complicated bureaucratic frameworks that increase costs. Yet he argued that the prospects for growth are very attractive and that foreign companies will continue to invest in North Africa to reach these markets. Western governments can play a role in improving the economic frameworks of North African countries and engage regional governments on issues ranging from intellectual property to freer access to markets.

Beyond these general trends, each state faces its own country-specific economic conditions.

Libya’s massive hydrocarbon reserves hold out great promise, and while Dibble was optimistic, she described the country as the “great unknown.” After decades of economic and political isolation, the country is having difficulty reintegrating into the international economy. Its infrastructure is insufficient, and the government lacks the tools to distribute development funds to the population. The banking system and credit markets are underdeveloped, and with no trade agreements with the United States, doing business in Libya is extremely difficult. She noted, however, that Libya’s lack of infrastructure also presents an opportunity. The country is undergoing a “boom” of sorts, with plans to spend \$125 billion in housing, airports, schools, and trans-

portation systems over the next few years. Over the longer term, Libya will have to work hard to build a diversified economy that is not wholly dependent on hydrocarbons.

*“The political systems in place have constructed a model ... that is sufficiently tactically mobile to stay in place for some time to come.”* Claire Spencer

As an energy-rich country with over \$100 billion in foreign exchange reserves and low debt, Algeria also has enormous potential. It faces many similar challenges to Libya in that it needs to diversify its economy, develop its banking system and credit markets, and ensure that the broader population benefits from oil revenues. Although Algeria’s legal system is easier for multinational firms to navigate than Libya’s, such firms still find it difficult to buy land and to enforce intellectual property rights. A dearth of intellectual property attorneys in the country exacerbates the problem.

Of all the countries in the region, Morocco has enacted the most far-reaching economic reforms. Having signed a free trade agreement (FTA) with the United States and an association agreement with the European Union, it also recently signed a \$700 million compact through the Millennium Challenge Account to develop fisheries, agriculture, crafts, and job-creating industries. The FTA allows U.S. companies to operate in Morocco without a local partner and to reduce bureaucratic complications in conducting business. Still, Morocco’s economic growth has been slower than expected, and its infrastructure and education systems are lagging. Job creation remains a serious challenge, and government efforts to build more manufacturing facilities have led to an oversupply of such plants rather than more jobs.

North Africa’s smallest economy, Tunisia, is actually its most stable and healthy. It is largely diversified and has a relatively business-friendly investment climate. Tunisia has good manufacturing facilities and a skilled workforce that has successfully integrated women. Despite solid infrastructure and economic opportunities, the economy remains under tight government control. Finding and working with a local partner can prove difficult for multinational corporations, and the lack of Western franchises in the country is an indicator of a less-than-ideal business environment for foreign investors. A lack of transparency is another serious

setback, which tends to hinder follow-through on business agreements. Restrictions on Internet freedom and an education system that creates more graduates than it can employ raise additional challenges.

## KEY UNCERTAINTIES

While conference participants agreed on many issues, they also acknowledged that many of the trends and developments confronting North Africa create complex challenges with deep and broad implications that are not yet fully understood. A number of these issues require more in-depth analysis and discussion.

### ▪ Extent of al Qaeda link with North African terror groups

There is a great deal of uncertainty regarding the nature of al Qaeda support for terror groups and cells in the Maghreb. Panelists urged prudence when assessing the threat. While it is plausible that GSPC/AQIM leaders have undergone training in al Qaeda camps, there is little evidence of any operational coordination. Even within the highest echelons of the Algerian government, there is a debate regarding the nature of the GSPC/AQIM threat, and to what extent al Qaeda has taken root in the region. Although many recent attacks in Algeria bear the hallmark of al Qaeda, they may instead represent a mimicking of tactics used in Iraq.

### ▪ Ramifications of deeper U.S. engagement with the Maghreb

The impact of counterterror efforts on the spread of radical ideology and mobilization of salafi-jihadi cells is largely unknown. A high U.S. military profile in the region could aggravate tension and actually encourage mobilization and recruitment of terrorist cells. More alarmingly, previous agreements are unraveling, such as the Tuareg question in Mali, which could have region-wide ramifications that are little understood. According to Hugh Roberts, something beyond the jihadi threat is happening in the region that is leading to a deterioration of the security environment.

### ▪ Public sentiment in the region

Participants agreed that there is growing public discontent and frustration in North Africa. Panelists disagreed, however, whether this is creating apathy or anger, whether regime strategies are deliberately encouraging apathetic populations as a strategy of control, and whether regimes can sustain their present course of action.

### ▪ External influences

External factors undoubtedly influence developments within the region, yet the ramifications are not fully understood. On the economic level, increased Chinese and Russian investment and economic ties indirectly influence both economic and political development, as they offer different incentives and opportunities to the region.

*“It should be pretty obvious that if you pool together these four economies you have a much bigger market and that everybody benefits... the barrier is political.” Elizabeth Dibble*

### ▪ Next generation

With the exception of Morocco, the leadership cadres in North Africa are almost uniformly aging. How the next generation of bureaucrats and leaders administers authority

*“If you’re going to be in business there, you need to divorce the political aspect from the economic aspect.” John Drowley*

will have a significant impact on the future of the region. Spencer suggested that the “mobile migrants” or educated class that succeeded abroad can play a significant role in the next generation of leadership.

### ▪ Immigration and relations with Europe

One of the main release valves offered to people in the Maghreb is immigration to Europe, whether legal or illegal. Efforts to leave the region and resettle in Europe are becoming more costly and dangerous, yet that has not deterred people. What happens when immigration becomes more difficult and less possible will have a significant affect on dynamics within the region.

## CONCLUSION

Though the region faces similar threats and opportunities, Dan Brumberg noted that the states of the region have

grown far apart. They are politically and economically very different, and it is “almost utopian” to speak about regional integration. While they remain distinct, regimes in the Maghreb have proven their ability to withstand significant shocks and challenges. The last violent change of regime in North Africa was the Libyan revolution in 1969, demonstrating a resilience that has surprised many observers. Regimes confront new challenges by constantly adapting and innovating to maintain authority. Yet, the issues they confront are becoming more complex, and the quest for political stability and legitimacy will become more difficult over time. As John Entelis noted, there is a growing sense that regimes don’t know how to manage the future.

## ACKNOWLEDGMENTS

This conference was carried out with the generous financial support of Pioneer Natural Resources, Eli Lilly and Company, ENI, and Talisman Energy Inc.

This conference summary is produced by the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s). © 2008 by the Center for Strategic and International Studies.

### CSIS Middle East Program

**Jon B. Alterman**, Director

**Haim Malka**, Deputy Director

**Greg Brosman**, Program Coordinator/  
Research Assistant

**Omar Boukili, Kathryn Hannah, and Daniel Hatch**, Interns

Please visit our Web site at [www.csis.org/mideast](http://www.csis.org/mideast) to learn more about the program’s work.