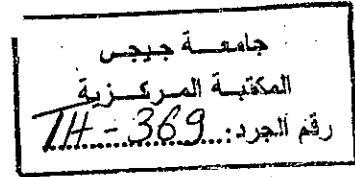


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"The Economic Relations Between
the Maghreb States and the European Economic Community"

by

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Abstract

The economic relations between the Maghreb countries and the European Economic Community have been and remain unequal in many respects. This inequality can be understood in terms of the centre/periphery model of Samir Amin. Although the Maghreb countries were, once, subject to the same centre, they have undergone different internal processes according to the type of local ruling-class. The 1969 trade agreements between the neo-colonial regimes of Morocco and Tunisia with the Community, reflect the traditional division of labour based on the export of primary commodities.

Algeria on the other hand, being a state capitalist regime, endeavoured to lay foundations for a new economic order. It was within this context that the 1976 cooperation agreements were shaped.

All three Maghreb countries, and with especial deliberateness in the case of Algeria, attempted in this decade to diversify their trading outlets in order to establish economic independence on firmer foundations. The same objective with similar disparity in implementation between Algeria on the one hand and Morocco and Tunisia on the other, can be discerned in agreements on cultural and technical assistance, especially with France. Nevertheless financial and cultural factors, particularly in the case of Morocco and Tunisia, and additionally technological needs in the case of Algeria, have not altered the continued relevance of the centre/periphery model. Thus even a united Maghreb would remain necessarily and asymmetrically dependent on the markets of the European Community.

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Introduction

The word "Maghreb" has become widely used in world politics. The Maghreb countries as a whole include Algeria, Libya, Mauritania, Morocco and Tunisia. These countries constitute a distinct entity, although they share the official language with the Middle Eastern Arabic speaking countries, and religion with the rest of the Islamic Community. This study looks at Maghreb/EEC relations from the Maghreb perspective.

However, this study is limited to Algeria, Morocco and Tunisia. These three countries underwent, as a consequence of French colonialism, a comparable pattern of development until independence. In the first period after independence the three countries had broadly similar objectives. Even after Algerian objectives diverged from those of Morocco and Tunisia, the European Community sought to treat them as a bloc of similar countries. By contrast Mauritania was included in the Yaoundé group of associate countries and Libya, even under King Idris, was not interested in formal links with the EEC. Moreover, Italian colonialism did not have the scope and penetration of French colonialism.

In this study, we shall attempt to examine the economic relations between the Maghreb countries and the EEC in the light of Samir Amin's centre/periphery model. This model is appropriate in explaining relations between peripheral economies of the Maghreb and the European economies of the centre. This model takes as its starting point the structural differences between the centre and the periphery. Through the mechanisms of trade and coercion, the peripheral economies were brought by central capitalist economies into the world system. Consequently capitalist relations were introduced from the outside into the peripheral economies, orienting their production to the external market. This means that there was a decimation of the pre-colonial producers in the periphery in favour of the metropolitan producers, whose economies enjoyed a balanced internal relationship between the sector producing mass consumer goods and the

sector producing capital goods. There are different types of peripheral state regimes, some of which participate in the new and some in the traditional division of labour. In the new division of labour about four groups are distinguished by James Petras¹.

1. Colonial regimes such as Hong Kong and colonial settler regimes such as South Africa.
2. Dependent developing regimes such as South Korea, Brazil ...
3. State capitalist regimes such as India.
4. Revolutionary regimes such as China.

Their participation in the new international division of labour is characterized by their cheap labour supplies and the willingness of their regimes to increase foreign exploitation of this labour force through industrial export platforms.

However, in this study we are much more concerned by the traditional division of labour which best characterizes the Maghreb countries. About four types of regimes, too, are distinguished in this division of labour².

1. Neo-colonial regimes which depend heavily on metropolitan financial, political and military support to sustain their ruling-class, such as Morocco and Tunisia.
2. Dependent developing regimes which have their own military and political forces but are greatly dependent upon metropolitan investment resources, such as Egypt and Kenya.
3. State capitalist regimes which are characterized by a strong state ownership and development of heavy industry. This led them to heavy dependence on export of raw materials to finance new industrial projects. In this type of regime is found Algeria.
4. Revolutionary regimes such as Cuba and Nicaragua, although they opened new areas of production and transformed class structure, the rulers do not attempt to concentrate control of the revenues derived from export of raw materials.

All these regimes have in common one similarity: the export of primary commodities. It might seem that they have been unable to define their position towards the international division of labour. Nevertheless, it is essential to distinguish the differences in the type of imports to assess how resources drawn from their exports are used.

1. In the neo-colonial regimes imports are dominated by luxury and consumer products to the detriment of economic growth. Moreover, these imports benefit mainly the upper classes.
2. In the national developmental and state capitalist regimes, imports consist of capital goods necessary for the growth of productive forces. But they end up as a property of the national bourgeoisie in the first regime and of the bureaucracy in the second.
3. In the revolutionary regimes, austerity policies are common on import of consumer goods for the profit of capital goods. On the whole, the great majority of the people benefit from a good distribution of imported items.

All these peripheral states are characterized by the unchallenged fact of dependency despite variations in forms of dependency. According to Amin, they should all converge on socialism, since change in his view has always come from the periphery. For example the birth of capitalism was in Europe which used to be peripheral in relation to the Arab centre of civilization.

Coming back to the main theme, relations have always existed between the two shores of the Western Mediterranean. This was facilitated by geographical proximity. These exchanges were transformed by the impact of French colonialism in North Africa. As far as exchanges are concerned, the French oriented production in North Africa according to the needs of the consumer society in the metropolis. How can Algeria be a big producer of wine, since the great majority of her subjects are Muslims? When the French had to leave North Africa, the Maghreb's economies remained dependent on the markets of France. After independence, two thirds of the Maghreb's external exchanges were with France. This flow of trade, which had its

origin during the colonial period, was a determining factor for the Maghreb in seeking the EEC association. This was especially true in the case of Morocco and Tunisia, which, besides the fact of having inherited a backward and dependent economy, are led by liberal political elites. Therefore, they perpetuate and reinforce the inherited colonial pattern of economic relations, basing the economies of their countries on agricultural exports, tourism, light manufactures and external aid. Thus pressed by growing economic problems and threatened by popular protest movements, Morocco and Tunisia hastened to sign the 1969 trade agreements in order to secure the outlets for agricultural products. These agreements were not successful, in that they accentuated dependency in the sense used by centre/periphery theorists. Nevertheless, the securing of the traditional outlets in Europe by agreement with the EEC was a temporary economic status. It will be shown that tied relationships with the EEC economies rendered Morocco and Tunisia fully exposed to economic penetration by the European Community. More seriously, enlargement of the Community to include the Iberian countries underlined the long-term insecurity of such privileged outlets. By contrast Algeria did not participate in the negotiations on the limited range of products which led to the 1969 agreements; rather, she looked for a global agreement: namely wine exports, Maghreb workers in the Community, technological assistance and financial aid. The Algerians argued that their conditions were essential for the future industrial take-off of each respective Maghreb country.

The revolutionary process which Algeria underwent during the war of independence gave rise to an "élite socialisante". In the early days of independence, the Algerian leaders laid the foundations of an economy deliberately directed to end the inherited centre/periphery pattern of relationships. So the economic development chosen was as well integrated industrial base erected on heavy petrochemical industries. This industrial development strategy was sustained due to the fact that hydrocarbons

enabled the Algerian policy-makers to mobilize the foreign exchange needed for importing high technology. Through such policies, the Algerians intended by reconversion of the colonial economic structures to establish new relationships with the EEC. After independence they continued to enjoy access to the French markets, according to Art. 227 of the Rome Treaty. However, the nationalizations of the French oil companies in 1971 led to the end of the Franco-Algerian "special relations". Art. 227 no longer obtained, consequently, Algeria was driven to re-start negotiations with the EEC in 1972 picking up from the inconclusive talks begun in 1964. The result this time was the 1976 cooperation agreements. Thus, Algeria became for the first time an associate of the European Community, after having obtained satisfaction of her demands. In fact, the Maghrebins exploited the then oil crisis which led the EEC members to elaborate the "Global Mediterranean Policy". The 1976 agreements were seen in this context. They represented a notable improvement in comparison with the 1969 agreements. It is admitted that this success was attributed mainly to Algerian diplomacy.

However, these advantages obtained in 1976, after enlargement to the North, are also at risk due to the negotiations for enlargement of the Community to include Spain and Portugal. It is in the context of the uncertainty created by these successive enlargements, that we will examine the alternative markets available to the Maghreb, the issue of diversification. The countries most at risk are Morocco and Tunisia, because of their reliance upon French markets as "natural outlets". These two countries, especially Morocco, made attempts to search for other outlets. Although this policy of diversification of external outlets brought some success, the main trade partner remained France. The inherited economic structures in Morocco and Tunisia were too strong to permit radical changes of diversification. In addition to this, the geographical factor should be taken into consideration, due to the fact that Germany,

Italy and Spain are strong competitors to the French in the Maghreb. As far as enlargement to the South is concerned, Spanish accession especially is causing worries to the Maghrebins. Will France allow the loss of the traditional North African sources for the benefit Spanish products? French interests are better represented in the Maghreb than in the Iberian Peninsula. Moreover, the loss of these outlets for agricultural products could mean more internal havoc to the pro-western regimes of Morocco and Tunisia. The importance of the Maghreb, especially in the case of these two countries, does not stem from their relative economic importance to the Community.

However, there is a further alternative available to the Maghreb states. An economically unified "Grand Maghreb", including Libya, might both confer economic benefits on the participating states and reduce the asymmetry in the relative weight of the EEC and the Maghreb as negotiating partners. The strategic importance of the Maghreb countries would be a reason for the Europeans themselves to welcome such a development. Europe exploits the trade factor in order to be present in the area and to ward off any intrusion on the part of the "Big Two" or even any local extremism. The idea of being in an equidistant position towards the "Big Two" is of interest to the Maghrebins. However, it is hardly in their national interests to fall into the sphere of another political-economic group.

As far as sources of materials are concerned, there are no works which comprehensively tackle the subject of the thesis. The primary sources I used consist of newspapers and European documents. I did not have access to diplomatic documents. The secondary sources consist of reviews and journals. These sources, although extensive, present shortcomings because the information they convey is sometimes contradictory and piled up. Hence the difficulty in rendering this information well analysed and consistently linked. This is true particularly in the case of chapter three. The other handicap is the

question of objectivity of the writers. Most of the works on the subject of the thesis are generally made by the Maghrebins. Thus, in their studies, they tend to enhance the policy of their own countries. Inter-Maghrebin conflicts hinder their objectivity. For instance, Algerian writers tend to discredit political regimes in Morocco and Tunisia, whereas Moroccan and Tunisian writers accuse Algeria of self-interest to the detriment of a unified Maghreb front to face the Community. As for the Maghrebin writers who live abroad, although they produce interesting studies, their commitment to different ideologies impedes their objectivity. Lastly, the European writers generally tend to reveal that only a deeper association with the Community could strengthen the economic and cultural foundations of the Maghreb countries.

This study has been tackled from the Maghreb angle, therefore most of the sources are in French. The most useful were the *Annuaire de l'Afrique du Nord* and, to a lesser extent, *Maghreb/Maghreb*.

Notes

1. James Petras, "The Peripheral State", Journal of Contemporary Asia.
Vol. 12, No. 4, p. 426.
2. Ibid, p. 427.

Chapter I = The 1969 agreements of "association".

I - Introduction to the economies of the Maghreb countries since independence

1. Algeria
2. Morocco
3. Tunisia

II - The situation after independence.

- a) Morocco and Tunisia.
- b) Algeria.

III - The 1965 mandate.

IV - The 1967 mandate.

V - Analysis of the agreements.

- a) The juridical point of view.
- b) The economic point of view.
- c) Attitudes towards the 1969 agreements.

I - Introduction to the economies of the Maghreb countries since independence

The Maghreb economies were so oriented during the French rule to satisfy the internal needs of the metropolis that France became a "natural outlet". Hence their interest in an association agreement with the EEC, after independence. As the Tunisian in charge of his country's negotiating team, Mr. Zouaoui, expressed it "Tunisia's economy, predominantly agricultural, was clearly influenced by colonization. This orientation has deeply marked the structures and the nature even of the production and exchanges in such a way that after independence and despite the efforts made in order to reorient and diversify the currents of exchanges with abroad, Tunisia has not yet succeeded in giving to her trade an international dimension large enough for her to modify her traditional commercial relations"¹.

In this chapter I will examine successively the changes in each of the three Maghreb countries as such an understanding of their individual economies is a necessary preliminary to explain their negotiating position vis-a-vis the developing European Community.

1. Algeria

a) The Algerian economy during the colonial era

Algeria inherited from the French a dual economy of the colonial type. There was no economic integration. Algeria was subjugated to France as a complementary industrial centre. In 1954, the industrial sector absorbed 25% of agricultural production, while 8% only of industrial output was directed to agriculture. This shows how the Algerian economy is turned towards France for more than two thirds of her external exchanges. Industry was neglected since investments were directed to the agricultural and mineral sectors, owned by the French.

Although the Algerian economy was oriented towards the metropolis, this does not mean that she specialized in exporting particular products which were not found in the metropolis. For example, wheat and wine were produced in both France and Algeria. Thus the case of Algeria differed from Tunisia and Morocco. Algeria's specialization in wine was looked on as temporary, because there was no development of viticulture as an industry. Maybe this difference in treatment came from the fact that Algeria was considered as an extension of France whereas Morocco and Tunisia were protectorates. As for the duality of Algerian economy, it was initiated by the fact that French colonization brought from the metropolis another economic system and imposed it in parallel with the indigenous one. This led to the development of two different sectors in economy. The European or modern sector is characterized by a capital intensive production using skilled labour, and is export oriented. As for the traditional sector, owned by the indigenous population, it is backward, situated on infertile lands, and the production is directed to home-consumption. Producers may not be the owners. This duality existed in both the agricultural and industrial sectors.

In 1958 De Gaulle projected the "Plan de Constantine" (1959/64). He wanted to tackle Algerian unrest by improving the situation of the Algerians (Muslims), since the idea of the Plan sprung up at the height of the Algerian/French conflict. By erecting ambitious industrial projects, the General cherished the idea of anchoring France to Algeria.

The Plan of Constantine consisted, at the industrial level, in laying the foundations for heavy industry in three main growth poles on the Mediterranean coast: the iron and steel complex in Annaba, a refining centre in Algiers, and a petrochemical complex in Arzew (industrial zone of Oran). In the agricultural sector, very limited agrarian reform took place. It consisted of removing some lands from big settlers to be distributed to landless Muslims. Special villages were created for the beneficiaries. The

Muslim population rejected this idea because it was similar to concentration camps. Equipment and credits were distributed to the traditional sector. The medium and big landowners profited from this initiative because the majority of the rural population was landless, having been expropriated by the French authorities. As for the ones who succeeded in preserving their lands and even acquiring sometimes the possessions of their fellows, they rendered services to the French administration.

Anyway this Plan of Constantine was seen within the context of the French economy. The revenue from the newly discovered oil and gas was crucial to its finance.

b The post-colonial era

This period was followed by discord within the Ben Bella government (1962-1965). There was disagreement on which path of development to follow: capitalism, socialism, industry, or agriculture.

Hydrocarbons and the other mineral resources were still in the possession of French companies. Algeria, as it has been often said, inherited an important technical, industrial, and agricultural infrastructure. However the French exodus to the metropolis brought the Algerian economy to a standstill. Algeria was forced under the circumstances to depend on French cooperation as far as financial, technical and educational fields are concerned. The Evian agreement which negotiated the independence confirmed it.

The Ben Bella team had to choose between self-management and state-socialism, The Tripoli Programme (1961), advocated the promotion of oil and metallurgical industries, i.e, heavy industry. It stressed the recovery of natural resources and the nationalization of all large-scale private property. The development model being followed became clearer after the elaboration of the Algiers Charter in 1964. This charter closed the

debate, since it opted for the combination of agriculture and light industries. The capitalist mode of development was rejected as well as its advocates in the legislative elections of 1963. During this period lands owned by the French were nationalized. They represented one third of agricultural total area. In 1964 it was the turn of 400 medium size industrial units to be nationalized. These two sectors were run by a self-management system. At the level of heavy industry the Ben Bella government continued the industrial projects started by the Constantine Plan, such as the expansion of the iron and steel complex of El hadjar, near Annaba.

c) The Development Plan 1967-69

This period coincides with the coming of President Boumedienne to power. A shift from the previous economic model took place. It consisted in moving towards heavy industry at the expense of agriculture and light industries. The integration of industry was accelerated. Education and training were underlined. Austerity in the mode of consumption was imposed. The import of capital goods overshadowed other products of minor importance at this period and the process of recovering economic independence was triggered off. The Algerian state took over iron and phosphate mines as well as foreign companies exploiting them. Foreign banks, too, were nationalized. They were replaced by "Banque Nationale d'Algérie", "Banque Extérieure d'Algérie" and "Crédit Populaire d'Algérie". In June and May 1968, it was the turn of some foreign companies of manufactures².

In this First Plan hydrocarbons received the biggest share of investments (47.6%, 55.7%, 48.9%). The second sector of importance was the transformation of siderurgy (17.5%, 19%, 20.6%).

d) Development Plan 1970-73

This period was characterized by a crystallisation of Algerian

development strategy. In 1971, French oil assets were nationalized. The Algerian state SONATRACH became in charge of the production and marketing of hydrocarbons. The recovery of oil and gas was of prime importance for the success of this Plan. They epitomised the "industrialising industries" model that Algeria adopted. "For the underdeveloped countries the decisive fact in the industrialization process is the constitution of assets which are capable of feeding industry with the basic industrial products. Therefore, one has to start with the industries which produce the means of production and not with those which produce consumer goods" (De Bernis)³. This model of development requires a high rate of financial, natural and technical leverage, i.e., large capital assets and foreign inflows.

To provide the necessary investments, hydrocarbons exports came to represent 95% of total exports. External loans and remittances sent by Algerian workers in France are the other sources of investment. All of them are provided by the capitalist countries. This explains why Algeria signed the 1976 agreements of cooperation with the EEC. Anyway, this development plan aimed at implementing the objectives of the previous 1967/69 plan, i.e., to achieve a growth rate in GDP of 9%. The industrial sector participation in GDP was supposed to reach 18.5% and agriculture 3%. To fulfill this, 36% of gross volume of investment went for the benefit of hydrocarbons, 16% to siderurgy, 11% to mechanical and electrical industries. 15% of governmental expenditure went to agriculture, in order to build dams to prevent land erosion, the advance of the desert and rural exodus. 22% was invested in human capital such as education, and professional training. Lastly, 2.5% went to tourism. It was thought that this sector could wait.

e) The Development Programme 1974-77

As far as investments are concerned, industry continues to have the priority in the economy as in the past (table 1.3). Hydrocarbons, mining,

steel and materials for construction were emphasized. During this plan the attention was shifted, too, towards economic infrastructure (transport, communications) as well as social infrastructure. Both of them absorbed 27.3% of gross total investments. As far as social infrastructure is concerned the construction of 1000 socialist villages in the context of Agrarian Revolution should be mentioned. 300 were ready by 1980. This plan envisaged, too, the building of 100,000 flats a year to solve the acute crisis of housing. The free medical sector was improved through the increase of medical institutes and equipment. During this second four-year plan, medium size industrial units were built on the high plateaux of the region, a focal point of emigration. It should be mentioned again that the huge industrial complexes were built in three main concentrations: in the North/East, the triangle Constantine/Skikda/Annaba; the industrial zone of Algiers; and in the North/West, Oran/Arzew. Jobs created by the second four-year plan in the industrial sector were impressive. This sector absorbs half of the labour force. Between 1966 and 1977 half a million jobs were created in agriculture⁴.

As far as agriculture is concerned, it benefited from 11% of gross investments under the second four-year plan (table 1.3). Until 1971 agricultural production was divided between the self managed and private sectors.

The self-managed sector covers the lands which were nationalized from the French colons. So this sector benefits from fertile lands, irrigated, and well equipped. Moreover, it is assisted by state investments. It covers 27% of cultivated areas and participates by 45% in production.

The private sector survived until 1971. Before that time, the state did not pay any attention to it, although the idea of agrarian reforms of private sector was as old as the outbreak of the Algerian Revolution. However in the 1970s, the increase in food product imports due to the constant drop in production did not go unheeded. However agriculture still

took second place. It is not then surprising that stagnation of agriculture became chronic (table 1.2). Its share in GDP fell from 17.5% in 1963 to 7.7% in 1978 (table 1.1). 70% of national food requirements were met by 1969, only 30% in 1980.

Table 1.1

Annual rate of growth of GDP by sector 1967-78 (%)

Sectors	1967-73	1973-77	1977-78	1967-78
Hydrocarbons	6.9	1.5	9.3	5.2
Industry	9.7	7.5	20.8	8.8
Agriculture	1.2	2.3	9.8	2.4
Others	8.2	8.0	3.8	7.2
Total	7.5	6.6	8.2	7.2

Source: A Benachenou, Planification et Développement en Algérie 1962-80. Presses de l'EN. Imprimerie Commerciale, Algiers, 1980, p.40.

At the same time there was a strong rural exodus in the direction of towns (100,000 persons a year during the second plan). This provoked a decline of workers in agriculture to the extent that this sector complained of a shortage of labour. In 1966, 54% of the active labour used to be employed in agriculture, 29% in 1977. The skilled workers and the young population were more attracted by industry⁵. All these factors led to the decline of agriculture, a fact which was interpreted by more and more imports of cereals, meat, dairy products. They came to absorb one quarter of oil export incomes⁶. The situation was indeed alarming. The officials realized the need for a quick expansion and intensification of agricultural production. The Agrarian Revolution was launched. Similar experiences in the world have not been very successful. It was a political challenge for

Algeria. On the eve of Agrarian Revolution the private sector was divided into the following holdings, as shown by the census of 1964-5⁷.

16.500 holdings of above 50 ha
 147.000 between 10 and 50 ha
 114.000 between 5 and 10 ha
 310.000 less than 5 ha

Table 1.2

Evolution of agricultural production 1970-77

	1970	'71	'72	'73	'74	'75	'76	'77
Crop production	100	102	110	92	98	133	155	81
Livestock	105	110	103	114	125	127	134	143
Total Production	101	104	110	100	108	132	121	106

Source: "Agriculture et Dépendance Alimentaire en Algérie", Maghreb Machrek 90, (1980), p.45.

Private propriety was limited to 5 ha, if the area is irrigated or can be irrigated. This includes the lands situated in northern Algeria. As for dry-farmed areas, private propriety was limited to 110 ha. If these figures appear to be modest in comparison with the size of the country, it should be mentioned that 80% is desert, 86% of the rest consists of forest, alfa, and low density grazing. 6,85000 ha remains of which 4,2200 ha are irrigated and cover the different sectors.

Between 1971 and 1979 1 370 000ha had been distributed in the context of Agrarian Revolution. This represented 13% of agricultural lands. The beneficiaries were grouped in socialist villages. The state provided them with loans and means of production.

The commercialization of their crops is made through CAPCS

(cooperative agricole polyvalente communale de service) which exists at the level of each commune. The different sectors of agriculture must sell their crops to the CAPCS at a determined price, the distribution is then made to different sectors of the economy.

Table 1.3

Structure of planned investments 1967-84

	1967-69	1970-73	1974-77	1980-84
Agriculture	16.9	14.9	13.2	11.7
Industry	48.7	44.7	43.6	38.5
Social	13.7	26.7	25.9	32.0

Source: A Benachenou, Planification et Développement en Algérie 1962-1980. Presses de l'EN-Imprimerie Commerciale, Algiers 1980, p.250.

f) The Five-Year Development Plan 1980-84

Although it is recognized that the previous plan created an impressive number of jobs, the delayed plan produced under the Chadli government argued more jobs could have been created if the Algerian strategy was less capital intensive. Moreover, Algeria had become overdependent on imported high technology and foreign debt. In December 1981, B. Abdeslem, minister of industry and energy during the presidency of H. Boumedienne, Sid Ahmed Ghozali, head of the SONATRACH (1966-77), were ousted from the FLN's central committee because of their economic policies in the previous Development Plan.

Consequently, the five-year Development Plan is characterized by more emphasis on light industry on the grounds that the country is suffering from shortage of building materials, textiles, and manufactured foodstuffs. The envisaged LNG complex in Arzew and a refinery in Bejaia were given up.

However, this can be interpreted as a switch to satisfy middle class patterns of consumption. This is better illustrated, when in March 1982, a new investment code was adopted by the FLN in favour of the private sector to benefit from state financial assistance. The private sector was supposed to be put under permanent check, until its complete disappearance. The idea of reinforcing the private sector could only be harmful to public sector.

2 Morocco

a) Agriculture

The plight of agriculture in Morocco is worse than in Tunisia, since it is marked by feudal structures and dualism.

There are hardly any agrarian reforms. Nationalization can be better called "Moroccanization". In 1950 there was 1 million ha possessed by foreign landowners⁸. The majority of them were French but there were, too, Spaniards, Belgians, and Algerians.

Between 1956 (date of Moroccan independence) and 1966 125,000 ha had been nationalized. According to the 1966 law, these lands were to be sold to landless citizens and must be from the "commune" where the lands were nationalized. The purchase price is payable over a period of twenty years at a rate of 4%⁹. However, after the attempts on the life of the "cherif", all the lands possessed by foreigners had to be nationalized in 1973. The Moroccanization of these lands benefited mainly agrarian capitalism because in Morocco the landowners have political power. The 15-20% biggest landowners represent the hub of the system (with the alliance of merchants and manufacturers). Consequently they are the first to benefit from any Moroccanization which takes place¹⁰.

Table 1.4

The Sectoral allocation of investment of the Moroccan

National Plans

(% of total investment)

	1973-77	1973-77*	1978-80	1981-85
Agriculture	24.8	19.4	16.2	17.7
Industry	14.2	11.0	34.8	39.7
Infrastructure	14.5	15.4	3.6	4.2
Education	14.0	8.3	6.2	6.4
Social sectors	12.9	6.8	18.2	20.7
Administration/ security	9.9	22.3	19.3	6
Regional Development	9.4	16.5	1.7	5.3

* Revised estimate

Source: Anne M. Findlay, *The Moroccan Economy in the 1970's*, in R. Lawless and A. Findlay, North Africa (Croom Helm; London 1984), p.194.

In 1977, 23% of the peasants were landless and 56.5% had less than 5 ha. 0.5% possessed between 50-100 ha, and they total 17% of agricultural lands. Moreover, it is the agrarian capitalism which benefits from state investments whilst the traditional sector is ignored.

For example, during the national development plan 1968-1972, agriculture received the lion's share as far as investments are concerned. 2,551 m.Dh went to improve productivity in agriculture (table 1.4). This plan was particularly famous because it inaugurated "the policy of the dams", which received 746 m.Dh. They were supposed to increase the irrigated areas and consequently the production.

However, this policy of dams benefited mainly the medium and big land-owners whose lands are specialized in cash crops. This led to the neglect of the traditional sector which represents about two thirds of the agricultural lands, and where the majority of the rural population lives.

The specialization of the modern sector in luxury products led to a crisis in basic food-stuffs, such as wheat, consumed in Morocco. The traditional sector cannot produce by itself the quantity required, since it lacks loans, irrigation and mechanization. The result is that Morocco had to import wheat. In 1974, the imports of wheat cost 587 m.Dh., in 1980, 973m¹¹.

Table 1.5

Growth and Structure GDP

Annual growth of Production (%)

	1960-69	1970-79
Agriculture	4.7	-0.3
Industry	4.0	7.3
Manufacturing	3.8	6.3
Services	4.0	7.4
Total GDP	4.2	6.1

Source = World Development 1981 World Bank Washington D.C., 1981, p.136

The positive thing to be mentioned about the modern sector is that sugar production reduced imports. Moroccan imports have been dominated by hard wheat and sugar. The policy of the dams favoured sugar plantation. The results are important. Sugar imports used to represent 4% of the bill. In 1978, this fell to 2.5%.

b) Industry

Industry in the Moroccan economy is being discriminated against as agriculture had priority for state investments. This is true especially for the first three development plans (1960/64, 1965/67 and 1968/72). As for

the fourth national plan, 1973/77, the share of industry in investments has increased as a result of the boom in phosphate world prices. So the industrial sector has been affected mainly by commercialization of phosphates which represent 35-40% of total exports and 55% of the exports income.

Morocco possesses two thirds of world reserves. The main fields are situated in Khouribga, Yossoufia and Bou Craa in Western Sahara. However the sovereignty of Morocco on the latter field of Bou Craa is not ensured. The production is often brought to a halt by incessant incursions on the part of the Polisario. Moreover, the future of Western Sahara remains yet to be settled. The "Office Chérifien des Phosphates" controls the production and commercialization. Morocco is the biggest exporting country in phosphates. The USA is the other big producer, but internal demand is high. As for Morocco, the phosphate production is directed mainly abroad, because domestic consumption is weak. This means that the latter development plans are dependent upon the market fluctuations of phosphate prices (table 1.6). This is dangerous because, after the prices were trebled in 1972, phosphates export incomes came to play a leading part in the economic growth.

Table 1.6

Phosphate Exports, 1970-80

Year	Production	Exports (1,000 metric tons)	Income from Phosphate exports (million .MD)
1970	10.711	11.537	571
1971	12.493	11.868	588
1972	16.520	13.559	673
1973	18.389	16.109	788
1974	19.749	18.700	4.075
1975	14.119	13.110	2.836
1976	15.656	14.651	2.191
1977	17.572	15.791	2.111
1978	19.272	17.264	2.034
1979	20.031	17.867	2.214
1980	18.824	16.527	3.012

Source = "Le Secteur minier au Maroc", Revue Bimensuelle d'Information
(Banque Marocaine du Commerce Extérieur) No.52 (1980) pp.218

It was with the purpose of diminishing this threat that Morocco built an ambitious industrial complex near the port of Safi on the Atlantic side. It specialized in producing processed phosphates, such as fertilisers, phosphoric acid and monoammonium. There is a strong demand for these products in Europe but especially in the USSR and the Popular Democracies, which are the main clients of Morocco. The other crucial element that the Moroccan economy is short of is oil. 82% of the total energy needed is being imported yearly.

The most important sector of industry consists of the food processing industries. This is obvious, since it has been so far said that the state concentrates on the promotion of agriculture. It is as well the result of the import substitution strategy in agriculture¹². For example, the third national development plan (1968-73) put the emphasis on sugar plantation. This led to the building of sugar refineries. The construction industry has been developed, too, as a result of the high urbanization which is taking place.

These industries, in the long run, aim at promoting export

substitution. As for heavy industry, this sector remains weak. Private investments are rare and state intervention is limited. Local production covers only 30% of the national needs in iron and steel, mechanical and electrical products¹³.

In 1973, industry was nationalized or better said Moroccanized (table 1) because the purpose of it was to encourage Moroccan investments in all the branches of industry. Hitherto investment had been in light industries because of the quick returns¹⁴. According to the 1973 decree, the capital of Moroccan companies must be 50% national with a majority of Moroccan citizens on company board of directors¹⁵. Paradoxically the same decree contained guarantees for present and future foreign investors.

Table 1.7

Moroccanisation of enterprises 1973-77

Sector	Number of Enterprises Moroccanised
Manufacturing Industry	252
Commerce	686
Insurance and Finance	227
Car Repair	96
Transport	104
Other	127

Source = "Maroc = bilan du plan quinquennal 1973-77" Maghreb Développement
No. 8-9, (1978), p. 15.

Alongside the industries, which are financed either by private or state investments, survives the traditional artisanal sector. Many of these small workshops exploit sweated labour. The modern sector provides high salaries but does not generate employment. In consequence the Moroccan government, like Tunisia but unlike Algeria, encourages the emigration to Europe of surplus labour.

Finally, the Moroccan economy is highly dependent upon the capitalist

world: financially on the USA and commercially on Europe. The strategy of development followed by the political forces in power has been prejudicial to the internal economic integration of Morocco¹⁶.

Table 1.8

Income From Remittances

(Million Dirham)

1970	316
1971	480
1972	640
1973	1021
1974	1557
1975	2159
1976	2147
1977	2652
1978	3176
1979	3696

Source = L'Economie Marocaine en 1979, Banque Nationale de Développement Economique, Rabat.

3 Tunisia

a) Agriculture

Much earlier in history, the Romans already noticed the potential of Tunisia for agriculture. Later, she became a substantial granary for the soldiers of Rome.

It did not take long for the French to discover the vocation of their new protectorate. Plantations of olive trees, citrus fruits and grains date from the arrival of the first French settlers in Tunisia, on the moist plains of the Sahel, in the North-East. These crops were directed to the metropolis. Their plantation took the form, in the long run, of enclaves which integrated the agricultural production of Tunisia into the capitalist

economies.

Agriculture, 1956-1961

After independence, there was no economic reform. The colonial style of Tunisia's economy was carried on through the presence of French and Italian settlers. However, their activities were harmful to the economy because of the transfer of profits to France. At the same time, these developed a local agrarian capitalism through the sale and purchase of the new lands. This led to the extension of cash crops and the squeezing of small peasants who did not have much choice other than to sell their possessions to bigger landowners. During this period, too, agricultural growth was weak because the internal market was rather limited as far as consumption of agricultural products is concerned. The reason is that the national monetary revenue was unequally distributed. The result of this economic liberalism was the dispossession of small peasants, urban unemployment and serious tensions. A new economic policy was then needed.

The Planned Economy, 1961-69

This period is called "l'Experience Ben Salah". Mr A. Ben Salah was the architect of the development plan. Priority was given to agrarian reform in order to build a socialist state. A system of cooperative farms was put forward whereby the state would take over the private properties owned by the settlers, instead of the Tunisian bourgeoisie. This system of cooperatives was supposed also to develop the centre and the South of the country, where traditional means of production still existed. Intensive culture was restricted to the fertile plains of the North-East, thus maintaining this division which can still be felt¹⁷.

The first consequences of B. Salah's development plan was the 1964 nationalization of French and Italian settlers' properties. State cooperatives were set up instead. Already, by 1965, the state owned most of

the lands, so it is not surprising that these cooperatives ranged from 500 to 1000 ha. It was thought that these large units will facilitate the use of mechanization. The next plans of the Sahel were used to produce cereal crops, whereas the centre and the South specialized in arboriculture and pasture lands. In 1969, the system of cooperatives was generalized to the whole country. The opposition to "B. Salah's experiment" came from high representatives of the state and the Neo-Destour Party, such as Hedi Nourira¹⁸ who is famous for his liberal views. However, by 1969, Mr B. Salah was still enjoying the support of President Bourguiba.

Unfortunately, this system of cooperatives as far as production is concerned, has been a complete failure (table 1.9).

This experiment was unprecedented for the Tunisian people. It included small and medium peasants who adhered to this policy by a spirit of support to President Bourguiba¹⁹. The idea sprung up from the party.

As for the big landowners, they were initially hostile to the experiment, but as far as they were not touched by the reform, they took the stand of "wait and see". Ironically, the strongest opposition came from the elements directly involved in production, i.e., landless and small peasants. Weather vagaries and bureaucratic management provoked a lowering of production whose effects had repercussions on the salaries of the workers in cooperatives. Then conditions of life deteriorated. When the first demonstrations were made by the direct producers in the cooperative system, the medium and big landowners were quick to join them. So collectivization was opposed by a peasant/landowner alliance.

There were as well external factors responsible for the failure of this experiment. Tunisia used to depend on external loans for the finance of both agriculture and industry. The foreign lenders became rather reluctant to participate in the success of collectivization. For the period of 1960/63, foreign loans represented 66% of the finance of agriculture and industry. For the period of 1964/68, external loans fell to 20%.

Consequently the foreign debt of Tunisia doubled during the most important phase of B. Salah's experiment.

Agriculture after B. Salah's Experiment

After the downfall of Mr B. Salah, a new team with liberal views took charge of the economy. This new team and the catastrophic floods of 1970 destroyed completely the system of cooperatives as well as its achievements.

Collectivized lands were given back to their proprietors. As for the lands nationalized from the settlers, they were either sold (270,000ha) or let to big landowners. The small farmers realized that their lands were not sufficient; moreover they did not have enough capital to carry on intensive cultivation. Consequently they sold their possessions to the medium and big landowners.

Unlike B. Salah, the new team seems to have the blessing of the weather. Between 1970 and 1975 agricultural production rose by 70%; in 1960 the production of cereals was 575,000 tons, in 1969 400,000 tons and in 1975 1,236,000 tons.

Table 1.9

Production of Selected Crops

(1,000 tons)

	1969	1972	1975	1978
Cereals	396	1210	1236	906
Olives	275	900	468	625
Tomatoes	153	173	260	280
Citrus	108	120	131	220
Melons	75	162	210	230

Source = République Tunisienne, 1980, Annuaire de la Statistique 1978-79,

Institut National de la Statistique: Tunis, p. 105.

This boom in agricultural production is explained as well by the fact that foreign investors became more confident after the economy had been liberalized. Consequently, the share of agriculture for investments was higher. The use of mechanization increased. However, the colonial economic structures that Tunisia inherited and which were destroyed by B. Salah's experiment were reintroduced. The economy of Tunisia was reoriented towards the economies of France and Western Europe through the extension of neo-colonial cash crops. Agriculture became specialized in agro-exports such that Tunisia had to import more and more.

So the liberal team which came to power after B. Salah's downfall perpetuated the pattern of colonial development and destroyed the foundations of a development more related to satisfying internal needs.

b) Industry

If the French did not try to develop the agricultural potential of the Tunisian interior, they did however, exploit the phosphate fields. In 1930, Tunisia was the second exporting country. However this position was lost after other important fields were discovered in other countries. Nonetheless, phosphates still represent a rather important export in Tunisia's external exchanges. In 1974, after the three-fold increase in the prices of phosphates, their revenues constituted an essential source of finance for industrial development. Phosphates led, as well, to the development of the chemicals industry around the producing centres.

The other important mineral resource is oil, after the discovery of the important field of El. Borma near the Algerian borders. The discovery of oil led to the building of a refining centre in Bizerte, in Northern Tunisia. The production covers largely the internal needs, the rest is exported to mainly Italy and France. Oil exports represent another important source of income, although the production and oil fields reserves are rather reduced. Tunisia is the twelfth Arab oil producer. Nevertheless,

the value of her oil trebled between 1972/74, as a result of the world increase in oil prices, while the volume did not change.

Table 1.10

Tunisian Phosphate and Oil Production

(millions of tons)

	Phosphate Rock	Crude Petroleum
1966	3.22	0.77
1970	3.02	4.15
1974	3.83	4.14
1978	3.71	4.94
1980	4.50	5.63

Source = Banque Centrale de Tunisie, 1981, Statistiques Financières 60, p.61.

The subsoil of Tunisia conceals, too, some modest gas fields which supply the town of Tunis. The main field of El Borma is connected to the town of Gabes, by a gas pipeline to supply chemical plants.

During B. Salah's period, priority was given to agrarian reform as well as industrial growth based upon the iron and steel sector. However, the state also invested in processing phosphates enterprises in Gabes and Sfax. The refining centre of Bizerte was built. B. Salah aimed at laying foundations for heavy industry which would reduce the dependency of Tunisia.

Industry during the Liberal Period.

In 1970, after the liberal team replaced Mr B. Salah, the emphasis was put on an offshore manufacturing industry.

The doors were wide open for local and foreign capital, especially the latter, for which a law of investments (72-38) was issued in 1972²³,

showing attractive conditions. For example, there were no taxes or revenues for the first ten years, as well as free movement of capital between Tunisia and the home country of the investors.

This policy had positive effects since between 1973-78, 523 foreign companies invested 57 m.Dinar, protected by the investment law (72-38).

In 1974, there was the introduction of another law of investment (74-74)²⁴. This law was for the benefit of the local investors. Consequently, 614 m.Dinar were invested in light manufactures, in 1978. This type of industry attracts private industries because returns are quick.

Table 1.11

Tunisian Investment for the Sixth Plan

(Units: Million Tunisian Dinars)

	Fifth Plan(%)	Sixth Plan(%)
Agriculture	13.8	13.6
Manufacturing	18.9	20.0
Non-Manufacturing Industry	21.1	24.3
Services, including Tourism	36.2	33.5
(Tourism)	1.5	3.6
Public Services	10.0	8.6
Total	100.0	100.0

Source = République Tunisienne, Ministère du Plan.

This offshore industry rendered Tunisia more dependent on EEC markets, which absorb two thirds of Tunisia's exports. In particular successive EEC restrictions on imports of textiles were of major concern to Tunisia. This led to a concentration of development in the North-east, neglecting the central and southern regions. This industry does not solve the problem of male unemployment since most of the workers who are being employed are females²⁵.

State intervention is felt in sectors of industry which require large

investments such as iron and steel, as well as in sectors which do not attract private capital but which are of prime importance for the country, such as milk products.

II The situation after independence.

a) Morocco and Tunisia

When the Rome Treaty was drawn up the three Maghreb countries were in different situations from the juridical point of view²⁶. In part (b) we will discuss Algeria, which in 1957 was still a French "Département", thus as a de facto member of the EEC benefiting from all the advantages of the Rome Treaty, except the Common Agricultural Policy. On the other hand, there is the case of Morocco and Tunisia. These two French protectorates were already independent at the signing of the Rome Treaty. However, their special relationships with France were taken into account. Morocco and Tunisia could benefit from two dispositions added in the Annexes of the Rome Treaty. These two dispositions consist of the Protocol 1/7 and the Declaration of Intent.

The protocol relates to "goods originating from and exported from some countries and benefiting from a particular system of imports in one of the state members". This protocol made France able to maintain her previous preferences on goods coming from Morocco and Tunisia. However there was no obligation upon them to maintain the type of customs system anterior to the Rome Treaty. For this reason the customs system between France, Morocco and Tunisia was administered under special treaties.

As for the Declaration of Intent, the member-states, "taking into consideration the agreements and conventions of an economic, financial and monetary character concluded between France and the other independent countries belonging to the Franc zone, having in mind the idea of maintaining and intensifying the traditional exchange currents between the

member states of the EEC and independent countries, and to contribute to the economic and social development of the former ones, declare their readiness, as soon as it comes into force, to propose to these countries negotiations in view of the conclusion of conventions for the economic association to the Community." This declaration serves to remind the Maghrebins that those privileges were ephemeral²⁷. In any case they will disappear, once the CAP is established. The Protocol will be then worthless as a consequence of the removing of barriers between France and the other EEC members. The Declaration of Intent was annexed for this purpose.

Morocco and Tunisia could have entered into negotiations with the EEC as early as 1958. The absence of any initiative from either side²⁸ needs to be explained.

According to some specialists in the matter, this delay, on the part of Morocco and Tunisia, is explained by the fact that it was rather difficult, psychologically, to start negotiating with the EEC while Algeria was still at war with France. Moreover, they were reluctant to enter any kind of association, lest their image of their sovereignty be tarnished. At that time the EEC appeared to them as a gathering of colonial countries²⁹. Thus, the Maghreb leaders explained their delay. However, this was certainly not a proof of their patriotism. As a matter of fact they rather feared that the left, quite active in the 1960s, especially in Morocco, would exploit those arguments against them. The expectation of a united, strong Maghreb disappeared in the Dunes War in 1963³⁰. Differences of regimes and continual territorial claims prevented any further prospects for an inter-Maghreb economic cooperation. The bases were laid down, in 1964, at the signing of the Protocol of Tangiers and Tunis. In the meantime, the commercial relations of the Maghreb countries were increasing with the developed world, due to their programmes of industrialization. Moreover, the Maghreb rulers assessed the importance of the EEC, especially after the conclusion of the Yaoundé Treaty, and the association of Greece

and Turkey. According to the Declaration of Intent, it was incumbent upon the EEC to propose the association. To the chagrin of Morocco and Tunisia this did not happen, all the more since they were pressed by economic problems. In fact, on the 4th of April 1962, the Community issued, within CAP policy, five regulations concerning the imports of some agricultural products. Consequently, France applied "minima prices" on products originating from Morocco and Tunisia. Their exports of cereals, rice and eggs almost ceased³¹.

On the other hand, the Community did not make any move towards the Maghreb. This is partly explained by the fact that the association of West Africa was a success for French negotiators. The EEC officials feared that the association of the Maghreb would be a further concession to France³². In addition, French opposition to the membership of Great Britain led the Atlanticists to make their hostility felt towards the extension of the EEC southwards.

France herself was not in a hurry about the association of the Maghreb countries because she was benefiting from the preferential relations.

In 1963, Tunisia and Morocco reminded the EEC of the existence of the Declaration of Intent. When discussions started, in 1963, Tunisia complained that the Rome Treaty hindered good Franco-Tunisian relations, because Tunisia was treated as a "third country"³³. In fact these relations worsened after France denounced the nationalization, in 1964, of French property by Tunisia.

In January 1964 there were talks about the possibilities either of free trade agreements with tariffs and no quotas, or of large quotas permitting the Tunisians to benefit from the higher marketing price for agricultural products. Tunisia needed finished goods and equipment, therefore she had to export her large agriculture to Europe through a free trade area system³⁴. Investment from the European Development Fund was also discussed.

Morocco, for her part, asked for the opening of explanatory discussions. They led to the maintenance of the preferential system with France until a final agreement with the EEC could be reached. In January 1964 the preliminary talks took place. A. Guedira, who as Foreign Minister represented Morocco put on the agenda a free trade area, protection possibilities, technical and financial aid³⁵, and the improvement of Moroccan labour conditions in Europe. Mr. A. Guedira said that the Declaration of Intent was understood to lead to an expansion of Maghreb development and trade. The association should be of an unlimited duration. In June 1964 subjects of discussion were limited to a modified free trade area plus technical and financial aid. The Commission considered two modifications:

- Cooperation for liberalizing measures was necessary. Morocco let it be known that the EEC should lower its tariffs. The Six wanted Morocco to do so as well, otherwise she will be in a favourable position. Concessions and reciprocity were the stumbling stones of these preliminary discussions.

- The other question to solve was the relationship of the three Maghreb states with each other. The EEC tried to negotiate with them as a bloc, while the Maghrebins asked to be treated separately. The pretext was the fear that their efforts to integrate the Grand Maghreb might be undermined by too close an involvement with the big EEC producers³⁶. Moreover, they argued that this question was their business. The EEC should not interfere with it. In fact, the Maghrebins did not have even a common economic policy. They competed with each other on the foreign markets³⁷.

In 1964 a ministerial conference took place in Tunis about the Maghreb economic cooperation. They stressed in the final communique, "the necessity of defining new relations with the EEC"³⁸. A commission of experts was set up for this purpose. However, they used to meet only to consider new developments such as the agreement signed between the EEC and Israel in March 1964, or CAP regulations on agricultural products in September 1965.

King Hassan of Morocco declared within the spirit of coordination that any session which takes place between the EEC and a Maghreb state should be attended by the two other representatives. Tunisia and Algeria did not follow up this suggestion. Yet, in 1966, Bourguiba declared that if the EEC is willing to help the Maghreb, the Maghrebins will unite their delegations. However this offer to accommodate the European demand was not acceptable to Algeria.

b) Algeria

As has already been said, Algeria was a part of the French Republic in 1957. This country was not in need for a special derogation from the Rome Treaty as were the independent countries (such as Morocco and Tunisia), which were maintaining particular relations with one of the EEC members. Art. 227 (2) of the Rome Treaty applies to overseas "départements" including Algeria.

Concerning the free movement of goods, customs duties were reduced towards Algeria and quantitative restrictions were eliminated as for the rest of the EEC members. Rules of competition and rules on capital mobility were to apply to Algeria. For this purpose the Council took the decision on the 11th of May 1960 that Art. 67 to 73 and 106 of the Rome Treaty should apply to Algeria. Moreover, Algeria used to benefit from the European Development Fund, according to Art. 16 of the convention relative to the association of the overseas territories to the Community⁴⁰. However was Algeria a "de facto" or a "de jure" associate ?

Once Algeria is independent and therefore not a full member of the EEC, could Art. 227 still be in force in case an association agreement was concluded? Art. 238 gives a clear negative answer to this. However, the question raises the case that if Algeria abstains from an association with the EEC, will she still benefit from a preferential system, stemming from Art. 227? In this situation France's will is the determining factor. How

far can she impose herself on the other members, if she wants to do so?

Through the principle of State Succession⁴¹ there has been an attempt to give to Algeria a juridical justification to choose between two positions, because the new Algerian State replaced the French State as far as competence on the Algerian Territory is concerned.

So two options were offered to the new state:

1- Either the non-recognition of Art. 227. This means the end of the conventional obligations.

2- Or the maintenance of the previous status⁴².

It would have been impossible for Algeria to opt for the first option i.e., a complete adhesion to the EEC, because, according to Art. 237 of the Rome Treaty, only the countries situated on the Northern tier of the Mediterranean benefit from it⁴³. Even if it were possible, Algeria would have been represented at the EEC institutions by the organs of the French Republic, something unlikely to be accepted by the then revolutionary Algeria. Thus only the second option remains. Juridically, it means the obligations envisaged by Art. 227. Consequently Algeria should have been treated as a third country. This idea is reinforced by the Title II, Art. 5 of the Declaration of Intent, signed with France on the 19th March 1962. Art. 5 was the affirmation by Algeria of her independent trade and customs system⁴⁴. However, the EEC Commission agreed that Algeria will continue provisionally benefiting from the Art. 227 dispositions. Nevertheless, the five partners of France deemed not to be concerned by this article. For them dispositions of Art. 227 became void as soon as Algeria reached her independence. The Algerian case became a French affair.

On the 24th December, 1962, the Algerian government expressed its wishes to the EEC council for the maintenance of the Art. 227 until further definitive settlement⁴⁵. On the 18th September 1964, Algeria asked that negotiations should be started. They took place in Brussels on the 25th February 1964⁴⁶.

*From state
check the date*

The questions of outlets for agricultural products, free movement of Algerian workers in the EEC and financial aid were brought up by Algerian representatives. The EC Commission proposed only the provisions of the Art. 238, ie., a customs union or a free trade area. Both were rejected by Algeria.

Some of the EC members were hesitant to extend their preferential agreements to a country which adopted a socialist way of development. Moreover her position at the level of international politics was qualified as "radical". For example, Algeria broke diplomatic relations with Germany in 1967 because of her support to the state of Israel⁴⁷. For reasons of this kind, Algeria's application was dissociated from the case of Morocco and Tunisia. In April 1965, the EC Commission handed to the Council a final report. Since then, the Algerian file remained open until 1968⁴⁸.

III The 1965 mandate

In mid June 1965, a partial mandate was given by the Council to the Commission.

This mandate excluded fruits, vegetables, olive oil, financial and technical assistance. Moreover, it applied only to Tunisia and Morocco. The Council gave no mandate to negotiate with Algeria.

The EEC member states were reluctant to negotiate with the Maghreb which they felt was favoured by France⁴⁹. They excluded the possibility of membership on the grounds that the Maghrebins had been indifferent to it. In addition it is against the stipulations of the Rome Treaty since membership is reserved only to the European countries.

The most hostile country was obviously Italy. Her agricultural products will be directly hit by Maghreb exports. Italy insisted that negotiations should be delayed until a clear definition of the Mediterranean policy is put forward. The Dutch supported Italy because expansion Southwards of the Community displeased them.

The EEC propositions in 1965 were a preferential system in the field of trade, which will obey the principle of free exchange. The Maghrebins hoped that this would lead to a progressive suppression of customs duties within the EEC.

The Community agreed to protect Maghreb infant industries and to allow industrial products duty-free entry to the European market. It has to be said these derogations indirectly benefit the European firms who had set up assembly plants in Morocco and Tunisia. Also Maghreb industrial products do not represent any threat to the markets. The ones likely to do so were rejected, such as steel and petroleum products. Moreover, the EC countries can make high profits by selling their prefabricated products which are considered as harmless to the industrialization of the Maghreb.

The Maghreb representatives expected a free exchange zone for trade as envisaged in the Article XXIV of the GATT, i.e. a system close to the inter-community one, with special clauses, allowing the Maghreb countries to step up exports of some products in case of disequilibrium in the balance of payments. Tunisia's delegate said that his country would like to extend the preferential system, adopted by France in 1959, to the rest of the EC members. Then the main Tunisian products could enter the Community without any burden of duties. The EC commission answered that this falls within the CAP policy and it is reserved to members only. The form of financial and technical aid the Maghrebins asked for consisted of non-refundable grants, destined for reconversion of some agricultural products and for finance projects. They were looking for the extension of the E.D.F.

As for technical aid, it consisted of sending teachers and specialists. It was proposed that the rights to free movement and education of Maghreb workers should be generated all over the Community.

The year 1966 passed without any negotiations on account of the widening chasm between the EC offers and the Maghrebins hopes. Moreover,

the Community was, that year, busy, following the Kennedy Round negotiations. At the turn of the year 1966, the EC Commission decided to find a solution to agricultural products, which had been so far the main stumbling block. These were the propositions:

1- There will be a gradual diminution of tariffs and a gradual increase of quotas for products whose market organization system might be established.

2- There will be an elimination of customs duties in favour of the products for which a European market organization system has not been envisaged. However, cork was excluded. Wines and fish would have special treatment until the CAP is extended to them.

3- With regard to products for which a market organization system has already been in force, the EC Commission made two distinctions:

-a) Products subject to tariffs (fruits, vegetables, citruses) and products subject to levies (crops). For the first group, it has been suggested a preferential tariff (which can be extended to free of duty when a bad crop occurs in Europe). The rate should be fixed case by case. As for the second group, preferences should be introduced in order to alleviate the impact of the levy.

The EC Commission used these proposals to send to the Council a full report in which the need for a full mandate was stressed. It mentioned, too, that association would include a five-year agreement, soft loans and grants for technical assistance, bilateral aid programmes and the improvement of the social security system in favour of the Maghreb workers in Europe. Their right of free movement would not be guaranteed. Freedom of investment for the Six in the Maghreb was proposed. No special preference would be given to France.

However, Morocco and Tunisia would be considered as third countries. This is rather a hard blow to them. The third country levy is equivalent to the price of the EEC market less the price at the world level, which is

artificially low.

On the 24th March 1966, Bourguiba described the previous negotiations as follows:

"I state and I say it with a great deal of regret, that some of the EEC partners have adopted towards Tunisia negative positions, especially Italy whose production is competing with ours. That is why, upon her intervention, a range of our products, were straight away excluded from negotiations: olive oil, fruits, fresh vegetables or preserved ones. However, it is possible to compromise on solutions. As a matter of fact, our production is of little importance in comparison with the Italian one. Moreover, the creation of a community of interests implies mutual concessions. At last, the necessities of our development should be born in mind. The development of Tunisia is of interest to Italy. The prosperity of Tunisia will offer Italy possibilities of advantageous and important cooperation. The question is whether it is possible to know, with the EEC states, that solutions can be found, which limit, to a certain extent, particular interest but which, at the same time, enhance the development of our exchange with them..."

The question is to define in advance the quotas to which Tunisia will be entitled to as far as sardines, olive oil and agricultural production are concerned. Italy as well as France has an interest in being accommodating, in order to obtain an advantageous situation in Tunisia⁵⁰.

Mr. A. Zouaoui, General Director of the Tunisian Central Bank, went further:

"Unfortunately, the result of these first official negotiations was meagre. The mandate that was given to the Commission was too limited to allow negotiations on a large scale. A large range of products which are of importance to Tunisia was the subject of deeper discussions. 42% of our agricultural products which make part of our exports were put under reserve. The products which received concrete offers represent only 10% of Tunisian exports. It is true that, concerning industrial products, a satisfactory answer was given to Tunisia. They will benefit from the

intra-community treatment. Nonetheless, there were reserves about some petroleum products as well as iron and steel, for which we envisage expanding the production in the near future. In other respects, the question of origin, as far as manufactured products are concerned, has not yet been clearly and finally settled. Finally, this mandate was completely silent about financial and technical assistance. Moreover the question of Tunisian workers in the EEC was not taken into account. Under these circumstances the negotiations could not lead to a veritable solution on a large scale, which would have permitted Tunisia to establish her permanent bases of foreign trade policy. Fragmented negotiations, limited by restrained mandates and often interrupted by long absences can only prolong the inevitable day of signing."

From these statements, the dissatisfaction and disappointment of the Maghrebins is easily understood. In the end hard pressing economic problems led Morocco and Tunisia to conclude an agreement limited in its contents and duration. The case of Tunisia was worse because she had been treated as a third country. This country was cornered and was looking for the conclusion of any agreement, provided that it was quickly applicable.

However, in December 1966, the Hallstein Commission let it be known that agricultural products subject to third country levy system will have a part of it refundable.

Concerning fruits and vegetables, the average duty for a period of one year will not be higher than 50% of what has been envisaged by the CET. As far as oranges are concerned a duty equal to four tenths of the CET should be paid. The commercial interest of the Maghrebins is in a larger opening on Germany and the Benelux as they hoped this would compensate for the loss of the French markets. This is up to the Maghrebins dynamism in exporting. Morocco expected to increase exports of agricultural products to Northern countries. Tunisia expressed fears for her oil and wine. Besides these advantages, Morocco and Tunisia will benefit, according to Hallstein Commission, from financial assistance in order to buy equipment needed for industrialization.

Finally, despite many differences, Morocco and Tunisia found sufficient common ground with the EEC, to establish bases for a new mandate.

Appreciation

The preferences granted to the eighteen African countries plus other special bilateral agreements threaten the traditional markets of the Maghrebins. The increasing number of those bilateral agreements with Mediterranean and Third World countries will eventually deprive the North African countries of the advantages they are expecting from their association with the EEC. For example, France used to concentrate financial aid on her colonies. After independence this aid was extended to other countries such as India⁵². As long as the Maghrebins have not reached a certain level of industrialization, they will continue to be at a disadvantage with respect to the Community. The Europeans will be free to choose their commercial partners according to their interests.

Their economies can easily fall into difficulties since most of the industrial enterprises, transport, and equipment are provided by France and the rest of the EC members. Hence the need for a diversification of their external exchanges, to be discussed in Chapter III. Furthermore, agricultural products and raw materials which form one of the major sources of hard currency would be threatened by further enlargement to Spain, Greece, Turkey or Portugal. As for raw materials, they could be replaced from somewhere else. The degree of dependency of the Maghrebins on France and the rest of the EC members is clear. This explains why Algeria, despite her adherence to the revolutionary world, asked for the renewal of Art. 227 of Rome Treaty. In the meantime Ben Bella, the first Algerian President, denounced the EEC as an instrument of neo-colonialism; any dealing with it was considered as a contradiction with the interests of the African peoples. It is argued that the Algerian initiative weakened the left,

especially in Morocco, in its struggle against the association with the EEC. The left in the Maghreb countries, as far as the association with the EEC is concerned, shares the views of the Institute for World Economy and International Relations in Moscow. "The project of Eurafrique - the Maghreb constitutes its core - represents only a design for preservation and reinforcement of imperialism's positions on the African continent, as well as a design for supplies in raw materials and in a labour force from the African countries."⁵³

In the 1960s, association with the EEC had certainly a bad reputation among the movements for national liberation in Africa. This was confirmed by the statement of Mr Couve de Murville.

"our objective...this united Western Europe, strongly allied to the U.S.A., will become one of the elements essential to the free world, it will be with you the U.S.A. the guarantee of its survival."⁵⁴

Whatever the arguments are, the Maghreb rulers looked at the EEC as an existing economic fact, which is not in their capacity to change or to alter, so they simply try to find some form of modus vivendi.

IV The 1967 mandate

In the beginning of 1967 it was the turn of Morocco to become alarmed. The quotas with France over fruits expired by the 2nd July 1968. The negotiations were resumed but they were dragging on without an outcome. The economic situation was worsening in Morocco and Tunisia. Then, the Maghrebins decided to tour Europe to explain their position as well as to gather support in order to reach an agreement.

Bourguiba Junior went to Rome to compensate the Italians whose farms were nationalized in 1964⁵⁵. Mr A. Alaoui, Morocco's trade minister, travelled to Brussels to mobilize support for the negotiations. Tunisia seemed to have concentrated her efforts on West Germany, because of the

weight this country has at the Council level. They thought with reason that the Germans will be only too happy to compete with French interests in North Africa⁵⁶. Since the signing of the protection agreement on private investments the economies of Germany and Tunisia became closer. This agreement provoked a flow of German capital and a spectacular increase in their bilateral exchanges.

By the end of August 1967, the Italian foreign minister held a meeting in Luxemburg and mentioned positively the relations with the Maghreb. Another extract of a declaration published at the Italian Embassy in The Hague stated: "The problems under discussion in Brussels about the strengthening of the spirit of cooperation between Tunisia and the EEC can be resolved as quickly as possible and in a satisfactory way for everybody"⁵⁷. This statement was made in order to deny some news which appeared in some papers according to which Italy was opposing the efforts made by Tunisia for the association. The position of the Dutch was rather favourable as long as Algeria and her gas were not included. The EEC Council agreed, then, a new mandate. The negotiations were re-opened by the 23rd of October 1967. The EEC proposals were:

- The Intra-community system for industrial and oil products up to 100,000 tons for each country.

- Concerning citrus fruits, a reduction of 80% was proposed⁵⁸.

Moreover to settle the question of agricultural products the Commission suggested a new mechanism, situated between the market price and the reference price. The North Africans should respect in their exports a price which is higher than the reference one. If not, the customs preferences will be removed. On the other hand, if the prices fall below the reference ones then compensatory taxes will be put into effect.

- Olive oil was subject to quotas but there was a commercial preference of 0.5 U.C. (1 U.C. = 1 US £) per 100 kg - olive oil is the main export of Tunisia.

- Fish products received the intra-community system without limits, apart from quotas in favour of Italy⁵⁹. As for wines, tomatoes, tinned fruits, vegetables and cork they were excluded in this mandate. They constituted 40% of Moroccan and Tunisian trade. The question of migrant workers in the Community, technical and financial assistance has not been mentioned. The Tunisians protested vehemently against their exclusion. Tunisia pointed out, too, that the products which are already privileged on the French markets should remain so.

As for the Moroccans, they deplored the exclusions. However, they refused the 80% reduction on citrus fruits on the grounds that this product benefited already from a duty free system on the French market. Moreover, this reduction of 80% was subject to their respecting, from December to April, the reference price. This interval corresponds to the period of the harvest in the South of the Community. Morocco stressed the fact that no tariff concessions, in return, will be given until a full agreement is reached. The EEC Commission and France upheld the position of the Maghrebins as far as agricultural products are concerned. However, Italy has been opposing concessions on Mediterranean products. The Netherlands asked France to give up the privileged relations with the Maghreb countries.

The North Africans, seeing the difficulty of reaching a global agreement, asked to sign a limited one which could be quickly applicable. By the end of November 1968, Tunisia reached an agreement of principle and was about to sign. It is then that Morocco raised the question of the Act of Algeiras, *(more details in third chapter), which stipulates the liberalization of Moroccan trade with insignificant tariff reductions. Europe was expecting larger tariff cuts and quotas on the Moroccan side. Morocco brought up this question in order to protect herself from any harm which could be produced by the GATT principle of reciprocity.

In October 1968, the Tunisian ambassador to the EEC accused Morocco of

using the Act of Algeiras to refuse the modest concessions⁶⁰. The EEC considered the Act of Algeiras as inopportune. Morocco, the Community officials argued, had just accomplished a trade agreement with Senegal without taking into account that Act⁶¹.

In 1968, parallel negotiations were abandoned, because Tunisia could no longer bear the delays of Morocco. By the end of 1968 negotiations started again. Morocco stepped down on the question of tariff reduction. Some of the EEC products would receive a reduction of 24% and some others 6% in order to protect infant industries. The negotiations ended with balanced concessions for the two North African countries.

The industrial products were allowed to enter the EC markets free of duty; they were not subject to any quota. The industrial products represented 55% of Tunisian exports and 40% of Moroccan exports. However, petroleum and cork products were not admitted. Tinned and processed food, wine, grains and tomatoes were severely restricted. The agricultural products which can obtain access to EEC markets with various preferences represented around 70% of total exports in the case of Tunisia and 50% in the case of Morocco. On the 24th of March 1969, and after some delays on the part of Netherlands, the Council of Ministers approved the association agreements. The agreements were signed with Tunisia on the 28th of March 1969 and with Morocco on the 31st of March of the same year. These agreements were for a period of five years. They covered two thirds of Tunisian exchanges with the EEC and 60% in the case of Morocco. These agreements should converge on an association.

As far as Algeria was concerned, this country had not taken part in the negotiations since the preliminary talks. In the meantime, this country had been benefiting from Art. 227. However, in 1968, Italy decided that Algerian products of agricultural origin should be treated as third country products⁶². After this Italy succeeded in convincing Germany and Benelux to apply third country status on Algerian wine, from 1968 onwards. This

gradual erosion of Art. 227 plus the conclusion of the 1969 agreements seriously alarmed Algeria. It put out feelers to re-open negotiations. The opposition came from Italy, which insisted upon third country status for Algerian products, unless a clear Mediterranean policy was defined⁶³.

The Dutch upheld Italy's position, on the grounds that Algeria had been heavily committed in the Middle East conflict. As a matter of fact, the Dutch feared much more the competition of Algerian gas than anything else.

To all intents and purposes the EC Commission proposed a transitional solution. Although different from the 1969 agreements, it could open the door to Algeria for further negotiations.

The solution consisted in not requiring France to increase her duties on Algerian products while other countries applied the Common External Tariff (1968) to Algerian products. Of the agricultural products on which the CET applies, 10% of them would benefit from a 50% tariff cuts. As for wine there would be a quota calculated from the average of the total wine imported by the Community since 1962⁶⁴. The average should be rather low. Industrial products (steel and coal) would benefit from a 70% cut in the CET. Nevertheless Algerian products would enter French markets free of duty apart from wine which would be subject to one eighth of CET price. Levies would be applied on olive oil and some other products. These were the proposals of the Commission. When the permanent representatives came to study them, they did not agree because of two questions. The first was the provisional status of Art. 227. They argued that it was easier to apply third country status as envisaged by Art. 238 of the Rome Treaty. Many members were reluctant to suspend temporarily the CET prices. The second question was the opposition of Italy to large quotas for wine. This country went further by setting the procedure in motion to refer the matter to the European Court of Justice. Finally, the Council gave its approval in July 1969. A transitional status was granted to Algerian wine. Quotas were

raised on some products and CET prices were lowered on some others⁶⁵.

In contrast to Morocco and Tunisia, who were financial liabilities greater importance was placed on Algeria because her wealth covered her needs⁶⁶.

V Analysis of the 1969 agreements

a) The juridical point of view

It was set out in the preamble that the agreements were signed according to "the desire that a first application should be given to the Declaration of Intent". Another basis was Art. 238 of the Rome Treaty; "creation of an association characterized by reciprocal duties and obligations actions in common, and particular procedures"⁶⁷. The Maghrebins were suspicious about this Article because it could tolerate many kinds of association, for example a system having as basis non-discrimination or a system near to the customs union. The association of Greece occurred under this Article. Consolidating an over-dependency in trade (75%) of Greece on the EEC. The Maghrebins deemed this in contradiction with their policy of geographical diversification. Article 14 stipulates that the agreements are concluded for a period of five years but negotiations can be started in the third year for an enlargement of negotiations.

The products which were not covered by the agreements can benefit from French preferences. The protocol annexed by the Rome Treaty for this end remains in application. As for the products covered by the agreements they lose automatically their preferences on the French markets.

The EEC benefits from the fact of being the most favoured nation should a customs union be formed between the Maghreb countries⁶⁸. Since the agreements looked like a commercial one, they could have resorted to Art. 3 of the Rome Treaty and created a joint commission. However, by avoiding this, they opted for stronger relations. The present agreements constituted only the first phase. Both the EEC and the Maghrebins, according to the

1969 agreements, have at their disposal clauses of protection. They can take measures in case of sectoral difficulties or in balance of payments⁶⁹. However their interpretation is not very clear. It seems that it is the EEC which has the faculty of using this clause in case a part of industrial products comes to be threatened by exports originating from the Maghreb (eg. textiles). Thus the application of the agreements can be stopped at any moment, ie, bringing to a halt the progress of the North African economies. Moreover, in this case, there is a contradiction with the GATT regulations since customs duties were maintained on most of the Maghreb exports entering the EEC, but Art. 24 of the GATT defines the free exchange zone without customs duties. The EEC justified it on the grounds that Morocco was insistent upon the question of the Act of Algeiras⁷⁰. The EEC accepted to place itself within the context of this Act, ie, the equality of treatment for all the partners of the "cherifian" kingdom⁷¹.

b) The economic point of view

The agreements covered 70% of Tunisian exports and 60% of Moroccan ones. The EC markets were opened free of duty to industrial products. Yet these products were far from being able to compete in the EEC markets. Moreover, if these products provoke "sectoral perturbations"⁷², the EEC may take preventative measures. In addition, cork products and cork itself were excluded from the agreements to protect the production of Sardinia⁷³. The Maghrebins deplore this regionalism practised by the EEC and which constitutes a discrimination towards them. Petroleum products were, too, excluded since they were limited to a quota of 100,000 tons. ECSC products, ie, all mineral raw materials having undergone any transformation were refused⁷⁴. The real asset for Morocco and Tunisia lay in the access to a larger market of consumption. About tariff reciprocity, there was a difference between the two countries. The EC asked Morocco for erga omnes tariff concessions for a list of products and the exemption of some

others⁷⁵. Both of them represented 10% of EEC exports to Morocco. As for Tunisia, the EC obtained 40% of the total volume of the EEC towards Tunisia. Nevertheless that preference that Tunisia gave to the EC lasted only thirty-six months from the time the agreement was applied. All the EEC members benefited from it. The loser was obviously France.

As for agricultural products, 50% of Moroccan exports were covered by the agreements, 70% in the case of Tunisia. The Maghrebin hopes were not met. As far as olive oil is concerned the third country status was applied. It consisted of an abatement of 5 U.C. per 100kg, in addition to a commercial preference of 0.5U.C. per 100kg⁷⁶. So there was no important concessions because there was a fear of destabilizing the Community price. Moreover, this advantage could be abolished (the 5 U.C.) if the minimum price was not respected. The 0.5 U.C. was unconditional. Olive oil is the main export product in the agricultural sector of Tunisia. As for citrus fruits, which represents the core of Moroccan exports, a preference of 80% was envisaged. It could be abolished if the prices were below the reference price plus the adding charge (1.2 U.C. per 1000kg). The agreement brought nothing new since citrus fruits used to enjoy free access to French markets⁷⁷. The same agreement was made with Spain and Israel⁷⁸. It is true that Morocco had a preference of 20% more than them, however Spain has the geographical proximity and Israel enjoys a high productivity. Fish benefited from tariff preferences within the limits of quotas. This was provisional and could be changed at any time, because there was not yet regulations for fish within the CAP. Finally some tinned food and vegetables benefited from advantages between nil duty and 50% (of CET). Hard wheat benefited from a ridiculous discount rate of 50 cents per tonne. It is deplorable that some products which occupy top positions were excluded, such as tomatoes, potatoes, fruits, crops. As well as small and medium industries of transformation. All these articles are subject to CET, besides a draconian system of levies on a third-country basis⁷⁹.

The industrial products were excluded so that the EEC could protect its own. Then, how can the EEC members argue that they are willing to increase the imports from the developing countries? Mr. A. Bouabid, a competent person in Maghrebin economics, since he has taken charge of the economy of his country for many years, said about the protection clauses that they work according to two clauses⁸⁰.

1 - the first one concerns the protection of industry of the associate but subject to special conditions.

2 - the second is related to sectoral perturbations and the stability of external finances. This is reserved rather for the EEC countries. The first clause is subject to an agreement between the two partners ie, that the Maghreb has to negotiate to modify the customs tariff. Concerning the policy of industrialization, decisions are not taken according to a design of development but according to the approbation of the EEC. However, if the EEC comes to modify regulations about agriculture or industry the Maghrebins have no say in the matter. The EEC defines its relations with its associates. In the case of the second clause (which was already mentioned in the juridical part) Mr Bouabid too, finds the expression "sectoral difficulties"⁸¹ unclear. According to his interpretation it means the possession by the EEC of large possibilities of manoeuvre. For example, if the Maghreb products are competing seriously with the EEC ones, in this case, there are sectoral difficulties. So the exemption of quantitative restrictions or customs duties does not really constitute an advantage to the Maghrebins.

The Maghrebins complained about the fact that CAP regulations were too opposed to the interests of their association. In addition to CET duties, compensatory taxes, clauses of protection, and the autarky system, the CAP became particularly rigorous because of the levy system which supplies the European Fund and whose function is to improve the agricultural structure and the European producers through the increase of their output. The aim of

it is obviously the self-sufficiency of the Community. It will be worse later, after the membership of Greece, Spain and Portugal. Then the advantages the Maghrebins had will cease once the self-sufficiency system is established. The products able to compete were excluded.

Furthermore, the North Africans argued that, in the industrial field, reciprocity is against the recommendations of the UNCTAD, which stipulates that the industrialized countries should grant preferences to industrial products originating from developing countries. As well the measures of restriction taken by the EEC, without taking into account the recommendations of the GATT, had immediate repercussions on the budget income. These repercussions were provoked by tariff reductions that the young economies of Morocco and Tunisia gave to EEC goods entering their markets. What worries the Maghrebins too, is the fact that the quotas for industrial products in favour of the EEC countries were too important. There was a yearly increase of 5% in the quotas, but the percentage is imprecise for those products not yet available in the Maghreb "waiting for industrialization"⁸². This phrase is rather dubious ie, while the North Africans are waiting for the industrialization of their countries their markets are being flooded by EEC products. So it is difficult to understand what is meant when the Maghreb officials argued that their industrial products benefited from freedom of access on the EEC markets?

c) Attitudes towards the 1969 agreements and their appreciation

Most of the harsh critics came from the different wings of the left in North Africa. Among the most outstanding was the UNFP⁸³ led by Mr Bouabid.

It is noteworthy that editors of the newspapers "El Alam"⁸⁴ and "L'Opinion"⁸⁵ were brought to court after having denounced the political economic dependency of the agreements. They argued that the relations between the EEC and the Maghreb were being faced from the start with a contradiction. The Community consists of six countries which have complex

economies, whereas Morocco and Tunisia are underdeveloped. Their economies are disarticulated⁸⁶. The modern sector of their economies is in the possession of foreign companies. Two thirds of their trade is effectuated with the EEC. What happens to the economies of the Maghreb, if ever the community comes to follow an autarkic policy?

The left wing leaders argued that the Community uses its economic influence to impose the supremacy of its culture. They will just follow the example of France, which, so far, has the lion's share. By doing so, they want to ensure the political dependency of the North African elites to keep the Maghreb tied to Europe for security reasons rather than economic ones. The Maghreb is not an important partner of the EEC economically speaking⁸⁷. North Africa draws its importance from the strategic position it occupies. So if ever any radical change happens in the area, the security of Europe in the Mediterranean could be in danger. Moreover, France and Italy still look at North Africa as the extension of the Latin world.

Finally Mr. A. Bouabid concluded that the idea of association or a free exchange zone would have been excluded. A short period trade agreement would have been sufficient. Meanwhile, a new conception of foreign trade was needed, having as basis the interest of the Maghreb economies, according to the legitimate aspirations of the masses and the producers. Trade towards the COMECON should be encouraged if security and guarantee of markets are available. The integration of the Grand Maghreb should be taken seriously.

The EEC conception of development was conceived within the scope of maintaining colonial commercial links with the metropolis, in other words the specialization of the Maghreb in the primary sector under the stimulus of metropolitan centres. Mr. Lahbabi put it well when he said "An association between a dominant economy and an under-developed economy is made at the expense of the latter. In this curious system of international division of labour, we are going to specialize in underdevelopment"⁸⁸.

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Chapter II = The agreements of cooperation between the
Maghreb countries and the EEC (1976).

I - Global Mediterranean approach.

II - Development models.

III - The contents of the 1976 agreements.

IV - The 1976 agreements and the question of the second enlargement.

V - Conclusion.

I The Global Mediterranean Approach.

In September 1972, the EEC Commission proposed to give a new dimension to the Global Mediterranean Policy which had so far been characterised by protectionism and a piecemeal approach to concessions. Within less than eighteen years two types of free exchange zones would be established. The first zone will be reserved to countries whose economies are rather advanced; the second zone will concern countries of the Southern tier of the Mediterranean, especially the Maghreb states.

In this chapter we will try to put into context this remoulding of the Community policy towards the Maghreb.

1) From the agreements of "association" to the agreements of "cooperation".

Among the agreements of association signed by the EEC with Mediterranean countries, one can discern more than one meaning to the word "association". Apart from the countries which created the Community, such as France and Italy, there is the association of Greece, Spain and Portugal. For these countries, association means a transitory phase in view of their gradual integration into the Community. There is the case of Turkey, Malta and Cyprus. These countries might well become members, but not in the immediate future¹. Yugoslavia is different again, in that as an independent communist state it seeks from the Community a relationship to balance her relationship with the East.

There is the association of developing countries which were mentioned in part IV of the Rome Treaty and its annexed texts. Being non - European countries, they are prevented from joining the E.C. However, they had privileged relations with one of the E.C. members. It is in this category that we place the Maghreb countries. Algeria was mentioned by the Rome Treaty, and as for Morocco and Tunisia, they had the annexed Declaration of Intent as juridical basis. Nevertheless, this existing text did not define

a clear juridical system which could guarantee precise preferences. Thus Morocco and Tunisia remained dependent on the contingent will of the E.C. members. This is why the 1969 agreements of "association" can hardly be called as such, since they only covered some trade agreements.

Nevertheless, new facts which occurred in the 1970s led the Community to determine a new policy of association more adapted to the development on the Southern shore of the Mediterranean. This change in the EEC's external policy was attributed to many factors, such as the world crisis of energy and the cramping inflation which affected the capitalist economies²... These have led Europe to be more receptive to the demands made by the countries which form the periphery for a new economic order. It happened that the Mediterranean Basin, for reasons of the past is a typical case "par excellence" for centre-periphery relations: two types of civilizations, two different melting-pots of peoples, developed and developing economies, two sorts of needs, one complementing the other, i.e., raw materials and industrial equipment³.

2) A New International Division of Work?

The Arab - Israeli war and the use of oil as a political weapon made Europe conscious of her vulnerability. The Community felt the scarcity of energy, which was to lead to prolonged unemployment combined with inflation. This was paralleled by the process of recovery of control of raw materials by the Third World countries and consequent hopes of increasing firms on the model of the oil industry. At the same time, the framework which consists of division of work between developed countries, specialized in industrial products, and underdeveloped countries, specialized in the supply of raw materials plus agricultural products, has undergone some alteration⁴.

The developed countries, in order to confront other economic groupings or for internal reasons, such as the deterioration of environment, switched to advanced technology (electronics, informatics and bio-chemistry),

putting aside light and even heavy traditional industries. These new products will be sold to the countries of the periphery. It is, then, in the interest of developed countries to encourage some type of industrialization, in order to promote their purchasing power⁵. So instead of being providers of raw materials only, the periphery countries will produce, too, light classic industries such as manufactured products and sometimes even heavy industry. This is true, especially for those Third World countries with big populations and rich in mineral resources. Thus, the availability of cheap man-power and primary goods, used on the spot, diminishes threats of depletion and pollution. Moreover they would have monopolized the production of finished goods, machines and higher technology⁶.

This Global Policy illustrates the will of Europe to maintain her position in the Mediterranean Basin, as an economic power. The general preferences for industrial products originating from the Mediterranean is a concession granted by the EC, in return for political stability in the area⁷. Europe plays the economic card to have her say and to balance Russian and American presence in the Mediterranean. This area "...was seen as an EEC zone of influence of strategic importance..."⁹ According to Oualalou the EC intends first to consolidate its position in countries which were under its influence culturally, commercially and financially. These countries are called Group I. Secondly the EC tries to establish privileged relations with oil producers to ensure supply in hydrocarbons and to attract their money. Within this context falls the "Euro-Arab" dialogue. They form Group II. Thirdly, countries directly involved in the Arab-Israeli conflict are invited to join Group I or II. They represent Group III. Finally, concessions to Southern Europe, preparing their conditions for an entire adhesion. This he calls Group IV.

3) Chances of a Political Europe.

In the meantime, the enlargement of Europe to Great Britain, Ireland

and Denmark seemed to have reinforced the E.C. capacity in world negotiations. However, the Nixon Round and the 1973 war showed the limits of a political Europe. Europe's centre of gravity has always been oscillating between the Atlantic current and the old Europe seeking her identity¹⁰.

The USA, are not only opposed to a political Europe (although they encourage an economic Europe) but they are hostile to the policy of association followed by the EC towards developing countries¹¹. This policy of association runs counter to the stipulations of the GATT. Besides the USA, there are the representatives of the "Atlantism" within the EEC, such as Netherlands and Denmark which prevent the Community from moving Southwards as far as preferences in favour of countries of the Southern tier are concerned¹².

On the other hand, France and Italy want the Community to play an important role in the Mediterranean. This cannot be done without the participation of the Maghreb and Machrek countries, as well as a settlement of the Middle East conflict. For this purpose, France has been elaborating her so-called "Arab Policy", whereby the French thought they could counterbalance the Atlantic current. The 1973 war and the use of oil as a political weapon by the Arab countries determined the E.C. choice and made the French scheme possible¹³. France started to harmonize European attitudes vis-a-vis the Middle East conflict, which is an embarrassing problem for the E.C. members who have interests in the area, such as the French, the Italians and the Germans. Resolution 242 of the U.N. was chosen as the basis in view of a settlement for that conflict. This led to the invitation of Mr. Y. Arafat to speak at the U.N.

The Euro-Arab dialogue started.... However the USA reacted quickly by consolidating the "Atlanticists" within the EEC. In February, 1974, they constituted a "Group of the Ten" a sort of "Nato of oil" in order to confront the oil producers.

Even France's will, which traditionally opposed any kind of Atlantism drawn by the USA, disappeared rapidly after the Ford - Giscard-d'Estaing meeting in La Martinique - December 1974¹⁴. The E.C. limited, consequently, its cooperation to the Maghreb countries, which did not threaten U.S. interests¹⁵.

II Development Models.

The position of the Maghreb countries with regard to association with the EEC is dictated by the development strategies under way. This, in its turn, reflects to a large extent, the ruling political forces.

This is why we would like to explain briefly the models of development in the Maghreb countries, and then we shall talk about the contents of the 1976 agreements.

1) Algeria.

Algeria's development strategy is based on the disengagement of Algerian economic structures from the metropolis. She expects to reach an independent integration "through the institution of a strong basic industrial sector and highly capitalistic and competitive techniques"¹⁶. Hydrocarbons were used to the full in order to finance the industrial sector. The Algerian policy on natural resources consists in a revaluation of prices, as high as possible. The producer countries belong mainly to the Third World. In order to break the "colonial pact" prices should be reassessed, so that these countries could ensure their industrial take-off. So it is not surprising that Algeria ranks among the "fiercest pricing hawks in the Organization of Petroleum Exporting Countries"¹⁷ and considered as the "true soul"¹⁸ of the Third World struggle for a new economic order...

This trend was strongly reinforced from June 1965, after Houari Boumedienne seized power from Ben Bella. Indeed, the Algerian state took

over the key sectors of the Algerian economy. In 1966 and 1967 foreign banks, insurance companies, as well as foreign mining companies were nationalized. This culminated in the 1971 nationalization of French oil companies such as Elf Erap and Compagnie Française de Pétrole¹⁹.

The nationalized companies were taken over by Algerian state companies qualified as "sociétés capitalistes sans capitalistes"²⁰. They are responsible for specific branches of the economy. They have their capital provided by the state, but "they are governed by private commercial law"²¹. They enjoy autonomy in operating and in financial affairs. These state companies became so powerful that president Chadli took measures to reduce their power. For example, SONATRACH, responsible for hydrocarbons, used to employ 100,000 workers but this state company was broken up into many other companies by the present government. The nationalization of hydrocarbons was an important step taken by Algeria because they represent the "motor" of her development strategy.

As it was said at the beginning, Algeria opted for a capital intensive industrial sector based on the so-called "industries industrialisantes". This model has been developed by the French economist Gerard Destanne de Bernis, in opposition to those who advocate industrialization by import substitution²². According to this theory, the industrial sector should be based on petro-chemicals which lead to new industries such as iron and steel, metallurgical, mechanical industries and chemicals. Hydrocarbons provide fuel and financial power. In order to hasten this process of industrialization, by which Algeria intends to reach economic independence, producer goods have to be imported. The costs are high. Moreover this development plan requires huge investments from abroad. It is for this purpose that Algeria looks at promoting possibilities of financial and technical cooperation with the European Community. In return, Algeria offers a potential market, with large contracts. Above all, she relies on the commercial development of hydrocarbons which contribute 40% of G.D.P.,

96% of total exports and 50% of state revenues²³.

Stress is put on the important gas reserves. After the completion of the first TransMed gas pipeline to Italy and with the project of a second one through Spain, Algeria has emerged as a major partner of the Community, as far as energy supply is concerned. So she is not in a position of weakness. Under these conditions, this country expects to have a balanced cooperation with the E.C. Their relations are dictated by reasons of mutual interests and neighbourhood.

2) Morocco/Tunisia.

Morocco and Tunisia are ruled by traditional elites, although of middle-class origin in the case of Tunisia. So, they opted from the beginning for a "Mediterranean" model of development which emphasises the tertiary sector. This model of development is similar to the Greek or Spanish experiments. It consists of a modern sector in agricultural export-oriented²⁴, manufacturing industries, tourism and migrant workers.

As can be seen, these sectors depend upon huge foreign investments. In the case of Morocco and Tunisia, the agricultural modern sector takes the form of enclaves i.e., the production is dependent on external markets. One can assess how precarious it is, especially in the case of Morocco where 61% of population are employed in this sector²⁵. The same thing can be said for Tunisia, as far as agriculture and manufactured products, especially textiles, are concerned. Besides the ups and downs of E.C. markets, textiles suffer too from clauses of safeguard. Tunisia is the first Maghreb producer in this sector. As for tourism, only Europe can provide the bulk of the tourists who relieve to some extent the balance of payments of these two countries.

Finally, it is again Europe which provides work for the migrant workers, who sustain by their remittances the economies of their countries²⁶. Still their stay in Europe is temporary, varying according to the demands of E.C. economies. One can therefore deduce to what extent

these countries are dependent on Europe. The E.C. appears to be a natural extension of their development strategy. The ruling elites indeed facilitate this as they feel culturally and politically more European than Arab or African²⁷. The dependency is above all financial²⁸. These countries need a lot of investments to sustain the modern sector of agriculture, tourism and textiles. This is made at the expense of the industrialized sector which remains weak and uncompetitive. Even the local bourgeoisie invests in the tertiary sector, such as tourism, because benefits are drawn rapidly. The concentration on the enclaves leads to the neglect of the rest of agriculture. This situation accentuates dualism²⁹.

So this "Mediterranean" model of development only perpetuated dependency of Morocco/Tunisia within the "colonial style division of labour"³⁰, a financial dependency vis-a-vis the United States and a commercial dependency vis-a-vis the EEC³¹.

III The Contents of the 1976 Agreements.

In 1976, the EEC signed the agreements of cooperation with the Maghreb countries. Negotiations were conducted by the Commission on behalf of the Community. They started in July and October 1973. They were concluded in the first half of January 1976. These agreements were the outcome of long efforts³² between partners who have in common, culture, history and a multitude of interests. They constitute, too, an important phase in the realization of the E.C. Global Mediterranean Policy whose principle was defined in October 1972, in Paris at the reunion of heads of governments and states. Their final communique of "the global approach in the Mediterranean" gave this initiative an encouragement of a political character. The 1976 agreements of cooperation were the models for negotiations with the "Machrek" in 1977. The importance of these agreements was strongly underlined. It was the first major agreement signed between Algeria and the E.C., fourteen years from the recovery of her independence.

Until 1976, Algerian commercial relations were heterogeneous; they were based on the statute of a French department, on one hand, and on the other hand, as a third country. Algerian products continued to enjoy duty free entry to the French market; however these special relationships were perturbed in 1971, after the 51% oil nationalization on the 24th of February. Then, France threatened to stop wine imports, apply agricultural taxes and also to expel Algerian workers. Although this crisis was solved, nevertheless, the Algerian position worsened in comparison with Morocco or Tunisia.

Italy had given Algerian products since 1968 the third country status. In Germany and Benelux the Algerian products were subject to tariff reduction which used to exist among the Six in 1962³³. In 1971, the E.C. granted a reduction of 40% on Algerian wine on condition that the reference price should be respected³⁴. This system was called temporary. In fact it was renewed yearly until 1976.

It should be remembered, too, that an agreement of a very limited range was signed on 8th February 1972 in Brussels. It consisted in the supply of the semolina of soft froment as food aid.

When the Council of the E.C. took the decision to start negotiations, Germany and Netherlands were in favour of an agreement limited to trade matters. France, Belgium and Italy supported the idea of global agreement, which became the basis of negotiations.

The E.C. first propositions related to an exchange of goods and technical plus financial cooperation. They did not want to discuss manpower. The Maghrebins were disappointed due to the importance of that question. Moreover, there were difficulties about wine, refined oil products and the exclusion of products included in E.C.S.C. Treaty³⁵.

The 1973 crisis and the role played by Algeria within the Third World and the Non-Alignment movement did not facilitate a rapid signing of the agreement³⁶. In the struggles with the E.C. waged by the developing

countries, Algeria played an important role. Even during the negotiations Algeria was the driving force. At the end, the shape that the agreements took was in conformity to the positions defended by Algiers³⁷.

At the signing of these agreements Mr. C. Cheysson said that they contributed to the establishment of a new economic order. This statement did certainly not displease Algeria³⁸.

The 1976 agreements of cooperation, as well as the Lomé Convention or the agreements with the Machrek countries are in conformity with the E.C. policy to aid development. The preamble says "to institute a new model of relations between developed countries and developing ones, compatible with the aspirations of the international community towards a new more balanced economic order."³⁹

Algeria saw in this statement the echo of the new economic order she had been fighting for. About the institutional dispositions, they corresponded to the dispositions adopted by the Maghrebin negotiators, eg., title IV stipulates that the Council of cooperation is assisted by a committee of coordination. The interim agreement envisaged the institution of a joint committee⁴⁰. This commission disposes, in some cases, of power of decision but it should be according to the "Common agreement between the Community" and the country in question. This shows the respect of the E.C. towards sovereignty of the Maghreb countries. Moreover, "the joint committee can decide the institution of groups of work for its assistance in accomplishing its tasks." (Art. 32 3). These institutional dispositions were intended to consider questions arising from the application of the agreements and lead to the deepening of cooperation.

1) The Commercial-Clauses.

The 1976 agreements have some particularities to be underlined such as the dispositions in the introductory article on exchange "taking into account their respective levels of development and the necessity to assure a better equilibrium in their commercial exchange."⁴¹ This shows the will

of the E.C. to give to the system of exchange a content more adapted to problems of development of its partners. The new system of trade no longer includes the GATT principle of reciprocity (which was also dropped in the second Lomé Convention and the agreement with the Machrek).⁴²

However, the E.C. remains the most favoured nation in the Maghreb (Art. 18 of interim agreement - Algeria), but (Art. 19 of interim agreement) gives the whole freedom to Algeria to modify the exchange system and apply restrictions on E.C. products if they are hindering the Maghreb economic integration. Those restrictions can be taken too in favour of developing countries products⁴³.

2) Agricultural Products.

They were defined product by product because of the delicate problem of competition from other countries. Concessions were given to the main products of the Mediterranean. The concessions consisted in tariff reduction and varied between 20% and 100%⁴⁴. However, there were special clauses intended to protect the E.C. producers, eg., reductions on vegetables and fruits were applicable according to a calendar, in order to protect the E.C. agricultural products. These concessions were given without any alterations on the functioning of CAP whose reference price system in effect also applies to Maghreb agricultural exports).

3) Citrus Fruits.

It is Morocco which is mainly concerned by this question. She comes in the third position in the E.C. market after Spain and Israel. Morocco, as well as Tunisia, has been an associate country since 1969 and had a differential of 40% in comparison with the other competitors, however this advantage was lowered to 20% after they acquired more concessions from the E.C. Their exports were a handicap to Morocco because of the geographical position of Spain and the high productivity of Israel in addition to their monetary devaluations⁴⁵. During the negotiations, Morocco asked, in vain, for the preservation of her previous differential vis-a-vis the

non-Maghrebin partners. The E.C. lowered the custom duties of only 80%⁴⁶. So, Spain and Israel remained in a better position.

4) Vegetables and Fruits.

This question, too, concerns essentially Morocco. To confront the new situation after the loss of "traditional advantages on the French market", the E.C. representatives proposed to Morocco to settle this question, according to the following facts.

- the application of custom preferences between 50 and 60% according to the nature of the product.

- the application of a calendar for these advantages setting out the periods of their application.

- the fixing of a reference price i.e., a minimum price applicable to Moroccan products.

5) Wine.

This concerns Algeria since it is her main export of agricultural origin. However its importance decreased as a result of the reconversion of products which Algeria has been undergoing; there was a tariff reduction of 80% (with respect to reference price) for wine of current consumption⁴⁷. As for wines of quality, they are subject to a quota of 250,000 hl, for the first year (Art. 13 3 of interim agreement). This quantity was raised to 310,000 hl in the second year and in the fifth it will reach progressively 450,000 hl. Morocco/Tunisia have quotas of only 50,000 hl⁴⁸. Besides this, Algeria had another concession which consisted of a yearly quota of wine (500,000 hl) at a price lower than the reference price (Interim agreement 13 2) Morocco/Tunisia complained that the E.C. favoured Algeria⁴⁹. However they were answered that on the whole trade concessions were more important on their side and that an overall fair balance should be reached⁵⁰. The concessions made to Algeria have certainly a political side since they contributed to settle the problem of wine which was a direct legacy of colonialism⁵¹. Moreover, this is the main export of the agricultural

products for Algeria (8%) whereas Tunisian and Moroccan exports are of 35% and 58% respectively.

6) Olives and Dates.

Olives are important for all three countries but especially for Tunisia because they form 50% of her sales⁵² to the E.C. The agreements stipulate that the commercial advantages of olive oil exports will consist of an abatement of 0.5 U.C. per 100kg and an economic advantage which takes the form of a supplementary abatement of 20% U.C. 100kg on the condition that the Maghrebins apply a tax of the same value on the exports⁵³.

(SEE UNIVERSITY REPORT)

Table 2.1

EEC concessions granted to Morocco's agricultural
exports (1974) in (%).

Products	Rate of reduction	CCT duty	Value in '000 U. A.
Oranges	80	15	38.730
Mandarines & Oranges	80	15	26.179
Tomatoes (15-11/30-4) ¹	60	11	41.588
Early Potatoes (1-1/31-3)	40	15	11.555
Aubergines	60	16	3.302
Green Beans (1-11/30-4)	60	13	1.158
Dried Leguminous Veg.	60	4.5	15.880
Capers and Olives prepared or preserved	100	20	13.035
Tinned Sardines	100	25	22.381
Fish Meal	100	2	3.846
Wines	80		6.573

¹ The period in which the tariff reduction is applicable.

-1 u.a = about 1.20 £ U.S.

Source = Statistical Office of the European communities in EEC/Information
121/76. "EEC-Morocco" p.9.

The exports of dates coming mainly from Tunisia and Algeria enter the E.C.
duty free.

7) Preserved Vegetables.

This is vital for Morocco, since it is an important branch of her
agro-industry. Moroccan products used to enjoy some preferences on the
French markets. The new European policy imposed on these products the game
of reference price and the application of certificates of imports for
preserved tomatoes, peeled tomatoes and tomatoes juice, and preserved green
beans.

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Table 2.2

EEC concessions granted to Tunisia in agricultural
exports in (%).

Products	Rate of reduction	CCT duty	Value (sic)
Fish Crustraceau- Molluscs.	100	5 to 23	3841
Dates	100	12	2045
Oranges	80	15	3475
Thyme, saffron bay leaves	100	14 to 25	1425
Peeled Tomatoes	30	18	1320
Apricot halves prepared or preserved	50	17	1057
Wine	80		9934

Source = Statistical office of the European Communities in EEC/Information
119/76 "EEC Tunisia", p.9.

The Moroccan insistence on assimilating preserved vegetables to the system of industrial products, i.e., duty free, was completely rejected by the EEC. Preserved foods and vegetables had a reduction of between 20-30%; the fruit juice had a reduction of 60-70%, if the minimum is respected. There were, too, custom facilities for apricots, if the quota of 3,150 tones is respected.

This commercial system about the Maghreb agricultural exports shows an improvement in comparison with the 1969 agreements for a limited number of products. However, because of the interests of E.C. agriculture, the aim was not reached, i.e., the complete suppression of the special system that France continued to apply to some products coming from Morocco/Tunisia after the 1969 agreements and according to the dispositions of Rome Treaty (Protocol 1/7).

Table 2.3

EEC concessions granted to Algeria's agricultural sector.

Products	Rate of reduction	CCT duty (%)	Value in '000, u.a.
Dates	100	12	7.668
Oranges	80	15	5.558
Mandarines	80	15	5.204

Source = Statistical office of the European Communities, in EEC/Information 120/76 "EEC-Algeria", p. 10.

So it was agreed that some products will still benefit from privileged access on the French markets. This was to be temporary to give time for the Maghreb producers to distribute their products all over the E.C. instead of the French markets, and then to draw the maximum of concessions granted by the E.C. This system ended in 1979 as it should have done.

8) Industrial Products and Raw Materials.

They benefit from a complete freedom without quantitative restrictions or customs duties. However cork products plus oil products are subject to limitations⁵⁴. This system came to an end on the 31st December 1979⁵⁵. Meanwhile, there would be a yearly increase of 5% and 3% for the exports of oil refined plus cork products⁵⁶. The Maghrebins succeeded in making the ECSC products⁵⁷ benefit from this favourable system. This can be interesting, especially for Algeria which has been equipping herself with an iron and steel industry. (An agreement between ECSC states and the Maghreb states was signed in Algiers on 26th April 1976 at the same time with the agreements of cooperation)⁵⁸. Moreover, these ECSC states decided upon the suspension of customs duties on Algerian products entering the E.C., for a period of one year (since 1st July 1976), it was renewed until the 31st of July, 1978⁵⁹. The custom preferences granted to the Maghreb on industrial products seem to be important. However, their impact is limited

due to the narrowness of the export potential of the Maghreb industries. Moreover, these advantages were given to many Third World countries. The EEC seems to be more interested in raw materials (oil, gas, phosphates) than the manufactured industries. The progressive removal of obstacles to trade between the partners is one of the long term objectives. The following article which has been quoted on many occasions, confirms it. "The possibility to effectuate progress for the elimination of obstacles to exchange, taking into account the imperatives of development.."

9) Technical and Financial Classes.

These agreements stipulate that the EC should grant technical and financial aid to the three countries. The term "cooperation" was limited to man-power and technology. In any case this dossier was completely new in comparison with the agreements of association concluded in 1969⁶⁰. The fact that cooperation was mentioned in title I of the 1976 agreements shows the importance with which it was considered. Cooperation appears to be the cornerstone of these agreements⁶¹. This importance is shared by both partners. For the EEC, it is the expression of her strategy towards the Third-World, not the classical form of technical assistance, but the taking into consideration of the new international division of labour⁶². The agreements envisaged the establishment of many actions at different levels:

- participation of the EC in the efforts undertaken by the Maghreb countries to develop their production and economic infrastructure.
- measures in favour of commercialization and promotion of products exported by the Maghrebins.
- encouragement of private investments for a mutual interest.
- Cooperation at the scientific and technical levels, protection of environment.
- Cooperation over fish.
- reciprocal information on the respective evolution of economic and financial situations, when there is a need to.

- industrial cooperation (contracts between economic operators, acquisition of patent letters, industrial properties, the elimination of obstacles other than the tariff character, and quotas susceptible to hinder the access to respective markets).

- Cooperation at the energy level with Algeria and Tunisia; i.e. participation in programmes of oil-prospecting, production and transformation of energy resources⁶³.

The agreements envisaged four dispositions in favour of Maghreb enterprises in the execution of the words "financed from the Community funds and the institution of procedure permitting them to compete among others". In contrast to the clauses, modalities related to trade exchange, this willingness to provide funds for co-operative energy projects reflects the new needs felt by the EC economies. The Community wants to redefine her relations with the Maghreb and the Southern shore of the Mediterranean on a new basis permitting transfer of technology in parallel with the promotion of a certain number of industrial, agricultural or energy programmes and the international division of labour.

At the financial level⁶⁴, Art. (1) of the protocol mentions the EC participation in financial and technical cooperation, the financing of actions susceptible to contribute to the economic development of the Maghreb. However this pretension does not correspond to the relative importance of the amount reserved by the EC to the Maghreb⁶⁵.

Algeria was supposed to receive financial aid of 114 million U.C., within a period of five years⁶⁶. The sources would be either the European Investment Bank (70 million U.C., according to market conditions), or directly from the Community budget (19 million U.C. over a period of forty years with an interest rate of 10% plus 10 years of amortizement, 25 million will be non-refundable). The amount destined to Tunisia was elevated to 95 million U.C.⁶⁷, 41 from the European Investment Bank, 39 as loans on special terms and 15 as donations. One U.C. = 5.16FF. The

contribution destined to Morocco was of 130 million U.C.⁶⁸, 56 m.u.c. from the European Investment Bank, 58 m.u.c. on special conditions and 16 m.u.c. in the form of non-refundable aid. The financial contribution of the EC is modest. The institution of financial cooperation has for its aim the differentiation of the 1976 agreements from the ones of 1969, which were considered as partial and commercial. Moreover the EC could play the role of a go-between for the Maghrebins and the world financial consortia interested in the area.

Table 2.4

(in million U.C.)	EIB Loans	Special Loans	Donations
Algeria	20	19	25
Morocco	56	58	16
Tunisia	41	39	15

In comparison, the Machrek received the following amounts: Egypt 170 millions of U.C., Syria 60 m.u.c., Jordan 40 m.u.c., Lebanon 30 m.u.c.

10) Social file

The Maghrebin negotiators had to fight hard for the inclusion of this file within the negotiations⁶⁹, despite the statement made by the French secretary of state "The Algerians must realize that France wants to settle these important problems⁷⁰..."

Algeria was more concerned since out of 1,500,000 Maghreb nationals, 850,000 are Algerians⁷¹. The presence of the Maghreb workers was necessary for the growth of the EC economies. It reinforced, too, solidarity of interests between European and Maghrebin economies, i.e. the growth of the former leads to the growth of the latter.

The new agreements include dispositions of non-discrimination in remunerations and working conditions (in comparison with EC workers) and

equality of social advantages. The Maghreb nationals benefit, too, from totalization of insurance periods and old age pensions. However, EC refused to allow the free movement to migrant workers within the Community. The Community also refused the Tunisian and Moroccan request for preference to their workers as a source of migrant labour. The EC refused to accept that the families which remained in the Maghreb should benefit from the same advantages as the families which reside in the EC. The economic crisis and the development of unemployment all over Europe at the time of negotiations should be taken into account.

Commentary

a) The impact of Algeria on the negotiations

The conclusion of the 1976 agreements was a success for Algerian diplomacy in respect of the wider scope and the detailed outcomes of these agreements.

The notion of "association" which was an important clause of that part of the Rome Treaty (Art. 238 and IVth part relating to ex-colonies) seems to be replaced by the new notion of cooperation⁷². The Algerians were pleased because they did not like the term "association". Algeria being a "socialist" country did not like to establish close relations with a group of states whose economic philosophy is liberalism and capitalism. Algeria has always refused to sign a purely commercial agreement, i.e. excluding questions of manpower or financial aid. The EC attempted to make Algeria sign an agreement based either on Art. 238 or 113, However, when these 1976 agreements were qualified as "cooperation" Algeria was satisfied. But what is then the juridical foundation? The EC argues that the agreements of cooperation were signed under the Art. 238, even though the word "association" was omitted⁷³. Confirming this assertion the European Parliament, in its resolution of 12th September 1976, stated that it has been "consulted by the Council according to Art. 238 of the Treaty instituting the EEC"⁷⁴, as well as the modalities of financial aid to the

three countries having as juridical basis Art. 238⁷⁵. However, it is difficult to state that the agreements of cooperation (especially Algeria) were signed according to Art. 238 which defines association as being "characterized by reciprocal rights and obligations". This article cannot be put forward since the word "association" has not been mentioned and the principle of non-reciprocity was established. Another foundation, and especially for Algeria, can be found in Art. 227:2. The conditions of its applications are determined "by decisions of Council acting unanimously on the propositions of the Commission", but this text does not mention the possibility of concluding an agreement. Another objection is that Art. 227 became invalid due to independence, but this assumption might appear radical and difficult to accept. In fact it seems that Art. 227 was the only juridical foundation between Algeria/EC until 1976 and still it is not certain that it became void after the 1976 agreements. For in an exchange of letters that the French government reserves, temporarily, the faculty of maintaining the customs system practised on agricultural products imported from Algeria, as well as products not covered by the agreements. There was the same exchange of letters with Morocco/Tunisia there explicitly based on the protocol 1/7 annexed⁷⁶, Rome Treaty. For Algeria, it could be justified only if it is based on Art. 227.

The 1976 agreements are a global agreement. This has always been an objective of Algerian diplomacy, while Morocco/Tunisia accepted a limited commercial agreement in 1969. The conclusion of a global agreement including trade exchange system, technical financial cooperation, questions of manpower is certainly a victory for Algerian diplomacy.

b) The limits of 1976 agreements

The fact that the EC renounced the principle of "reciprocity", stems from the nature of the structure of foreign trade between the two partners. If the energy problem is put aside, the EC is in a position to control the

crucial elements of the Maghreb foreign trade since the EC exports to the Maghreb around 65% of their trade and imports about 75%.

Table 2.5

EC/Maghreb trade in 1976

(in millions of U.C.)

	Algeria	Morocco	Tunisia
Exports to	2753	1316	835
Imports from	2152	839	411
Balance	601	477	424

The need for European investments for a more advanced technology and for food imports from Europe to meet the alimentary deficit increase the dependency of the Maghreb on Europe. This trend is perpetuated by the European presence within the Maghreb society and its influence on the economic and political centres of decisions. Another element is the techno/cultural environment which is another guarantee for the maintenance of the commercial dependency. The Moroccan ambassador to the EC said "Historical links, traditional relations, habits of consumption, and the training of our elites to European techniques are not really the best clause of reciprocity in favour of the European Community?"⁷⁷.

c) Clauses of safeguard

These clauses can be invoked by the EC as well as by the Maghreb, but it is said that it will be used more often by the EC because the concessions conceded to the Maghrebins were subject to the restrictive conditions and thus a monitoring system was established by the EC to control the imports of oil and cork products⁷⁸. These clauses allow the EC to block the agreements of 1976, if ever they provoke "sectoral perturbations". This has already happened when France applied the clauses

to some textile products originating from Morocco/Tunisia. The same safeguards apply to industrial products. Although this initiative will stimulate the industrialization of the Maghreb and especially Algeria, yet, if ever they endanger a specific industry in Europe the EC can apply the clauses. So the Nine really opened their borders to industrial products coming from the Maghreb on condition that they are not too successful. Moreover, they conceived these advantages within the frame of the international division of labour that the EC would like to have with the Southern shore of the Mediterranean, confined to export industries and primary materials. This will deepen, too, technological dependency and orientate the Maghrebin economies in line with the structural modifications of capitalist economies.

Concerning agricultural products, the coming into force of the agreements, far from increasing preferences will provoke an opposite result, i.e., the Maghrebins will have the preferential access they used to have to the French markets as regards the products covered by 1976 agreements. Moreover, they are subject to the "erosion of preferences" due to the multiplication of agreements or the application of systems such as the system of generalized preferences for the realization of Stabex⁷⁹ (system to stabilize exports receipts) Among the dangers, too, is the eventual membership of Spain and Portugal which is a cause of worry to the North Africans.

IV The 1976 agreements and the question of the enlargement of the EEC to the South.

As soon as the 1976 agreements were signed the Maghreb officials started worrying again about the outlets for their agricultural products. These worries have been caused by incessant talks about the inevitable entry of Spain in the EEC. "Once Spain enters, she should capture most of the EEC markets in view of her development potential in the sector, of her

cheap transport costs by sea and of the new marketing techniques which she is introducing in imitation of the Israelis, who have hitherto been the leaders in this field⁸⁰. Is Spain's membership going, then, to render the 1976 agreements void? Which countries and which sectors of their economies are they going to hit as a consequence of the second enlargement?

Table 2.6

Principal Mediterranean-type agricultural products imported
into the European Community
(from Spain, Tunisia, Algeria and Morocco), 1979
(metric tons)

Products	Morocco	Tunisia	Algeria	Spain
New Potatoes	31.435	6.481	2.175	45.493
Tomatoes	103.619	-	-	282.228
Citrus Fruit	341.697	22.685	2.464	1.560.590
Table grapes	-	-	-	61.553
Nuts	2.523	1.949	-	20.870
Olive Oil	1.648	71.793	173	52.573
Wine	8.072	16.357	26.307	219.826
Raw Tobacco	-	94	-	-

Sources: United Nations Commodity Trade Statistics, 1979, New York
(1980) Eurostat, 1979, Statistical Office of the European Communities,
Brussels, 1980. in Glenda G. Rosenthal Op. cit., p.51.

Table 2.7

Rate of self-supply of the EEC(9) and the EEC(12) for leading
Mediterranean agricultural products and most affected
Maghreb countries^a

	eEEC(9)%	EEC(12)	Countries Concerned
Fresh and processed			
Vegetables	92	100	all
Fresh Fruit			
(excl. citrus)	77	-	all
Fresh and processed			
Fruit	78	95	all
Potatoes	98	100	Morocco
Tomatoes	93	99	Morocco
Oranges	47	86	all
Mandarins and other			
small fruit	40	96	all
Wine	108	112	Tunisia, Morocco
Olive Oil	85	100	Tunisia, Morocco

(a) All figures are for the late 1970s, 1976-8

Source: The Agricultural Situation in the Community, 1979 Report;
Brussels Luxemburg, 1980. Europe, No. 2707, Brussels Luxembourg 27 June
1979.

As can be seen in tables 2.6 and 2.7, the main sector which will suffer
from Spain's entry in the EEC will be agricultural exports, especially
where Maghreb products are privileged in comparison to Spanish agricultural
products exported to the EEC⁸¹. The latter must pay a tax between 40% and

60% of the CET, while Maghreb agricultural products benefit from almost a duty-free system. However, when Spain becomes a member of the EC the situation will be reversed as Toviás suggests. Already Spain enjoys a high productivity besides the geographical proximity⁸². The importance of this sector in the economy of Morocco and Tunisia does not need to be stressed. As for Algeria, agricultural exports have almost ceased⁸³. This is the result of her efforts to end any dependency upon the metropolis. In fact, Tunisia and Morocco did attempt to diminish the share of agricultural products in their foreign exchanges through the increase of manufactured mining products and energy goods as the table below shows.

Table 2.8

Export Structure of the Maghreb

The percentage of value of total exports, 1972/1977

	Agriculture		Mining		Manufacturing	
	1972	1977	1972	1977	1972	1977
Algeria	2.7	0.6	83.9	94.4	13.4	5.0
Morocco	36.7	19.5	29.0	42.3	34.3	38.3
Tunisia	7.8	5.7	35.9	47.1	56.3	47.2

Source: UN, Yearbook of International Trade Statistics Vol.I, United Nations, New York, 1980, in Glenda & Rosenthal; The Mediterranean Basin (London, Butterworths, 1982).

1. Morocco

Despite the efforts made by Morocco to reduce the dependency of external exchanges on agriculture, still its share is important in the economy of Morocco. Morocco has an agriculture oriented to exports whose geographic distribution is rather limited to France. This model

(centre/periphery) of unequal exchanges is the product of the "colonial pact". In 1977 Morocco exported to the EC 53% of its total production of citrus fruit, 81% of its olive oil, 13% of its potatoes, 39% of its wine and 92% of its fresh tomatoes⁸⁴. After the Spanish entry, the EEC will be self-sufficient in some products and will show some surplus in some others. The outlets of these products will, then, be threatened. Moreover, the agricultural sector in Morocco employs 61% of the population and contributes 31% to the formation of G.D.P.

The other sector vulnerable to enlargement is textiles which enjoy free entry to the EC markets, while Spain's textiles pay 40% of the CET. Morocco took advantage of these privileges by increasing her exports in this sector (1968 - DH 61M, 1974 - DH 400M). In 1976, Morocco invested £100M in this industry which employs 60 thousand workers⁸⁵. Already, the Maghrebins (Morocco and Tunisia) have suffered, in this sector, very much from the French and Benelux protectionism. Germany and Denmark were more tolerant about textiles coming from the Maghreb. However, lately they have been investing heavily in Spain. In the future they will be as protectionist as the French⁸⁶.

The sector of phosphates could be harmed too, by enlargement, especially phosphates and processed phosphates⁸⁷. All these phosphates are produced by Spain. However, Morocco effectuated in this sector an accentuated diversification towards the USSR. Moroccan phosphates also have to meet American competition.

Table 2.9

Maghreb share of the economically active population
engaged in agriculture (%)

Country	1960	1979
Algeria	67	51
Morocco	62	52
Tunisia	NA	41

Source: FAO Production Yearbook, 1979, Food and Agriculture Organization, Rome, 1980; Alfred Tovas, EEC Enlargement - the Southern Neighbours, Sussex European Papers, No. 5, 1979.

All these sectors which have been mentioned and which could suffer from the enlargement, employ a large section of Moroccans and therefore contribute to the stability of the political and economic system⁸⁸. These sectors, on the whole, depend on the EC outlets, hence the vulnerability of Moroccan regime which could be under threat in case these outlets came to be lost. Already crises produced by unemployment are rife.

2. Tunisia

The same factors which affect Morocco could apply to Tunisia. However, it can be said that Tunisia is in a less critical situation than Morocco⁸⁹. In contrast to Morocco, agriculture in the Tunisian economy is not so overwhelming. Olive oil and wine provide 20% of Tunisian earnings of hard currency, although Tunisia is the first world producer of olive oil which represent 40% of her total exports to the EC and accounts for half Tunisia's agricultural employment⁹⁰. It should be mentioned, too, that the numbers of population employed in agriculture have been shrinking, from 63% to 53%. Consequently the share of agriculture in GDP was reduced from 22%

to 18%⁹¹. Nevertheless, agriculture still accounts for 40% of exports. To all intents and purposes, Tunisia cannot afford to lose the EC markets completely, before finding other outlets. When Spain becomes a member of the EC there will be a surplus of 200,000 tons, i.e. four times the annual exports of Tunisia in olive oil. Rosenthal suggests that by increasing taxation on vegetable oil consumers may resort to olive oil. There is, however, a sector where Tunisia is going to be hard hit: textiles⁹³. Tunisia, in fact, is the first exporter in this sector at the Maghreb level, and accounted for 15% of Mediterranean exports in 1978⁹⁴. She will suffer more than Morocco in chemicals, and also the cork industry, which is already having problems in the EC markets because it is subject to ceilings to preserve Sardinia's production⁹⁵. Spain is the principal world producer of cork products and manufactures.

Table 2.10

Export shares by major category, 1978 (%)

Country	Agriculture	Mining	Manufactures
Morocco	23.5	39.0	37.5
Algeria	0.4	94.4	5.2
Tunisia	5.3	41.8	53.

Source: United Nations Yearbook of International Trade Statistics, 1979, Vol. I, United Nations, New York, 1980, in Glenda G. Rosenthal "The Mediterranean Basin" (London, Butterworths, 1982), p.49.

3. Algeria

Algeria is not very much concerned with enlargement since neither agriculture nor manufactured products are of importance in her exports or economy. Algeria has succeeded in restructuring her economy. The question

of wine which used to be one of the thorniest is insignificant now, since Algeria exports to France only 60 000t. instead of 900 000t in the colonial times⁹⁶. It is true that hydrocarbons were a crucial factor in the reconversion of her economy from a colonial model to a capital intensive heavy industry option based on petro-chemicals and the iron/steel industry. Paradoxically it is in this sector that Algeria could be harmed by the enlargement⁹⁷, since in the long run she has the intention to export. Already, the exports in this sector to the USA and the EEC account for 15.6 M.u⁹⁸. However, the Greeks and the Spaniards have good prospects too. Petro-chemicals and iron/steel products have benefited since 1980 from free access to EC markets (according to 1976 agreements stipulations), despite the fact that it is a sensitive sector for the whole Community. So the Algerians should be ready either for competition or find other outlets in the neighbouring Third World countries⁹⁹.

The other sector vulnerable to enlargement which is common to the three Maghreb countries is the sector of immigration. The majority of Maghreb workers are concentrated in France and consequently they will be in direct competition with the Iberian workers, especially between the Algerians and the Portuguese¹⁰⁰.

	France
Algeria (total workers)	99%
Portugal	81%
Morocco	77%
Spain	47%

It is feared that the enlargement to Spain and Portugal will lead to a segregation between the EC workers and the others. The Maghreb workers will lose, then, the privileges which the 1976 agreements brought them, for the benefit of Portuguese and Spanish migrant workers in the Community.

Already, their situation in France leaves much to be desired. Unemployment gave rise to extreme political parties which openly advocate the expulsion of migrant workers¹⁰¹.

The return in large numbers to the country of origin is being encouraged by the French firms through bonuses¹⁰². However, mass returns to the North African home countries could be twice as catastrophic. First, these countries will have an important contribution represented in remittances which are used to a large extent in the relief of balance of payments. For example in 1976, these remittances for Algeria, Morocco and Tunisia, were 360MFF, 456M and 112M respectively¹⁰³. Secondly, the return home of these workers will add to the already existing pressure in the home countries as far as unemployment is concerned. They could even represent a threat to their governments since these migrant workers enjoy a high level of trade-unionist consciousness, due to their affiliation with French unions. (e.g. Talbot crisis). However Europe, and especially France, is concerned about political stability in the Western Mediterranean. The situation is already shaky in Morocco and Tunisia; mass returns can only render it worse. Both the French and the Maghreb officials will try to avoid complicating this state of affairs.

The Maghrebins will certainly invoke again "moral responsibility" from France to defend their cause, because of "historical/cultural links".

Conclusion

"New departure", "agreements of the future", these were the titles produced by newspapers in Rabat and Tunis, after the conclusion of the agreements. "Contracts of civilization" as the Tunisian Prime Minister Mr H. Nourira said, "step towards the establishment of the world economic order" as Mr. Ait Chaalal, the Algerian ambassador in Brussels said¹⁰⁴. However, they showed their disappointment about the agricultural offers; only the idea of a larger penetration in to the EC markets could dissipate

their worries.

The advantages drawn from the 1976 agreements differ according to the economic structures of each country. Algeria which has built a national industry, put herself in a good position to deal with the EC. The cooperation will reinforce Algeria's special status and promote her development model.

In Morocco and Tunisia, where no change in the mode of production was undertaken, the inherited colonial economic structures are likely to be maintained through cooperation with the EC¹⁰⁵. Consequently their economies will suffer more from the enlargement to Spain and Portugal. This question is rather an embarrassing one, not only to Morocco and Tunisia, but as well as to the EC because if enlargement deeply harms the Maghreb's economies, the repercussions will be, of course, felt at the internal level. Then, a radical change could take place with serious implications to the Western world at the trade and strategical levels¹⁰⁶, especially as North African countries "occupy a position of great importance from the point of view of equilibrium in the Mediterranean and the political stability of the region"¹⁰⁷.

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Chapter III

Foreign trade and policy of geographical diversification of the Maghreb countries.

Introduction.

Part I

I - Foreign trade of the Maghreb countries from independence until 1970.

II - Geographical diversification of foreign trade from independence until 1970.

Part II

Foreign trade and policy of geographical diversification after 1970.

Conclusion.

Introduction

Although the Maghreb countries now had political independence, and Algeria had undergone considerable social changes, the trade flows were still concentrated mainly on France. These were regulated by mutual trade agreements, continuing the pattern derived from the colonial past.

Nevertheless, the shrinking capacity of French markets in absorbing the Maghreb's agricultural production and the continuing political crises with the French forced the North Africans to seek other outlets in Europe in order to earn foreign exchange. This was the first phase of their policy of diversification which is the subject of this chapter. This first phase is symbolised by the signing of the 1969 trade agreement by Morocco and Tunisia with the European Community as a whole. However these agreements were not sufficient in themselves in securing outlets for agricultural products. Consequently, the Maghreb countries, in a second phase, accentuated their policy of diversification. It consisted in seeking alternative outlets in the USA and the USSR. This second phase of policy of diversification started in the early 1970s. It was a consequence of the disappointing results of the 1969 trade agreements as well as of the Franco-Algerian crisis over oil and wine. Another characteristic of this phase was the uncertainty created by the market movements of raw materials generally and the diplomatic efforts to secure a new international economic order.

Part I.

I Foreign trade of the Maghreb countries from independence until 1970.

1. Moroccan Trade i) with France ii) with EEC

The system of exchange between Morocco and France, after independence, was not based on any commercial agreement. Joint commissions used to meet

in order to adapt the current of exchanges according to the needs of the moment¹. Customs tariffs were fixed by agreement between both governments. These commissions tacitly continued to respect the general principles of exchanges defined by a ministerial decree on the 13th December 1948.

Most products coming from Morocco were duty free in France, 90% of Moroccan exports to France were duty-free. Other products were subject to the customs duties at the minimum tariff. There were no quantitative limits on the Moroccan exports to France, except in the case of wine, for which there was a quota system fixed yearly².

These are important advantages that Morocco used to enjoy; especially as the French exports to Morocco did not benefit from similar advantages on the tariff level, according to the principle of the economic freedom without equality, as the Act of Algeiras* stipulates. Even though most of its contents are void, Morocco still respects that principle. However, this equality of treatment towards the partners which deal with Morocco is only apparent. France used in fact to benefit from important advantages in Morocco, under a general principle fixed by the Dahir on the 9th September 1939³, which was interpreted as a prohibition of all goods coming from any origin other than the Franc zone. That prohibition has been softened through special derogations. Nevertheless, freedom of imports between Morocco and France was the principle. The point was that as Morocco was short of hard currency, so it was in her interest to encourage imports from France and to limit them from elsewhere to avoid convertibility problems.

By 1962-63, the Moroccan balance of payments showed an increasing deficit even towards the Franc zone*. Measures were taken on a temporary basis to limit imports whatever their origin. As a consequence, French exports to Morocco fell by 20% in one year while Moroccan exports to France increased by 5%. France remained Morocco's major trading partner, accounting for 40% of Moroccan total foreign exchange. So far it seemed that the establishing of the EC had not undermined the privileged trade

relations between Morocco and France thanks to the protocol.

Table 3.1

Morocco: Foreign Trade

	Exports (%)		Imports	
	1963	1964	1963	1964
World	100	100	100	100
EEC	55	51	61	54
France	41	42	45	41
W. Germany	7	9	6	6

(The Economist Intelligence Unit: 1965)

On the 17th of October 1964, an agreement for a period of three years was signed. It consisted of aid of 200 million Francs a year⁴. However the "Affaire Ben Barka" led to a change in French policy towards Morocco, B. Barka was an opposition leader who used to enjoy much popularity among Moroccan masses and left-wing elites. He was, too, the chairman of the UNFP party : National Union of Popular Forces. He had been living in Algiers as an exile. During a visit to Paris in 1965 he was kidnapped. De Gaulle accused personally King Hassan II and his defence minister General Oufkir, of B. Barka's death. Public aid was interrupted and the amount of aid agreed upon in 1964 was reduced by half for the succeeding years of 1966-67⁵.

As well in 1965, France decided not to give any further special preferences to Moroccan wine and other agricultural products. However in the next year, and despite the "Affaire B. Barka" with its consequential suspension of French aid and the postponement of the signing of a financial convention, French officials renewed their admission of most of the

products which used to enter French territory duty free. However, in 1967, France ceased importing fruits and vegetables in accordance with the new Community regulations. The situation became worse for wines. Morocco could not sell over above, the quantity which has been stocked because of the French decisions of 1965-66, more than an additional 25%.

In 1968, after an interruption of two and a half years, agreements were signed with respect to purchases on credit of consumer goods. As well, Morocco received a credit whose amount was 49 million Francs, and another one of 80 million Francs from "coface".

After independence, Moroccan exports to the EEC were duty free system but subject to quotas. Although this regime was favourable to Morocco, her exports were not assured against the strong competition coming from the other Mediterranean countries and even the Maghreb itself⁷.

Morocco had been the only Maghrebin country whose trade balance was not in deficit since 1958. It even improved by the beginning of 1965. However, this was due to the restrictions of imports, for the exports experienced a stagnation, apart from phosphates. The Six have always been important partners of Morocco. For example, in the first quarter of 1966, the imports from West Germany were evaluated at 7,482,000 Dirham, Belgium-Luxemburg 1,729,000 DH, France 39,504000 DH, Italy 3,915000 DH and Netherlands 2,518000 DH⁸. Moroccan exports to the EC were of 15,284000DH. to West Germany 3,965000 to Belgium-Luxemburg, 62,341000 to France 1,5284000 Dirham to Italy, 3,933000 Dirham to Netherlands. The trade balance was normally favourable to Morocco with respect to West Germany and the Benelux countries. The favourable balance in 1966 with France and Italy was an unusual fact.

2. Tunisian Trade i) with France ii) with EEC

In contrast to Morocco, Tunisia's relations with France had a contract as basis. A convention between them was signed on the 3rd of June 1955, by

which a customs union was established. On the 5th of September 1959, another trade convention was concluded modifying relations which existed before. The Customs Union between France and Tunisia was abolished. It was replaced by the GATT clause, applying to all third parties "the most favoured nation". The 1959 convention established, too, the principle of free movement of trade between Tunisia and France, with some special derogations. Under this convention, a system of reciprocal customs preferences was established: two thirds of Tunisian exports to France were admitted duty free. In return two thirds of French products destined to Tunisia were subject to customs duties lower than the normal Tunisian customs tariff.

To this convention, protocols and annexed letters were added later in order to meet the demands of the Franco-Tunisian relations. By 1963, France used to import 48% of Tunisian exports. However, these good relations came to an end after Tunisia decided to nationalize lands of French and Italian settlers on the 12th May of 1964⁹. On that very day, the French decided to suspend the financial aid whose amount was 100 million francs a year¹⁰. Worse, on the 9th of June 1964, the commercial convention of the 5th September 1959, was denounced by France¹¹. Since then, Tunisian products entering France were subject to customs duties, the minimum tariff. French products entering Tunisia received the same treatment apart from goods of prime necessity. This means that Tunisia had been treated as a third country. As a consequence, Tunisian purchases in France diminished. Legally the protocol was dead. Yet, on the 28th January of 1965, the French government gave a preferential tariff to Tunisian imports on condition that they would be subject for a duty whose "rate is equal to one eighth of the duty rate corresponding to the common custom tariff of the EC"¹². Practically this had little effect but technically it means that France resorted to that Protocol to enhance her relations with Tunisia, by not applying the full EC common external tariff.

Tunisia used to export to France 1,200,000 hl/year of wine. During the crisis, it was stocked. In 1967, 300,000 hl were imported by France, and only 75,000 hl in 1968. In 1966 agricultural products were down to one third of the 1964 preferences. However, the agreements with the EC in view of the application of the CAP led to a halt in most of the imports from Tunisia which had an agricultural origin, until further notice. In respect of financial aid for purchases in France, Tunisia received in 1966 (after the crisis was over) 40 million Francs for the purchase of capital goods, and in 1967 45 million Francs. In 1968, the first financial agreement was signed, by which Tunisia received loans of 124 million and another 140 million Francs¹³.

Until 1964, the volume of exchanges between France and Tunisia was very high. France absorbed 50% of Tunisian exports and provided Tunisia with 45% of her imports.

Table 3.2

Tunisia	Imports		%	Exports	
	1963	1964		1963	1964
World	100	100	100	100	
EEC	69.9	65.2	65.5	64.9	
France	49.9	51.3	48.2	44.1	
Italy	17.5	10.2	9.8	5.0	
W. Germany	-	-	4.5	5.6	

The Economist Intelligence Unit, Nov. 1965.

However, between 1964-68, the relations with West Germany and Italy increased very much at the expense of France. West Germany started to be interested in North Africa after independence. She seized the opportunity

in 1964 after the French-Tunisian crisis¹⁴ to invest much private capital. In return West Germany hoped for an increased trade between the two countries. Tunisia benefited from many loans between 1965-67. For example in 1967, she received 40 million DM for irrigation projects, 17 million DM for hydraulics works, 10 million DM for private enterprises and 8 million DM for mining equipment¹⁵. West Germany increased too, her imports from Tunisia. As for the loans received by Tunisia, they were used to purchase in West Germany agricultural mining and industrial material. Italy is the other country with whom Tunisia increased her trade to make up for the decline of trade with France.

Italy was already interested in Tunisia after the independence of the latter. However, Tunisia did not respond and preferred to preserve her relations with France only. Tunisia practised strong protectionism against all the other countries. Italy made the first step by granting many loans e.g. a loan of 15 billion lira as a "credit assurance" for the development of the "Tunisian South". The Italians took part in oil-exploration through mutual corporations.¹⁶

As a consequence, Tunisia has sold most of the oil to Italy for the period of 1966-69. However Italy and Tunisia are in many field direct competitors. Agricultural exports are a serious obstacle to the development of mutual trade relations.

3. Algerian Trade i) with France ii) with EEC

Trade between Algeria and the EC members used to be regulated by the provisions of Art.227. However, after independence, the Evian Agreements constituted another juridical frame work, limited to trade with France and not of course extending to France's EC partners. It was the 5th Article of the Evian Agreements which related to financial and economic cooperation, namely,

- Institution of preferential tariffs or absence of duties¹⁷.

- Facilities of selling on French territory of Algerian products through the organisation of the markets and maintenance of prices. However, this has not been put into application. Both states agreed to meet in order to settle any difficulties case by case, on the whole, Algerian products used to benefit in France from free movement and enter free of duty. As for wine, quotas were to decrease slightly each year¹⁸.

1963 - 64	8,760 000 hl
1964 - 65	8,250 000 hl
1965 - 66	7,750 000 hl
1966 - 67	7,250 000 hl
1967 - 68	7,000 000 hl

Moreover, there is a tax of one eighth of the Common Custom Tariff.

- From 9th of May 1964, some fruits and vegetables were subject to minimum price.

- Cereals were subject to levies. As for the French products 30% to 40% enter free of duty. The rest of the products enjoy preferential treatment, corresponding to half of the rights envisaged for the minimum tariff. However, French products were subject to quotas¹⁹.

These mutual preferences were confirmed in the trade agreement of 1964. An agreement on hydrocarbons on the 29th July 1965 guaranteed France a supply of oil in return for hard currency. At that time oil represented 56% of Algerian exports. Until then, Algeria had been happy with her relations with France. Unfortunately, this did not last. The 1964 trade agreement was not renewed for 1966. Worse, France decided to reorganize her wine production, and import Algerian wines only as needed. The one billion francs a year of aid envisaged by the Evian Agreements was not respected. As a consequence Algerian purchases in France diminished. Boumedienne even went further when he announced the nationalization of French companies

operative in Algeria without compensation¹⁹.

4. The problem of wine

We have already mentioned that within the framework of the Evian agreements France should buy the quantity of wine there enumerated. This was confirmed in the 1963 agreement. For other agricultural products free access was envisaged in the 1964 agreement. However, the provisions of these two agreements were declared void in 1966 by France, on the grounds that French producers of wine exerted a lot of pressure on the government²¹. Moreover, France wanted to make cuts in her own production.

So, for the years 1967-68, only 3,500 000 hl were accepted. Wines used to represent for Algeria the second source for hard currency after hydrocarbons. The Algerians felt that France was escaping from her contractual commitments. After all, this problem of wine was a pure aftermath of colonization. The French had a moral obligation to help in the selling off of wine. The nationalization of French companies in Algeria complicated the situation²². Algeria decided to diversify her trade and convert the vineyards to other production²³. In 1968, there was an agreement with the USSR by which she will buy 500 000 hl of wine for the period of five years at 35 F.F./hl only (while France used to pay 75 FF/hl)²⁴. In return Algeria will import from the USSR capital goods. West Germany became the second outlet for wines²⁵ paying 50 FF/hl for one third of the whole quantity sold to France. Yet this was only a provisional solution. Seriously worried by this problem the Algerian government took the decision to reconvert 40% of the vineyards²⁶. This was not an easy task because of the importance of wine exports in the Algerian economy.

Table 3.3

(% of total imports and exports)

	Morocco				
	1964	1965	1966	1967	1968
Imports	39.1	38.4	39	37.4	-
Exports	42.4	44	42	41.3	-
	Algeria				
	1964	1965	1966	1967	1968
Imports	70	80	69	60	57
Exports	81	77	79	60	53
	Tunisia				
	1964	1965	1966	1967	1968
Imports	44	39.2	34.4	31.7	34.4
Exports	51	31.2	36.6	28.1	23.1

Source: Maghreb No 34, 1969, p.34.

By 1970, President Boumedienne was still hoping that France would continue as Algeria's traditional partner concerning wines²⁷. But France imported in 1969 only 440 000 hl. 5,000 000 hl remained stocked in the port of Algiers. This quantity of wine was supposed to be imported by France according to the 1964 agreement which expired by 1969. However, France after a bad harvest for 1969 agreed to import the 5,000 000 hl but without any further guarantee for the future. In fact relations became worse after the French agricultural minister, Mr Duhamel, declared in parliament "The pre-eminence of French wine should be reinforced on the national market before the end of the Pisani agreements which envisaged a progressive reduction of Algerian wine imports from 1964 for the period of five years. The imports of Algerian wine, in the future, should depend on a total European settlement. The European preference will be a substitute for the national preference. It should be assured, first of all, by the integral

application of the CET even to the associates"²⁸. On the 3rd February 1970 there was an inter-community agreement envisaging the lifting of custom obstacles among the EC members. In the light of this agreement the EC wine producers will be protected against third country competition. As the European Community was aware that wines represented in 1969 16% of Algerian exports They permitted some Algerian wine imports on a quota basis with no remission of the CET.

Table 3.4

West Germany/Maghreb Trade

(in millions of local currency)

	1964			1967/68		
	Morocco	Algeria	Tunisia	Morocco	Algeria	Tunisia
Imports	131	57	4.2	236	80	10
Exports	81	299	0.7	220	294	9.1

Source: Maghreb, No 34, 1969, p.39.

5. Evolution of Algeria/EC relations

From the 1st July 1962 until 1st July 1966 the dispositions of Art.227 were applied to Algeria, which continued to be treated as a French department, provisionally. This solution was called "dynamic status quo"²⁹, and was used as a cover to give legality to the relations between the EEC and Algeria in anticipation of the signing of a comprehensive agreement. On this basis of legality, Algeria benefited from the reductions of customs duties among the Six in 1963 and in 1965 (10%). Italy showed her dissatisfaction from 1964, on the grounds that Algeria was improving her preferential situation without anything in return. The Commission, too, judged it necessary not to widen differences of treatment among the Maghreb countries in view of concluding similar agreements with them. The

Commission asked that the tariff reduction of the 1st January 1966 should not apply to Algeria³⁰. The Commission issued a special customs tariff for Algerian products which was situated between the third country and intra-community system. The Five agreed to do so, although West Germany opposed it³¹ and applied the "dynamic status quo". This German initiative; due no doubt to the importance of the Algerian precedent in inter-German relations, enhanced her position among the Arab countries. After the crisis of the Israeli agreement of 1965, many Arab countries, including Algeria, cut their diplomatic relations with Germany. Nevertheless, Algeria did not recognize East Germany. Morocco and Tunisia, did not cut their diplomatic relations with Germany during the 1965 crisis³².

Table 3.5

Italian/Maghreb Trade

(in millions of local currency)

	1964			1968		
	Morocco	Algeria	Tunisia	Morocco	Algeria	
Tunisia						
Imports	70	95	6.6	92	204	11
Exports	52	74	5.8	8.5	210	8.8

Source: Maghreb No 34, 1969, p.40.

Italy and Benelux accepted Algeria's status as within Europe in relation to Algerian agricultural products only. Italy treated Algerian wine as though it came from a third country³³. As for industrial products, they were subject to third country tariffs³⁴. The preferential status of Algeria was very much contested by these countries. Italy had always been hostile to any further associations with the Mediterranean countries because of the similarities of their production. In 1964, Italy underlined the fact that "the Rome Treaty was based on a certain balance of reciprocal

advantages. It is evident that among the advantages that Italy expected was the promotion of her exports, such as citrus, wine, tobacco. Yet all the agreements concluded with the third countries envisaged concessions for precisely these products"³⁵ In 1965, Italy had ceased to accept Art.227 dispositions in favour of Algeria. Moreover, she showed openly her hostility towards an eventual association of the Maghreb. However, Italy did not neglect the importance of the North African markets, so she proposed to the EC to elaborate a common policy towards the Mediterranean. The volume of exchanges between the Maghreb/Italy had tripled in four years as shown in the table. So, by 1967-68 as stated in Le Monde "For the moment a complete anarchy dominates the relations between the Algerians and the Common Market; the member states have been applying different tariffs on Algerian products"³⁶.

On 1st July 1968, the Europeans removed their internal tariff barriers. A member state could not establish relations with a third country without a previous consent of the other EC states. So, not much was left from the dispositions of Art.227.

II Geographical diversification of foreign trade from independence until 1970.

In the years which followed their independence, the Maghrebins attempted a geographical diversification of their trade. They wanted to alter the current of their external trade hitherto directed to France i.e. the relations colonies/metropolis or peripheries/centre. Geographical diversification meant for these governments, in the eyes of their peoples, the end of the commercial dependency on the colonial power, or, even better, the complete recovery of independence, through achieving economic independence. Because, so far, the pattern of their foreign trade was that of economic dependency. Geographical diversification took on more importance for the Maghreb after the crises which took place between France

and the North African states, with consequent loss of markets for their products in France, and the diminution of French aid³⁷. Added to this, the control of transfers made French traders leave the country; agrarian reforms, the farmers; policy of arabization, the liberal professions. As a consequence of this France's position is going to weaken in the Maghreb. The EC members such as Italy, Belgium, Germany benefited from this geographical diversification, as shown by the following table.

Table 3.6

Maghreb/EEC

Morocco

%	1964	1965	1966	1967	1968
Imports	52.5	51	53	53	-
Exports	62	61	53	53	-

Algeria

%	1964	1965	1966	1967	1968
Imports	78	80	75	65	77
Exports	98	86	72	78	75

Tunisia

%	1964	1965	1966	1967	1968
Imports	58	53	52	49	56
Exports	64.5	50	57	52	47

Source: Maghreb No.34, 1969, p.38.

However the main novelty was the increased trade of the Maghreb with the USA and the USSR who in comparison with France had been outsiders as trading partners with the three Maghreb countries. We discuss first the

diversification of trade to the USA.

Table 3.7

Maghreb/the USA

Morocco						
%	1964	1965	1966	1967	1968	
Imports	9	11.8	11.9	10.2	-	
Exports	1.2	1.6	2.2	2.3	-	
Algeria						
%	1963	1964	1965	1966	1967	1968
Imports	6.9	7.6	3	9	7	9
Exports	0.1	0.7	0.6	0.4	1.8	0.6
Tunisia						
%	1964	1965	1966	1967	1968	
Imports	10	16	16.4	25	18	
Exports	0.9	1.6	1.3	2.5	1.8	

Source: Maghreb No.24, 1969, p.38.

Until 1968, Tunisia had been most favoured by the USA. The amount of aid she received between 1957-62⁴⁰ was of \$ US 560 million, in 1963 638M, in 1964 64M, in 1965-68 between £ 79M and £ 85M. The US aid represented 50% of the whole public aid received by Tunisia and Morocco⁴¹. Morocco was given, between 1957-63. £ 400M, 47 in 1965, 48 in 1966 and £ 40M in 1967-68⁴².

Algeria has always received less, and in the form of participation in development projects or alimentary aid (milk and cereals) £ 11.6M in 1963, £20M in 1964, £5M in 1965, 20M£ in 1966 and £ 15M as a loan for SONATRACH equipment⁴³. Then, almost nothing in 1967. The US investors did not find as

favourable a climate as in Morocco and Tunisia because Algeria did not sign the Investment Guarantee Law⁴⁴. Moreover the USA practised a "tied aid" granted by her Agency for International Development and Public Law 480. This is why the Maghrebini purchases in the USA are equal to the amount of aid. From 1964-68, the US share in the Maghrebini exports remained stable with Algeria but increased with Morocco/Tunisia.

In 1965, eg, the reduction of Algerian purchases was the consequence of US limits on their sales of grain and milk due to a reduction in the US agricultural production. Algeria paid the consequences⁴⁵. After 1967 war, Algerian imports diminished because of a suspension of aid, while for Morocco aid was reduced.

On the contrary, Tunisia received in 1967 greatly increased American aid⁴⁵, because of her position towards the 1967 war. The diminution of Tunisia's imports in 1968 was due to the fact that this country wanted to reduce the imports because of trade deficit. In 1968, the place occupied by the USA was modest in comparison to the French position⁴⁷. By this date the US imports were still weak as they did not commit themselves in buying products which were not of use to them, or which they can get somewhere else cheaper. This led to a wider deficit eg, in 1966, 67% in the case of Morocco and 71% in the case of Tunisia and Algeria⁴⁸.

Table 3.8

Maghreb/Eastern bloc					
Morocco (%)					
	1964	1965	1966	1967	
%					
Imports	2.2	2.1	3.3	3.6	
Exports	1.2	2.6	3.8	0.5	
Algeria (%)					
	1964	1965	1966	1967	
%					
Imports	1.1	1.5	1.2	5	
Exports	0.5	0.4	0.4	2.3	
Tunisia (%)					
	1964	1965	1966	1967	1968
%					
Imports	1.2	2.3	3.8	3.2	1.8
Exports	1.2	4	3.5	3.3	3.1

Source: Maghreb No 34, 1969, p.37.

If we now consider the Eastern bloc, the USSR has always been interested in the Southern shore of the Mediterranean. Algeria was the first country to seek a policy of exchanges and cooperation with the USSR in order to counter-balance French influence⁴⁹. Morocco had good relations of cooperation with both the "Big Two". Unlike the US, the Soviets were willing to buy local products for the sake of better relations with the Maghreb.

It was with Algeria that relations were deeper. Besides the yearly

trade agreements from 1962-68, an agreement for a period of seven years was signed in 1968 which envisaged the purchase by the USSR of 5M hl/year of wine⁵⁰, 500 000 tons of oil for the years 1969-70 and afterwards 750,000 tons, each year. In return a wide range of capital goods, plus technical assistance, were provided by the Soviets⁵¹.

As for Morocco, there used to be agreements renewed each year up to 1965. In 1966, a three-year agreement was signed, replaced by another one in 1969 for a period of five years⁵². The volume of exchange had been of 200 M Dirham (750 M D.A. with Algeria), Morocco exports citrus, cotton, and manufactured products. She imports from the USSR oil, equipment goods, alimentary goods and even Soviet green tea⁵³. With Tunisia a three-year trade agreement was signed in 1962, renewed in 1965 and 1968. The exchanges consist of iron and steel products, anthracite, machines and textiles against cork, almonds, olive oil and leather.

The position of the USSR in Maghreb exchanges is below the USA three or four times. In 1964, the share of the USSR was of 1.4% of the Maghreb imports, 1.9% in 1965, 2.7% in 1966, 3.9% in 1967. The place of the USSR in Maghreb exports was of 0.6% in 1964, 2.3% in 1965, 2.1% in 1966, 3.1% in 1967. Until 1968, Algeria was the only country which had no deficit with the USSR. Besides the USSR there is trade with the other Eastern countries, i.e., the Popular Democracies⁵⁴. By 1965, Algeria had concluded agreements with all of them including Albania. In 1966, Algeria imports were worth 50M Dinar, in 1967 121, in 1968, 100. However, the trade balance was positive only in 1965. Nonetheless, Algeria, starting from nothing, succeeded in getting outlets in the Popular Democracies⁵⁵. Morocco by 1965 had agreements with all but Albania, Yugoslavia and Rumania. The main partners of Morocco for the period 1964-66 were Poland and Czechoslovakia. In 1966-67, Morocco became the first provider of the Popular Democracies in citrus fruits, 37% of her total citrus exports. Tunisia's main partners for the period 1964-68 were Bulgaria and Poland. Her purchases were elevated to

11.1M Dinar (8% of total imports) while she exported for 14.6M dinar (17.6% of total exports) in 1968.

The relative importance as trading partners of these alternatives is clearly shown in Table 3.9.

Part II Foreign trade and policy of geographical diversification after 1970

Table 3.9

	Imports	(10D.A.) Exports
1971		
France	2047	811
EEC	3364	2235
USA and Japan and Canada	807	54
COMECON	435	274

Source: Ministère du Commerce, (Algiers).

The year 1971 is chosen because of the discontent of Morocco and Tunisia with the 1969 agreements with the EEC and because Algeria in that year nationalised oil and became prominent as an advocate of the New International Economic Order.

As a consequence of the 1971 oil crisis between Algeria and France, the diminution in France's share in Algerian exports is conspicuous. For the first time France was no longer Algeria's first client⁵⁶. It is clear that mutual trade is still strong. Geographical diversification had taken place most obviously towards Western Europe, since West Germany had supplanted France as the biggest importer from Algeria⁵⁷. Algeria re-established her diplomatic relations with West Germany in December 1971, although she now recognized East Germany⁵⁹.

1. Algeria/EEC

Let us now consider in more detail the new determinants of policy with respect to all three Maghreb countries as a result of this shift of trading pattern from assuming France as the centre to one in which Europe as a whole is the centre.

As for France, her position is decreasing as a result of the crisis with Algeria. Nevertheless, she remains the first commercial partner. With Italy relations keep on improving⁶⁰. Mr. A. Moro Italian foreign minister visited Algiers in June 1971. Algeria became the third African partner of Italy, behind Libya and South Africa. Moreover Italy is interested in the project of a gas pipeline to supply Europe through Tunisia and Sicily⁶¹. Spain, too, wanted to benefit from the policy of geographical diversification followed by Algeria⁶² continuing her non-recognition of Israel and by adopting a peace and security policy in the Mediterranean⁶³. At the agricultural level, Algeria is badly hit in this year, 1971, since the common wine market was enforced in 1970 by the Community. In 1972, after the solution of the 1971 crisis was found, the external exchanges of Algeria were stimulated by an increase in the volume of oil exports (cf 3.10) Consequently imports increased due to the growing rewards from the sale of hydrocarbons⁶⁴. Nevertheless, diversification became dependent upon providers of loans, as the balance of trade figures demonstrate,

	1971	1972
Imports	6028	7987
Exports	4208	6687

The EEC comes in the second position after the USA for the purchase of gas and then as a lender. The SONATRACH signed a contract to provide Europe with 13 billion/m³ of gas, through "Gaz de France", for a period of twenty-five years. The countries covered will be, besides France, Belgium, West Germany, Switzerland and Luxemburg⁶⁶; (table 3.11). The third client is

Spain with 25 billion m³ over a period of twenty years⁶⁷ Algeria became Spain's most important African partner.

Table 3.10

Geographical distribution of Algerian oil exports

1970-1979 (000 barrels per day)

Destination									
North									
America	7.0	1.1	82.9	117.0	215.5	265.8	455.7	588.6	569.2
	560.3								
USA	7.0	-	81.7	113.9	213.9	262.6	448.3	551.5	565.7
	559.8								
Latin									
America	38.6	40.9	40.1	11.6	32.7	26.3	18.5	29.4	52.4
	15.3								
Western									
Europe	878.9	604.8	829.2	828.2	565.4	542.7	440.6	427.8	351.2
	367.4								
France	566.3	151.8	320.1	291.0	194.9	125.8	108.7	105.0	96.2
	112.8								
West									
Germany	182.3	200.1	199.5	240.0	199.1	191.3	190.4	184.9	173.3
	139.1								
Eastern									
Europe	14.8	21.1	23.7	8.2	17.8	18.7	8.7	3.6	20.9
	12.8								
Africa	35.0	19.7	20.9	27.1	52.9	10.3	3.5	7.4	5.4
	4.1								
Total	974.3	687.6	996.9	993.2	895.0	877.5	944.4	1034.5	1002.8
	960.4								

Sources: Fiches du Monde Arabe Oil, Algeria Exports, OPEC Annual Statistical Bulletin, 1979, organization of Oil Exporting Countries Vienna, 1980.

With France, despite the fact that the crisis was resolved, the relations are not at their best. France diversifies, too, her oil supplies: 14% from Libya, 12% from Nigeria and only 7% from Algeria. By the years 1973-74, the policy of geographical diversification had been accentuated, again at the expense of Franco/Algerian exchanges⁶⁸. West Germany came to absorb 23% of the Algerian exports, while France 15.8%. So West Germany is still taking the lead as the first client of Algerian exports. Algeria is the first provider of West Germany in oil, i.e., one fifth of the yearly Algerian production. Nonetheless, the Algerians deem that the Germans are rather reserved about credits, technical assistance and manpower. The financial aid is tied either to buy German equipment or to finance German projects in Algeria. With regards to manpower, the Algerians complain because the West Germans are opposed to the free movement of workers at the EC level⁶⁹. It is clear that France is losing ground in the Algerian markets to the benefit of Germany and the USA⁷⁰. This is the result of geographical diversification (table 3.13). The strange thing about it is that it is Algeria which asks that the gulf should not widen too much⁷¹. Algeria even softened her position, when she took the decision, in 1974, to compensate French firms nationalized in 1966. As a matter of fact the Algerians still feel that France can serve their interest both in the Council of Ministers of the EEC and in the Mediterranean world.

Table 3.11

European natural gas imports

1979 ('000 metric tons)

Importer	World	Algeria	Libya	USSR	Netherlands
Belgium/lux	10972.2	3.1	0	6.3	9199.0
France	15707.6	2277.3	14.6	60.6	11557.2
W.Germany	38831.6	5.5	0	17.6	99.4
Greece	21460.0	0	0	0	0
Italy	10748.8	24.1	1735.9	5532.5	3225.9
Spain	1214.2	341.8	865.5	0	0
UK	6842.3	468.3	0	1.7	34.0
Total for					
Europe	105776.6	31120.2	2616.1	5618.7	24115.6
Total EC	86791.9	2778.4	1751.6	5619.8	24115.3

Source: Eurostat, 1979, Brussels, 1980

There is another point, Algeria is worried about the deficit of her trade balance with France⁷². French purchases from Algeria were limited mainly to hydrocarbons. The deficit was around 2 billion FF for the years 1973-74. The Algerians hoped to reduce this deficit by inviting France to buy more oil⁷³. After the rupture of 1971, French imports in Algerian oil were reduced to 3.8% of total needs. This change benefited Iraq, Iran,

Table 3.12

European crude oil imports

1976 and 79 ('000 barrels/day)

Importer	World Total		Algeria		Libya	
	1976	1979	1976	1979	1976	1979
Belgium/lux	596.3	632.8	12.7	6.8	5.2	10.3
Denmark	155.8	159.2	-	-	0.4	-
France	2450.6	2520.0	108.7	101.8	97.5	79.0
W. Germany	1953.8	2150.0	190.4	195.0	371.6	347.3
Italy	2020.5	2188.3	69.2	65.2	344.6	304.5
Netherlands	1350.4	1224.9	10.8	10.5	44.8	18.9
UK	1783.5	1125.1	16.2	13.6	41.8	8.4
Greece	NA	NA	-	-	-	-
Spain	987.6	NA	21.2	NA	95.0	NA
% share of world total	35.6	-	45.4	-	54.2	-

Source: OPEC, Annual Statistical Bulletin 1979, Vienna 1980.

Eurostat, 1979, Brussels 1980

benefited Iraq, Iran, Saudi Arabia, while Algerian imports from France rose to 7.4 billion FF⁷⁴. As a matter of fact, Algeria is still the most important African and Arab client of France. It is noticed that Algerian imports from France have been less affected by the policy of diversification. This point could be explained by the fact that deliveries of producer goods need many years, followed by spare parts purchases, added to that cultural and linguistic factors⁵⁷. Nevertheless it seemed that the Algerian call for a more balanced trade exchanges with France went unheeded. So in retaliation Algeria started negotiations with Fiat to build a car factory in Oran⁷⁵ (100,000 cars a year). This was supposed to replace

French Renault. The TV colour project according SECAM, went to the German PAL. All in all France had lost contracts for about 10 billion F.F. The only positive thing to be mentioned was the gas contract signed between Gaz de France and SONELGAZ, on the 2nd February 1976, for the delivery of three and a half billion/m³⁶. Still there was the thorny problem of re-adjustment of prices. The Algerians argued that the French paid four times less for their gas than they paid for the same from the Netherlands or the USSR⁷⁷.

This diversification in imports from France led to a diminution by 13% in France's exports to Algeria. The exchanges on the whole decreased by 10%⁷⁸. The Algerian exports, to France, in 1977, are far from reaching the level of 1974. The French buy less and less not only oil but agricultural products too.

Table 3.13

French imports from Algeria (in M. F.F.)

	1974	1975	1976
Total Imports	4610	3215	3311
Oil	4081	2522	2359
Agricultural Products	220	156	191

Algerian exports in 1976 (% of total exports)

	Imports	%	Exports
EEC	60		45.4
France	27.2		13.8
W. Germany	14.7		16.8
Italy	8.9		8.7
Socialist Bloc	4.9		3.9
USA	11.9		42.5

Source: Ministère du Commerce, (Algiers).

After all the efforts to end dependency towards France, this country is still the first provider (+27%) of Algeria⁷⁹. As for the exports, France comes in third position behind West Germany and the USA which increased their purchases in hydrocarbons⁸⁰ which dominate Algerian exports. They represent between 90% to 96% of Algerian exports from 1974. As for agricultural products they represented 12% in 1973 and 2.6% in 1978, because of the greater internal needs. The above table shows the privileged relations between Algeria and the EC. The Community is by far in the leading position. However, Algeria used these strong partners (W.Germany, Italy, G.Britain) to counterpoise the weight of France. By doing so Algeria gained a greater independence from all of them⁸¹. None was indispensable to her, even if Europe on the whole is an essential outlet for Algerian

hydrocarbons, especially after the completion of the Trans-Mediterranean gas pipeline. This Tran-Med. links the Hassi R'mel gas field with Italy/Western Europe. Its achievement was realized jointly by the SONATRACH (Algerian oil company) and ENI (Italian oil company)⁸². This latter will receive 12 billion/m³ of natural gas and owns the pipeline from Sicily till Minerbio near Bologna. Tunisia receives 5% of gas carried and owns the part of pipeline which crosses her territory. The under sea pipeline i.e., from Cap Bon to Mazaro del Vallo is owned by a joint company issued from SONATRACH and ENI⁸³. There are plans for another Trans-Med, linking Algeria to Almeria (Spain). North Africa and Western Europe are linked for the first time by a Trans-Med through which Europe is receiving half of her needs in gas. This is important because it shows the important degree in which North Africa and EEC countries complement each other. The importance of these European links had been further underlined by the difficulties experienced in shipping gas to the USA because of disputes over pricing. Although there was an opening on the USA for the sale of gas, Algeria concentrates again on the EC markets, thus becoming dependent on their outlets for the hydrocarbons needed for Algerian development. This new Algerian change is explained by the fact that the Europeans especially "Gaz de France" are more accommodating over price demands than El Paso, the main U.S. purchaser of Algerian LNG. Moreover, Algeria did not find profitable the shipment of liquefied gas. There is a preference for the transportation of gas by pipeline, and for this Europe is better placed geographically than anyone else.

On the other side, Europe too is becoming dependent not only on North African gas, but oil as well, especially for the case of Germany and Italy. There are signs which show that West Europe will rely more on North African hydrocarbons for security reasons, since their supplies from the Gulf could be threatened at any time, on account of the permanent crisis prevailing in the area.

2) Morocco/EEC.

Table 3.14

Main Agricultural Exports in thousand tonnes.

	1970	1971	1972	1973	1974
Citrus	602.4	527.1	585.6	699.6	543.5
Fruits					
Fruit	35.0	18.2	21.4	25.6	19.3
Juice					
Fresh	28.2	25.0	26.0	33.3	24.0
Veg.					
Preserved	44.3	53.1	46.0	65.6	59.2
Fish					

Source = Africa Contemporary Record 1976/77 P.B. 102.

The 1969 trade agreement did not lead to the expected increase in Moroccan exports. There has even been a diminution in the exports of her main agricultural products to the EEC. Things could have been worse for Morocco if the USSR had not be an important importer of citrus fruits for the years 1971-72 and 1974. This is explained by the fact that the EC granted tariff advantages to Spain and Israel.

Table 3.15

E.C. Imports of Citrus Fruits (%).

	1965-66	1970-71	1975-75
Morocco	19.6	21	11.5
Israel	9.9	15.8	17.14
Spain	54.3	50	61.8

Spain has the advantage of geographical proximity and Israel has more developed marketing techniques.

As for the attempts at geographical diversification which started before the signing of the 1969 agreements, it seems that the attempt has

slowed down but became more concentrated on the E.C. countries:

Table 3.16

	1970(%)	1973(%)
France	36	34
W.Germany	9.6	10
Italy	6.6	7
Holland	4.7	4
G.Britain		5

Source = F. Oualalou 'Morocco, Maghreb, CEE', (Casablanca; Ed. Maghrébines, 1978) p.72.

France remains the first partner. One third of Moroccan trade is with France. However the deficit is chronically wider, although France contributed aid to the balance of payments.⁸⁴

As for the EEC as a whole, it remains by far the most important partner of Morocco. The exchanges, however, underwent a regression in 1971.

	1970	1971
Exports	60.6%	56.6%
Imports	50.8%	49.2%

Although there has been an improvement since 1973 of the exchanges with the enlarged EC, Morocco cannot ignore the fact that the promoters of the association were right when they showed their disappointment. The development of Mediterranean Policy of the EC and the extension of preferences to the rest of the Third World resulted in the economies of the associates not drawing much benefit from their association as well as limiting its character to pure trade relations.

Moreover, the weight of deficit in the exchanges to which Morocco is subject reinforces its polarization. It is difficult to conceive an

equilibrium because the two economies are not situated at the same level of development. Nonetheless, when 70% of exchanges are made with the OECD countries while 7% only with the socialist bloc, the economy is certainly in jeopardy.

	Imports	Exports
EEC	54%	65%
OECD	74%	76%
Comecon	6%	8%

Table 3.17

Moroccan Imports/Exports 1973

(%) of total exports.	Imports	Exports
France	32%	34%
USA	11%	1%
RFA	8%	10%
Italy	5%	7%
G. Britain	3%	4%
Holland	3%	4%
USSR	4%	3%

Source = Annuaire de l' Afrique du Nord in CRESM (Paris; CNRS, 1974)

p.609.

France is still far ahead. It is clear that Morocco is not very inclined to change the inherited colonial pact. The natural outlet remains Europe despite some breakthrough in the socialist markets.

It should be mentioned, however, that Franco-Moroccan relations were not consistently good. In 1972, after the attempt on his life Hassan II seems to have lost credibility in Paris especially among French businessmen. In 1973 France cut her aid to Morocco, following the policy of "Moroccanization" of French corporations (small industry). Many thousands of families were hit and as well 260,000 hectares of land were overtaken⁸⁵. Twenty years after independence, the colonial French system was still existing. The question of wine was still creating difficulties for

the relations between EC/Maghreb. In April 1971, it was decided that any wine imports will be a pure EC matter. However, as the members could not reach any agreement, it was left to them to import according to their internal possibilities. Mr Cointat, then French Agricultural Minister, was quick to quieten French E.C. producers by saying that he would not use this facility. The Maghrebins expressed their discontent. Later the Six agreed upon a 40% reduction of duties according to CET.

As the 1969 agreement was about to expire (1974), the Nine proposed, by the end of 1973, a tariff reduction on wines of 75% but with the interdiction of price competition and the maintenance of the system of reference prices.

Concerning fruits and vegetables they were reduced by 40%, from January to March, so as not to compete with the EC producers. Olive oil and fish remained a question because of the dispute between Spain, Italy and Tunisia. Citrus fruits benefited from customs reductions. In return Italy received 1 million UC as compensation. Meanwhile, treated products (peeled tomatoes, fruit juice, tinned fish) were subject to the lowest price.⁸⁶

In 1976 the global agreement was signed with the EEC. Alimentary products made good receipts (36% against 23 in 1975) mainly because of citrus fruits (46%) and tinned fish (37.7%). However wine diminished by (-40%) as did fruits and veg. (37.7%).

This success was in agricultural exports not attributable to the 1976 agreements but to the breakthroughs realized in the socialist markets. The USSR alone absorbs one third of citrus fruits, olive oil and wine. Moreover, Morocco became the first provider of citrus to the Popular Democracies by 50%. As for the E.C., Moroccan agricultural products have less and less force of penetration in the Community markets. This sector is far from constituting a stimulant to the exports as it was thought. The agricultural products are confronted with a determined protectionism practised by the EC. As for the industrial sector, there has been an

increase of textile exports by 9%. However the EC decided to reduce imports of textile products from the Third World including Morocco⁸⁷. It should be recalled that the aim of the global 1976 agreement was a free exchange zone.

Table 3.18

Moroccan Imports/Exports. (M. of DH).

	1973	1974	1975	1976	1977
Exports	1951.3	1794.1	1536.0	1844.1	1704.6
Imports	1412.1	2478.4	3189.5	3750.9	2907.1

Table 3.19

Geographical Structure of Moroccan trade as percentage of total exports.

1) Imports

	1973	1974	1975	1976	1977
EEC	62.9	58.2	52.5	59.8	57.7
Socialist Countries	5.9	5.3	3.8	4.8	4.9
N. America	11.9	14.8	15.6	13.7	12.4

2)Exports

	1973	1974	1975	1976	1977
EEC	64.7	51.5	53.9	44.1	38.1
Socialist Countries	6.8	4.6	6.1	2.9	1.9
N.America	11.3	23.6	27.7	44.7	52.2

Source: Compiled from "the M. East and N. Africa", 1975-76 p.564 & 1979-80 p.598-99.

The Moroccan economy is integrated into the sphere of international capitalism. The exports to the EC are on the decrease whereas imports grow more and more. Among the EC partners, France remains the privileged country, especially as by 1974 relations resumed their normal current by granting 200m F.F. to Morocco, becoming the country which benefits the most from French aid and 500m F.F. by COFACE (private aid). By 1977, Morocco received a lot of military material. This reflected her utility to France and the West as a whole not merely for her strategic position but also in, for example, the intervention in Zaire.

The EC member which comes in second position is again West Germany. On the whole trade with West Germany has been stable⁸⁸. She has always been the second client behind France and in third position as a provider.

Table 3.20

Moroccan Imports (Dh.m).

	1977	1978	1979
France	27.3	26.1	27.7
Spain	8.6	10.3	9.4
USA	6.3	8.4	5.8
W.Germany	6.7	6.9	6.2
Italy	7.0	6.6	6.2
Benelux	5.8	5.6	5.2
U.K.	3.5	3.4	2.9
USSR	2.6	2.2	2.7

Source = Quarterly Economic Review of Morocco, 1980.

The Germans invest mainly in tourist infrastructure, irrigation projects (dams), exploitation of phosphate fields and factories for its offshoots⁸⁹. Morocco, however, seems not to benefit much from Western loans although she has put all the facilities at the disposal of foreign banks. Paradoxically, Western banks seem to be attracted much more by the planning of Algerian state capitalism. As a matter of fact, the Western countries are aware of Morocco's limited potential. As for phosphates, the Europeans obtain them from the USA, which is cheaper.

3) Tunisia/EEC.

In the 1970s, Tunisian agricultural products underwent a recession mainly because of the measures taken by Italy. This was not so harmful as to Morocco, because agriculture represents only 18% in Tunisia's GDP:

	1970	1971	1972
Citrus	1999	2141	1990
Olive Oil	8394	24019	46057

Table 3.21

Main Partners of Tunisia (%) of total exports.

1) Imports		
	1971	1972
France	36	35.7
W. Germany	6.8	8.5
Italy	8.6	10.1
Holland	2.1	2.2

2) Exports		
	1971	1972
France	19.3	21.1
W. Germany	13.1	8.4
Italy	19.5	29.6
Holland	0.8	0.5

Source: Chronique Economique: Tunisie. (AAN 1972).

This table shows that again the EEC is the main partner of Tunisia with 60% of exports and 59% of imports⁹⁰.

Italy is the first client but France remains the first provider, West Germany is in third position as a client and a provider⁹¹. The balance is positive with Italy but negative with France. This increase of trade with the EC was made at the expense of the USA and Maghreb. The type of exchanges is semi-colonial because they consist of primary products and raw materials 83.5%, while processed products represent 16%⁹². Half of these take the form of raw materials eg, she exports paste paper but imports paper. If this is taken into account primary products will represent 95.5% of the exports. The agricultural products continued to suffer from EEC restrictions, olive oil fell by 50% in 1974-75. However, things became better when the EC decided that restrictions should be lifted.

Table 3.22

	(T.D.m.)		
	1976	1977	1978
Olive oil	36.3	25.9	36.5
Fish	4.2	4.7	7.3
Wine	4.8	2.8	6.3

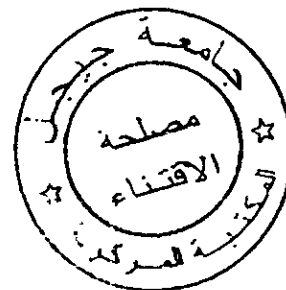
Main Partners of Tunisia (% of total trade).

1) Exports

	1976	1977	1978
France	17.0	18.0	16.8
W. Germany	7.0	16.0	16.2
Italy	21.0	14.0	16.2
Greece	15.0	13.8	16.2
USA	14.0	11.0	8.7

2) Imports

	1976	1977	1978
France	32	31	34.2
W. Germany	10.0	13.0	12.3
Italy	9.0	10.0	10.0
USA	9.0	6.0	4.4
UK	2.0	3.0	2.1



Source = Quarterly economic review of Libya. 1980).

France has always been the main partner of Tunisia. Nonetheless the deficit keeps on increasing. In 1975, the deficit was so big that balance of payments went into deficit for the first time. France has not even tried to support their case in the EEC, concerning restrictions on textiles, olive oil and citrus⁹³, even though they had voted against the project of boycotting France at the Colombo summit.

With West Germany, Tunisia has stable commercial relations. Bourguiba's tactic was to welcome the Germans to frighten the French interests. As it is well known, Bourguiba is a Francophile.

West Germany is an important source of aid to Tunisia. The Germans invest in irrigation works, exploitation of phosphate fields, light

industries (textiles), but especially tourist infrastructure⁹⁴.

As far as Italy is concerned, Tunisia developed her commercial relations. In the early 1970s, Italy was the biggest purchaser, but she dropped from this position, because of the restrictions put on Tunisian products⁹⁵. Moreover, their relations are troubled by the problem of Sicilian fishing and the violations of Tunisian water rights.

4) Algeria/the USA.

After the Algerian-French crisis, the USA became a real alternative market to Algerian gas and oil. Algeria preferred the US markets because they were ready to make purchases in huge quantities and therefore could provide Algeria with large loans needed for the completion of her ambitious infrastructure⁹⁶. For this purpose the USA are better placed than Europe. The EC members could not make up their minds unanimously about the purchase of Algerian gas. Some of them opted for the Russian and Iranian gas, whereas the US gas fields have begun to run short⁹⁷, Algeria has approximately 325 years of gas reserves. This compares to thirty years in Western Europe and seventy years in the USSR⁹⁸.

The USA became Algeria's main client by buying more than half of total gas exports. France was relegated to third position. According to the contracts which have been concluded, the USA will provide the main source of revenue. For their part the Algerians will become the main supplier of the USA with 40 billion m³/a year⁹⁹. The deals were made through corporations from both countries despite the fact that diplomatic relations had not been reestablished since the 1967 break¹⁰⁰. Moreover there were other obstacles, such as the pro-Israeli position of the USA, and the Vietnamese War. The USA reproached Algeria for her support of the Black Panthers, the leader of which, Eldridge Cleaver, was living in Algeria as an exile.

The following table shows in detail how far in respect of hydrocarbons Algeria had moved from the colonial relationship with France alone. This

diversification of outlets is skewed in the direction of the USA, the dominant market force in the field of hydrocarbons rather than to Europe despite its geographical proximity.

Table 3.23

Algerian Gas Supply Contracts with Foreign Companies, 1979.

Customer	Destination	Annual Vol. (bn cu.m)	Contract duration	Start date	Liquifaction plant
British Gas	UK	1.0	25	1964	Camel
Gaz de France	France	0.5	25	1965	Camel
Gaz de France	France	3.5	25	1972	Skikda I
Distrigas (USA)	USA	1.9	20	1972-78	Skikda I
El-Paso (USA)	USA	10.9	25	1978	Arzew I
Enagas	Spain	4.8	23	1976	Skikda I
Gaz de France	France	5.4	20	1981	Arzew II
Distrigaz	Belgium	5.3	20	1982	Arzew II
Panhandle Trunkline	USA	4.8	20	1982	Skikda II
Ruhrigas salzgitter Ferngas, Nederlands Gasunie	W.Germany & Netherlands	11.25	20	1984	Arzew I&II
Thyssengas, Brigitta Elwerath	W.Germany	4.0	20	1984	Arzew III
ENI	Italy	9.0	20	1981	TransMed
Swedgas	Sweden	1.7	20	1985	Arzew III
Austrian Ferngas	Austria	2.0		1984-85	TransMed
Deutsche BP	W.Germany	4.5	20	1985	Arzew III
Enagas/ G.de France	Spain/France	10-15	25	1980-81	TransMed
El-Paso	USA	10.9	20	1981	
Tenneco	Canada/USA	10.6	20	1981	

Source = EIU Quarterly Economic Report. Algeria, Annual Supplement, 1980.

The main trusts Algeria dealt with was ¹⁰¹, El-Paso with which the most important contract was signed in 1975: 58 billion m³ a year over a period of twenty years.

The second client is Escogas with 8.8 billion m³ a year, for a period of twenty-two years. Since the purchases in gas became so important the USA committed themselves to the financing through their trusts of petrochemicals of the extension of gas fields in Algeria. This can seem normal, because the USA buy 51.8% of Algeria's gas total exports. However, they also finance some of the purchases of agricultural machinery needed for success of the Agrarian Revolution¹⁰².

Table 3.24

United States Crude Oil Imports by Country of
Origin 1975-79 ('000 barrels/day).

	1975	1976	1977	1978	1979
Algeria	264	409	538	617	603
Egypt	5	17	36	20	55
Libya	223	445	696	628	638
Tunisia	2	15	28	12	18
Syria			42	7	8

Source = EIU Quarterly Review of Oil in North America Annual Supplement, 1980.

The US trusts felt more at ease after Rockefeller, director of Chase Manhattan Bank, was received by President Boumedienne in September 1974. This favouring of American trusts was justified in Algeria by her policy of diversification. The Algerian infrastructure was financed mainly by the US and IBRD consortia.

In return the American firms won most of the Algerian market¹⁰³. Some of the US politicians objected that their country had gone too far. They thought that Algeria might use gas as a political weapon¹⁰⁴. Their fears were aroused probably because of the dichotomy made by the Algerian policymakers between their economic and political relations. Nevertheless, this argument seems to be weak, because Algeria has come to rely too much on hydrocarbon incomes, vital for her development. For the moment, it is

Algeria which seems to be dependent on the US grains deliveries. In 1978, Algeria imported from North America 68% of her total needs¹⁰⁵.

Table 3.25

United States Natural Gas Imports from Algeria,
1975-79 (bn cu. ft).

	Imports from Algeria	Total imports	US natural gas, consumption.
1975	5	953	20410
1976	10	964	20801
1977	11	1011	19521
1978	84	965	19627
1979	252	1253	20163

Source = EIU Quarterly Review of oil in North America, Annual Supplement, 1980.

Anyway, this honeymoon of the US-Algerian relations did not last. With the arrival of President Chadli, gas shipments to the US have almost ceased. President Chadli's policy of price renegotiations have led to no solution. Algeria wanted to treble prices and asked for revision of previous contracts. In the meantime, a shift occurred in the Algerian diversification policy. Negotiations with "Gaz de France"¹⁰⁶ were opened, and it seemed that Algerian demands were met. The new leadership preferred to concentrate on Europe, as far as commercialization of hydrocarbons is concerned. Even if the main partner of Algeria, with regards to oil, remains the USA with 47.5% in 1976, of total exports, France was now again an acceptable partner.

This new "boom" in the Franco-Algerian relations owes much to an interesting coincidence of views after the arrival of the Socialist government in France. The new French Government was more prepared to accept equality in the relationship and therefore became itself useful in the

diversification process.

Table 3.26

1972 = Loans Received by the three Maghreb States from IBRD.

Countries	Amount
Algeria	41.5 million dollars
	90.0 million dollars
	80.0 million dollars
Morocco	35.0 million dollars
	45.0 million dollars
	41.0 million dollars
Tunisia	50.0 million dollars
	1.5 million dollars
	14.5 million dollars
	42.0 million dollars
	21.0 million dollars

Source = Annuaire de l'Afrique du Nord 1977 in Cresm (Paris; CNRS, 1978)
p.470.

5) Tunisia-Morocco/USA.

The USA come in second position after the EC. This is the result of the pro-western stand of Tunisia¹⁰⁷. This dependency upon the West comes from the fact that the Tunisian elite in power serves its interests through this strategy. As Bourguiba put it "Tito receives more aid than I do. I will not give up my convictions but it will be more and more difficult to make me admit my belonging to the Western World if I cannot justify it by advantages. This is not blackmail, it is a fact"¹⁰⁸. Tunisia has benefited from both economic and military assistance since independence. Tunisia receives, yearly, 50 million dollars as public aid. The presence of the USA can be felt, too, through world institutions such as IBRD which is very active in agricultural and touristic projects. Military aid, too, should be mentioned since Tunisia received in 1976 125 million dollars.

The friendship between Tunisia and the USA was better illustrated in 1980, after a commando, coming from Libya, seized the Southern town of Gafsa. The US were quick to send warships to the Tunisian coast¹⁰⁹.

This reflects the strategic importance of the Maghreb to the USA.

As for exchange between Morocco and the USA. Morocco imports especially grains and military material¹¹⁰. Her exports to the States are insignificant (2%). It is for strategic reasons¹¹¹ that Morocco is one of the leading countries in Africa to benefit from US aid, as well as world institutions.

The friendship between the USA and these two Maghreb States is rather strong, especially with Morocco, which has given military facilities to the USA, following the Western Sahara Crisis. In return, military aid has poured in. Significantly, and in contrast to Algeria, loans for further development have not been prominent¹¹².

6) Algeria/USSR and East Europe.

By the 1970's, and contrary to what might be thought, the USSR did not have privileged cooperation with any Maghreb country. The policy of Russia is rather strange since at the height of the Algerian/ French crisis, the USSR signed oil contracts with France¹¹³. 6% of Algeria's external exchanges are made with the USSR which comes into fourth position behind the USA. In 1971, Algeria benefited from a loan of 900 M. F.F. (fifteen years at 2.5%) to finance the iron and steel complex of El-Hadjar¹¹⁴.

By 1972 there were 3000 Russian advisors engaged in training personnel at the institute of hydrocarbons and textiles of Boumerdés, the institute of mines and metallurgy in Annaba, the polytechnic institute of industry, hydrotechnic institute. Algeria exports to the USSR wines, oil, metallurgic products, fruits, cork.. The imports consist of wheat, anthracite, equipment cars. Anyhow, the USSR has been classified as the sixth lender and the third client of Algeria¹¹⁵.

As for the Popular Democracies, Rumania is the leading trade partners with 50 million dollars. "Barter" is the pattern of exchanges used by the socialist countries.

In 1972, Algeria benefited from a loan of 100 million dollars, Rumania

is quite active at the level of oil cooperation (120 experts) geology (80) and specialists in hydraulics (60)¹¹⁶.

The exchange with GDR reached 40 million dollars. Hungary 13 million dollars, Yugoslavia 18 million dollars. This latter country seems no longer to be interested in the Mediterranean and Non-Alignment. The case of East Germany should be stressed since it is the country which is capable of competing with the West in the matter of quality¹¹⁷. Moreover, this country has very close relations with Algeria. Besides sophisticated material which is imported from GDR., there is, too, cooperation over manpower, i.e., Algerian workers are brought to East Germany for a period of four years. During their stay they receive an educational training, and they come back to their countries as specialists¹¹⁸. East Germany wants to show the West how to treat immigrant workers instead of sweating them before they are ousted. Unfortunately this experiment of East Germany is of very limited scope¹¹⁹.

Poland exports to Algeria cars and engines. But the most spectacular event which occurred in the year 1973 was the rental of the sea-basis of Mers El Kebir to Gdansk for a period of twenty-five years. In return, the Poles will build a shipyard which will enable Algeria to build itself the fleet which is essential to her abilities to control all aspects of her diversified trade¹²⁰.

As for the USSR, she carried on programmes to which she committed herself (the building of Bourmerdes institute and the iron and steel complex of El hadjar) but the relations are hardly lukewarm. In fact, Algeria did not appreciate the Soviet attitude towards pacific coexistence, eg., in 1973 Boumedienne had to force the Russians to be more active. He was convinced that the Soviets would not do much to disturb the USA in the Middle East conflict¹²¹. The Soviets were aware of their worsening position and hence the visit of Gretchco to Algiers in 1974. A trade agreement was signed. The press exalted the friendship between the two countries, but, in

fact the Algerians find the Soviets very slow about setting up joint-commissions to negotiate trade agreements and the opening of a direct sea route, for which Algeria has been asking for ten years. Trade is comparatively on a small scale. The imports represent only 3% and the exports 5%¹²².

In 1976, an agreement was signed with the USSR about the exploitation of Gara Gebilet, one of the most important iron reserves in the world. It also has diplomatic significance as, in the Moroccan view, it is a key problem of the conflict in North/West Africa. In addition to this, the Soviets started to build a factory of aluminium, an unusually advanced item in the list of Soviet projects.

From what has been seen it can be concluded that relations between Algeria and socialist countries leave much to be desired, which is particularly ironic as Algeria claims also to be a socialist country.

7) Morocco/the USSR and Eastern Europe.

The visits of Mr Kossyguine and Mr Padgorny to Morocco in 1971, gave a "boost" to economic relations between Morocco and the USSR.

The Russians became active in the financing and building of dams, thermal and hydro-electric stations as well as the developing of the mineral industry¹²³. Morocco imports from Russia one third of her needs in oil (which Russia imports from Algeria) and exports phosphates. In fact, Morocco became more interesting to Russia than Algeria. The secret of this was the sudden interest of the Russians in Moroccan phosphates. The height of these paradoxical exchanges occurred in 1978, after the conclusion of an agreement on phosphates and fish. It was described as being the "contract of the century"¹²⁴ by the Moroccan press. The Russian factory-ships will be allowed to fish in the Moroccan waters for a period of five years. In return, the USSR should reorganize and finance the Moroccan fish industry.

This agreement made the Algerians angry because there was a tacit recognition by the Russians of the Western Sahara as a Moroccan province.

It was mentioned in the agreement that Moroccan territorial waters extend as far as the limits with Mauritania. Moreover, phosphates originating from Bou Craa field in Western Sahara were sold to Russia¹²⁵.

Interest prevailed over ideology in this instance of the USSR's external economic relations¹²⁶. The agreement about phosphates was signed for a period of thirty years. The agreement envisaged the exploitation of a very important field in Meskala, situated between Marrakech and Essaouira. The necessary material will be bought from the USSR or any Eastern European country. The costs are covered by Russia. This project requires two billion dollars of investments. Phosphates will be bartered for oil and producer goods from the USSR. The Moroccan press interpreted this new relationship with the Soviet Union in contrasting ways. Some, like the right-wing "Al-Alam" exalted "this contract of the century" and advised that politico/military relations should be further reinforced. On the contrary, "l'Opinion" argues that the deal was pure looting by the Great-Russians of Moroccan resources. It is more profitable not to touch the phosphates when there are no good prices. Taking into account that Morocco has two thirds of the world's reserves¹²⁷. As for the reasons of the Soviets, some argue that the Russians need a surplus of phosphates (the USSR is the second producer in the world) because there is a growing demand for fertilizers, not only in Russia but in the Popular Democracies as well. So it is the best time to ensure the future as long as the prices are low. Others argue that the Russians are interested in Moroccan phosphates because they contain uranium by its transformation through phosphoric acid. However, the looting of the Third World resources is no longer a monopoly of "Western imperialism" alone.

Apart from phosphates the rest of commercial relations with the USSR represent only 3 or 4% of Moroccan exports. They consist mainly of wine for which, however, Russia is the main client (39.6%) citruses (28.8%), cork, and fish. To the Popular Democracies, Morocco exports citrus fruits. She

became the principal supplier of citrus to the Popular Democracies who took 50% of total Moroccan exports in 1975. However this market cannot be regarded as secure, since they prefer to buy when the price is low, or for temporary political reasons. The same thing can be said about wine; the Russians alone buy 39.9%.

There is, too, a cooperation between Morocco and Eastern Europe at the level of mineral exploitation and tied aid. Among the active countries, Germany and Rumania should be mentioned. This close rapprochement between Morocco and the USSR can seem a paradox, because the pro-western policy of the "Cherif" is well known¹²⁸. The Alaouite monarchy is based on social and economic structures dating from pre-colonial times. Any deep change in these structures could endanger the very existence of the throne. Moreover, the interdependence which exists between Western capitals and the modern sector of Moroccan economy makes it presently impossible for Morocco seriously to diversify her political and economic relations with the external world¹²⁹.

8) Tunisia/USSR-Eastern Europe.

Tunisia does not hide her anti-soviet feelings, even though she has been maintaining diplomatic relations with the USSR for a long time. However trade is comparatively small as this table shows.

Table 3.27

1978 (in thousands of Tunisian dinar)

	Imports	Exports
Europe	714,165	345,318
DDR	19,410	1,433
W. Germany	106,237	76,827
Austria	9,392	361
Benelux	27,787	15,372
Bulgaria	2,278	682
France	298,541	78,644
Hungary	3,328	938
Italy	89,892	74,287
Poland	6,188	3,285
Rumania	474	2,306
G. Britain	18,720	3,438
Tchec.	3,625	1,713
URSS	6,473	1,661
Yugoslavia	8,384	4,703

Source = "La Politique Etrangère de la Tunisie" in Maghreb/ Machrek No 91, 1981.

Cultural and technical cooperation has been developed with the USSR and Yugoslavia about the construction of the Jounine dam. Cooperation with GDR is desired in the field of energy substitution. With the rest of Popular Democracies, cooperation in transports, textiles and phosphates is being developed¹³⁰. For example, the railway project between Sfax and Tripoli (Libya) has been realized by Hungary¹³¹. Tunisia barter phosphate against sulphur from Poland. After the visit of Kosygin to Tunis in 1975 and the signing of Tunisia/Soviet accords of friendship, Tunisia received a loan of 76 million dollars for hydraulic power projects¹³².

Conclusion

It can be concluded that the Maghreb countries continue to be specialized in the export of a very limited range of primary products such as oil, gas, phosphates, fruits and vegetables, whereas imports consist of investment and capital goods. This trade pattern repeats the historical division of labour and consequently the dependency of the Maghreb.

The attempts at geographical diversification of external markets begun

in the 1970's, accentuated the external dependency of the Maghreb's economies, which became apparent in the structural evolution of external trade.

For instance, following the crisis over the marketing of agricultural products in the European Community, the Maghreb countries resorted to further concentration on the export of raw materials. The success of these policies of diversification of external outlets was dependent upon the extent of restructuring of the Maghreb's economies. In Morocco and Tunisia where neo-colonial economic structures still predominated, geographical diversification consisted in looking for alternative outlets to the Community's markets. The point is that the export incomes were re-invested in the agro-export sector and light industries. Thus they accentuated the neo-colonial economic structures marked by the orientation abroad and the specialization of economic productions in Morocco and Tunisia.

As for Algeria which has been able to re-structure her economy, she dispensed with the agro-export sector. Consequently, geographical diversification was limited to gas and oil exports and consisted in looking for other partners than France who would be ready to buy and to grant large loans. Hydrocarbons were used to the full. The revenues served to hasten the process of industrialization intended to bring integrity and self-sufficiency to the Algerian economy. Meanwhile dependency of the industrial projects on oil and gas exports increased to around 90%.

Thus, although the Maghreb countries have followed different policies of geographical diversification they eventually ended up with, more or less, the same partners. However, the repercussions of these diversification policies on their economies are far from being similar¹³³.

In the next chapter we will consider the cultural and technical aid programmes accorded to the now independent Maghreb countries in order to show that the patterns replicate those of trade dependency.

Notes

1. G. Valley, "La CEE et les Pays du Maghreb", in Revue de l'Occident Musulman et de la Méditerranée, op. cit., p.203.
2. A. Tiano, Le Maghreb entre les Mythes (Paris, Puf, 1967) p.474.

* The Act of Algeiras was signed on the 7th of April 1906 by thirteen countries (Germany, Austria, Hungary, Belgium, Spain, the USA, France, Great Britain, Italy and Morocco), "Taking into account the interest concerning order, peace and prosperity which should prevail over Morocco, this however cannot be reached unless occurs an introduction of reforms based on sovereignty, independence of his Majesty the Sultan, the integrity of his State and the economic freedom without any inequality."

The principle of equality was reaffirmed in the Franco-German Convention of 4th November 1911. Great Britain renounced to her privileges in July 1937.

After independence, it has become difficult to accept the clauses of this Act, because the political motivations which led to its conclusion have disappeared.

3. G. Vallay, op. cit., p.204

* This zone was built up after the Second World War to defend initially the balance of payments of France. This French Franc zone consists of an amalgam of a number of colonies, each treated differently according to their relationship with the Metropolis. Three different relationships existed 1) countries as part of France 2) countries with close ties and 3) countries with loose links. The Maghreb countries are concerned by the third classification. After independence, they belonged to the Franc zone only in the sense that they are linked to

France by financial and economic agreements which can be supplemented by other agreements at any time between France and each of the Maghreb countries.

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7. M. Pellerin, la CEE et les Etats du Maghreb, op. cit., p.65.
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19. G. Vallay, op. cit., p,218.
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23. The Economist, op. cit., p.38.
24. The Economist, September 29, 1973, p.66.
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26. Le Monde, Octorber 12, 1969.
27. Le Monde, January 1, 1970.
28. Declaration made by Mr Duhamel, the then minister of agriculture, in

- Journal officiel de la République Française, November 19, 1970.
29. quoted in G. Vallay, op. cit., p.220.
 30. Keith Sutton, "Political Association and Maghreb Economic development", in Journal of Modern African Studies Vol. 10, No 2, July 1972, p.198.
 31. A. Dupouy, op. cit., p.11.
 32. A. Mammeri, op. cit., p.633.
 33. Marchés Tropicaux et Méditerranéens No 1231, p.1762.
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 36. le Monde, May 19, 1968.
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 45. Ibid, Maghreb No 8, op. cit., p.49
 46. The Economist, March 25, 1967. p1113.
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 53. "The USSR and Africa", Africa Contemporary Record, 1968/1969, p.38.

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Chapter IV = Culture and development aid: the continued importance
of France.

I - Introduction

II - Sectors covered by co-operation

III - Secondment of personnel

IV - Co-operation of development

V - Conclusion

Introduction

Co-operation between sovereign states is likely to be fair to both sides under conditions of equality. However co-operation agreements between unequal states are more likely to raise questions of relative status and advantage, especially when at issue an agreement between the former coloniser and newly independent states. In this chapter we will look particularly at agreements in a field where hitherto French influence had been dominant - that of culture in general and more specifically development.

Relations between the Maghreb and the EEC turned out to be important insofar as France, alone, could not provide the Maghreb with everything. However, if all the different forms of aid are taken into account, the French contribution is so great as not seriously to be compared with the other member-states. French cooperation in the cultural and technical fields is irreplaceable because of reasons of language. Only the Walloons of Belgium could offer an alternative. The framework had been already worked out in the colonial period.

Nevertheless, cooperation did not occur without difficulties for France. Algeria was obsessed about the recovery of her full independence. Cooperation with France could be confused with colonialism. Algeria therefore was prepared to pay a price to assert her say in determining the conditions of co-operation agreements. In particular the Algerians were concerned to assert that France was now only one country among other potential partners. By contrast Morocco and Tunisia were prepared to accept all offers of French assistance without qualms.

II - Sectors covered by Cooperation

In the post-independence phase French assistance was omnipresent, especially in Morocco/Tunisia. A few years were needed for these two countries to replace France in all the fields, for example representation abroad, related to state sovereignty. Algeria went faster and did not pass through this phase of transition. At the end of this phase, many experts remained on the spot as experts in Morocco/Tunisia. Aid and cooperation were limited mainly to provisions of equipment and education.

'Equipment'

Foreign aid plays an important role in financial investment in the Maghreb, although the amount of this aid is not the same for each of the three countries.

If we take the 1971 year as example 50% of the investment requirements of Morocco came from foreign aid. She obtained 840 Dirhams as public aid. If the USA is put aside (33.7%) France came in second position with 18% followed by West-Germany (16.6%) international institutions (14.7%), the USSR (4.7%), and Italy (1.7%). Private investments were 135 million Dirhams. 22.8% came from France, 19.4% from the USA and 13% from Germany and Italy. Tunisia needed 36% of her investments to be provided by foreign aid; Algeria needed only 20%¹.

Each provider offers his conditions. The credits on the whole are used in the finance of industrial units, the purchase of heavy equipment or the import of consumer goods. This aid can take the form of loans or grants. According to the United Nations, to count as aid 70% of public aid to development should be in the form of grants. In 1971, France satisfied this recommendation with a 77% grant element². French expenditure on equipment underwent a strong reduction. Morocco/Tunisia had been accustomed to this situation since 1963. As for Algeria, her privileged position disappeared

as the projects of equipment which had been started before independence were accomplished, i.e., mainly the Plan of Consantine. This form of aid is called project-aid which is largely in use in North Africa. This form of aid is destined to finance specific projects. For example, France, in order to encourage the Maghrebins to import from France, created in 1967 an aid for balance of payments to facilitate, according to the Law of 21st December 1967, "Realizations of the plan of development for the purchase of small equipment, products, semi-finished products and raw materials of French origin."

So, it is well known that this form of aid favours the supplier at least as much as the beneficiary. The Pearson Report criticized this form of aid³ in that the growth of export credits masked in a provisional way the insufficiency of public aid; this situation leads to a deadlock.

On the other hand, direct private investments have been in stagnation. They are provided by corporations. Their contribution constitutes the know-how, commercial relations and dynamism. This is of prime importance but this supposes that the Maghrebins should attract private enterprises⁴. Morocco-Tunisia went in this direction. Algerian Socialism has been hesitant, but it is going that way too, especially under the presidency of CH. Benjedid. Anyway, the private businessman is not willing to invest because he knows that nationalisation will be taking place progressively. European countries envisaged the system of guarantees of private investments against political risks. It was without success until the late 1970s.

Education

The development of a country requires first education of men. In this field the role of Europe is essential. In this case the language of education plays an important role. In North Africa the regimes aspire to have Arabic as the national language. However, the Middle-Eastern

countries are not in a position to provide them with the necessary education. The Maghrebins therefore had no choice but to resort to France and the French language which became in North Africa the language of modernity⁵. Paris responded positively: the number of French teachers and experts was considerable, table (4.1). No other country in the world provided a comparable proportion of teachers and experts. 80 - 90% were French, despite the rhetoric of decolonization.

French aid in the field of education was impressive. Its importance gave rise to problems. In the eyes of the people and the opposition, this massive resort to French cooperation in the field of education on one hand, and the relegation of Arabic to second position on the other, was a betrayal. How can a country claim its sovereignty when 80% of the educational field is dominated by foreigners of one nation⁶? The financing of cooperation is a delicate question between the two partners. France no longer has a monopoly.

All that can be said is that there are some links with Egypt, Syria, Lebanon, Belgium, Canada and a parallel encouragement of other languages such as English, Spanish, German and Italian. For the time being, French seems to be threatened much more by English than Arabic⁷. This is true especially in the case of Algeria.

III Secondment of personnel

Maghreb relations with the French have special characteristics, in comparison with the rest of the EEC members. Besides geography and rivalries in the past, there was the weight of colonization which led to the settlement of a European population in North Africa⁸.

Just before independence there were 360,000 Europeans, of which 300,000 were French in Morocco. In Tunisia of 225,000, 180,000 were French. In

Algeria, there were between 980,000 and 1,050,000 Frenchmen, pieds noirs.

A large French presence with its administration, its language, its economy, its morals and its culture had certainly left a special mark on the Maghreb society. After independence despite a massive departure of Europeans. Relations with the metropolis remained privileged. Their number was reduced to 150,000 in Algeria, 155,000 in Morocco and 50,000 in Tunisia. Most of these people were under the status of cooperants; the new type of relations that were taking place with the Maghrebins was a continuation of decolonization.

Franco/Maghrebin conventions can be divided into two phases. The first extends from 1956 to 1969. In this first period, cooperation consisted mainly of secondments. The second phase starts from 1969 when the Maghrebins had consolidated their independence and sovereignty and tried to insist upon greater equality in formulating education and development policies.

1. French secondment policies 1956-69

Secondment of French personnel was one of the institutions to fill the vacuum created by the departure of the French colonists in order that a sharp rupture should not happen between the metropolis and the New States. However, by remaining on the same path as before, cooperation had then a trace of colonization.

After independence, cooperation was needed in order to complete that independence; it was a necessity. Nevertheless, this cooperation could threaten their independence. On the other hand, to refuse cooperation means to be condemned to stagnation.

This cooperation was more or less difficult according to how the North African countries reached their independence. In Morocco/Tunisia, previously protectorates, where a system of internal autonomy followed

independence, cooperation was amicably discussed. In Algeria, the war did not facilitate cooperation. Significantly however there was no total rupture.

When there is an inequality of partners, cooperation is asymmetrical⁹. This inequality of exchanges between France/Maghreb is most manifest in the cultural and technical fields¹⁰,

The exchange was unequal in that the French paid the salaries of their seconded personnel. This was scarcely disguised by including in, for example the technical and administrative convention between Morocco/France of February 6th, 1957, phrases such as "mutual support" (Art. 1) and "close cooperation" (Art. 2). These expressions show the uneasiness of both partners. In the cultural field also mutuality was plainly verbal rather than real, "Both parties recognize freedom of thought and art, freedom to open schools, award certificates. Each of the states commits itself to ensure in its establishments the education of children of citizens belonging to the other state, to encourage on its territory the study of the language, history and civilization of the other. The citizens of each state can open, on the territory of the other, establishments of private education".

There were pretences to conciliate two cultural systems through free competition. However, because of material and cultural inequality, that could not work. Exchange was in reality the missing factor. This cooperation is juridically equal but economically unequal. After independence, aid consisted in meeting the immediate needs, which were the functioning of Maghreb countries' services, budget and personnel. Moreover the services concerned were at the heart of the independent and sovereign functioning of the new states: diplomacy and defence: administration and justice.

a) Administration and Justice

Colonization had set the pattern of cooperation in the administrative field. In Morocco/Tunisia the Protectorate was already a form to equip those countries with a modern administration and economy. [Art. 1 of Treaty of Marsa, and Art. 3 of Treaty of Fez]. As for Algeria, her juridical status of a French "département" made her economy and administration more integrated with France. So, the frame of France/Maghreb cooperation was already worked out during colonization. After independence, the Maghreb states recognised that the functioning of their judiciary and administrative organs depended, to some extent on the Europeans. French aid then consisted in assuming the transition, in order to avoid an administrative vacuum. A large number of technical assistants were already working under the colonial administration. However, with Frenchmen in the administration and working for the Maghrebins, cooperation and colonization can get confused¹¹. This is why secondment was severely criticized as a neo-colonial grip, in which as these functionaries of the colonial administration became technical assistants so they perpetuated the "status quo" of the colonial period.

b) Diplomacy and Defence

In the Franco/Tunisian convention of the 15th June 1956, and Franco/Moroccan convention of the 2nd March 1956, concerted action was envisaged in the field of diplomacy and foreign policy. France committed herself to protecting Moroccan or Tunisian citizens if she were asked to do so. However, foreign policy is a continuity of sovereignty, so Morocco/Tunisia preferred not to invoke this protection.

As for defence, it was envisaged that France would give military assistance to the constitution of both Moroccan and Tunisian armed forces. As for Algeria, there were no or military agreements with France, since the GPRA¹² denounced vigorously NATO, whose forces were used by the French

against Algeria during the war. There has been a renewed interest in cooperation at the military level between France on one hand and Morocco and Tunisia on the other. This became conspicuous after the Western Sahara conflict and the Gafsa crisis. Also there was no question of France representing Algeria diplomatically.

c) Aid for the Budget

The independence led the Maghrebins to spend more and they were in financial difficulties; France had to participate in the payment of salaries. By the Franco/Algerian Declaration on the 19th January 1963 "The government of the French Republic commits itself in ensuring the payment of salaries from 1st January 1963 of French citizens serving under the system of technical cooperation in the administrations (table 4.3) and Algerian services of public education."

If for reasons of necessity independence did not break administrative and juridical ties, it nevertheless did imply the ineluctable disappearance of French control of the central services of the state. However, in the cultural and technical field, aid remained important due to the fact of permanent needs of development (tables 4.1 and 4.2).

2. Restoration of political/economic sovereignty

In Cooperation and Dependency, M. Flory suggests that co-operation implies dependency. It follows that the decolonization of cooperation equals for the Maghreb states, the end of secondment at least secondment in the political and economic fields.

a) Political Sovereignty

This means the revision of agreements on diplomacy and defence, administration and justice. Most of these agreements were short-lived, especially those of political character. The Franco/Moroccan diplomatic

convention was denounced after the Reggane explosion. The Franco/Tunisian Convention became void after the crisis of Bizerte and Algeria.

As for the agreements of administrative character, the Franco/Moroccan juridical convention was signed on the 5th October 1955 and modified on the 20th May 1956. The technical and administrative convention was "substituted" (Art. 46 - 13th January 1973). As for Algeria and Tunisia, their agreements were not abrogated, but they lost their signification once administration and justice were repossessed.

The Maghrebins got rid of these agreements as soon as they could.

b) Economic Sovereignty

The recovery of the economic sovereignty did not have the same intensity in the three Maghreb states. Economic independence is demonstrated by the conclusion of new agreements between the partners. The latter ones condemn the former ones. It was with Algeria that retrieval of economic sovereignty caused a stir. It consisted in recovering sovereignty in the field of hydrocarbons through the ending of oil cooperation envisaged in the Evian Agreements.

Revision of the Statute of Oil Cooperation

Algeria has always made it clear that economic independence is essential for political independence; this is true especially for the type of economies which have been linked to the metropolis through the colonial model. The Algerian economy was one of them. Up to 1965, oil cooperation, according to Evian Agreements, had as basis the declaration of principles on cooperation for the exploitation of the subsoil wealth of the Sahara.

Two major ideas sprang up from the Evian Agreements¹³.

- The guarantees to the French corporations with respect to prospecting for hydrocarbons plus joint exploitation of the subsoil wealth of the Sahara. However, the 1965 Agreements emptied the "Accords d'Evian" of its

substance since important changes on the level of oil cooperation occurred:

- Suppression of the technical organisation for the exploitation of the Saharian sub-soil wealth.

- The abrogations of guarantees.

As for the first change, and according to the Evian Agreements, it is true that both countries are co-founders of the technical organisation for the exploitation of the Saharian subsoil wealth. This is understood on the functioning level by the joint administration of the organisation. It used to be run by a committee represented by an equal number on both sides. Each of them (even the president) has one voice. There is one president and one director general, of whom should be French and the other Algerian [Title III, 14].

The Art. 48 of the 1965 Agreement suppressed that organisation and was replaced by the OCI¹⁴. The president of this administrative committee is Algerian. This shows the will of Algeria to control the running of her hydrocarbons. In fact Algeria had to do it sooner or later, because when the Evian Agreements were signed Algeria was somewhat cornered. There was not much choice¹⁵.

The second change consisted in removing the guarantees for the mineral titles. In the initial status, priority was given to the French corporations as regards oil exploitation and prospecting. However, Art. 38 of the 1965 Agreements abrogates it in order to loosen the French grip and to put an end to the system of co-foundation and co-administration. Nonetheless, in 1965, Algeria still needed French assistance in the field of administration.

An important dialogue started from that point between a developed and a developing country. It led to the creation of a cooperative association (ascoop)¹⁶ whose task was to stimulate cooperation plus the contribution of France in professional education and industrial development¹⁷.

The objectives defined by the new agreements were on the one hand the

redistribution between the two states of their roles in oil prospecting and exploitation and on the other hand a more satisfactory distribution between the two economies as regards the effects generated by oil activity. This is a new conception in cooperation having as basis the solidarity of interests between developed consumer country and developing producer country.

The statute of oil cooperation consisted in guaranteeing the vested interests and to assure continuity of prospecting and exploitation of hydrocarbons in difficult moments. The 1965 agreements enhanced cooperation by aid for professional training (title IV) and contribution of France in Algerian development (title V) However, the preponderance of French administrators was for Algeria an inconvenience to her sovereignty.

The Integral Recuperation of Economic Sovereignty

The orders of the 24th February 1971 by nationalizing the shares, mineral rights and wealth of foreign oil corporations, led to the abolition of mineral concessions defined in the 1965 agreements, which fell to pieces.

The nationalization of wealth belonging to foreigners is recognized by international law. According to the Algerian government this stems from rights of sovereignty.

3. Limits of decolonization of co-operation

Cultural and technical cooperation did not undergo such a fate because it still answered the needs of the Maghreb. In parallel to economic and political sovereignty, a common will of the partners to continue cultural and technical assistance is noted. In this field, agreements were not fundamentally revised. One can speak of a Franco/Maghrebin cooperation due to the similarity of the three Maghrebin conventions with France.

From 1956 to 1969, this cooperation was characterized by the cultural imperative and the secondment of Frenchmen. If the permanence of this

cultural cooperation has been secured, some rearrangements did occur.

Agreements were signed with Algeria between July 1962 and December 1963 and on the 8th April 1966. This shows the desire of Algeria to normalize her cultural and technical relations. Ch. II to IV is about the dispositions of educational staff, judges, doctors, biologists, pharmacists and dentists. Title III repeals a large number of protocols concluded by the provisional executive. The 1966 convention continues technical assistance to the courts and dispositions concerning the share of salaries¹⁸. There is a close similarity with the conventions of Morocco/Tunisia. This reshaping of conventions expresses the permanence of the cultural fact despite the crises that crossed the Franco/Maghreb relations. This is true especially for Morocco whose cultural cooperation was under the rubric of the 1957 convention until 1969¹⁹. For Tunisia too, the basis was the 1959 protocol plus letters of renewal. This protocol was completely reshaped in 1969²⁰. Two other protocols replaced it, one for cultural cooperation and the other for technical. So, cooperation at this level did not suffer from political vicissitudes. They have a common characteristic, the reinforcement of cooperation, to meet urgent needs.

4. The effects of secondment

The Maghrebins would have certainly liked to see their culture decolonized. However they did not have the human and material potential to do so. They have tried to lighten its weight when they could by reducing the salaries of the cooperants, as well by replacing them in the sectors related to sovereignty (diplomacy, defence, justice ...). Gradually cooperation in the form of seconded personnel was reduced to almost nothing with the exceptions of the cultural field and, to a lesser extent, the technical field²¹. This form of cooperation has certainly helped in coping with the most pressing problems of post-independence. It has been to the detriment of traditional culture. As a result the Maghrebin youth today is

living in a period of cultural degeneration.

Secondment was not received as the Jeanneney Report would have hoped. Circumstances required improvisation. There was from the Maghrebin side speeches and texts about cooperation. Although their views on cooperation used to differ from the French this cooperation, culturally and technically speaking, worked well and even crises did not stop it. This cooperation was expensive for France but she had a big influence in the area through her presence, and through the continued use of the French language and French practises. For North Africa, despite the setbacks of this cooperation it provided a guarantee; they could get involved in ambitious projects because they knew that they could be sure of French aid.

Later, in the 1970's, the Maghrebins realized that they were not completely free and this cooperation was, to some extent, responsible since it slowed down the training of qualified staff. The intensity of criticism led to the second generation of agreements.

IV Cooperation of development

1. Evolution in the mechanisms of cooperation

The first aspect was the equilibrium of cooperation, i.e., to limit French initiative by involving other partners²². Positive results were obtained on the financial level but the policy of diversification was less successful in securing educated staff. French cooperants were already occupying the place of nationals and their massive presence limited freedom of action.

The post-independence conventions have not envisaged anything on how cooperation should be administered. Coordination existed at the diplomatic level only. This lack of coordination was disturbing during crises. In addition, it was impossible to define a policy of cooperation. In order to bridge this vacuum the constitutions of the 1970s envisaged the

constitution of a "grand commission". The work done at the political level could be completed, when necessary, through the meetings of this "grand commission". But defining general lines of policy is not enough; men have to be recruited and paid. The Maghrebins claimed that lower quality cadres were being seconded to the Maghreb while for their part, the cadres complained of delays in salary payments. As a partial remedy, France chose to vary the amount of contributions to the salaries of cooperants according to the interests in question. The beneficiary country can then get rid of the services of the most expensive.

2. The renewal of agreements

Two trends are in evidence. Secondment of personnel diminished while on the other hand, material aid for development increased²³.

The disappearance of cooperation of secondment started through the reduction of the number of cooperants consequent on imposed reductions in their salaries. At the beginning of this cooperation a larger number of cooperants was needed; this was encouraged by material advantages. However, as the Maghrebins take over from the French cooperants, this led to a diminution of material advantages and remunerations of cooperants. The Franco/Algerian additional clause of 2nd August 1970 plus an exchange of three letters, bringing modifications to the payment of cooperants (Art. 15) and the share of each country in the financial charge (Art. 16), aimed at giving a new lease of life to cooperation in cultural and technical fields. This example was followed by Morocco since a protocol was annexed on the 13th January 1973 to the Franco/Moroccan convention on technical and cultural cooperation. An annexed protocol to the new convention defines the mode of payments and the shares of charges between both governments. At last Tunisia concluded with France a new cultural, scientific and technical convention before the expiry of the 1969 protocols. The financial protocol which accompanies it stipulated within a period of five years (1973-78) the

progressive replacement of French cooperants in secondary schools except for teachers of French, mathematics, physics and chemistry and not at the university level²⁴. So it seems that what happens to secondment in one country follows in the other two.

In the new cultural and technical conventions some expressions such as "new burst", "joint interventions", "development and organization of cooperation", "education of qualified staff" are observed. In addition to this, the new generation of agreements put the emphasis on the aid for education; this marks a new phase in the Maghreb/French cooperation. There are many ways to show this revival of cooperation.

3. Instruments of development

Since 1969, cooperation became organized. This was done at the political and technical levels.

Organization of cooperation for development

Before 1969, cooperation was practised according to the interests of each country; sometimes their interests used to clash. Since 1969 a "grand commission" was established. In the case of Algeria/Tunisia, there was a joint commission for cultural and technical cooperation; as for Morocco, there was a permanent inter-governmental commission. Their mission was to organize cooperation characterized by permanence and coordination. There were precedents before 1969, like the joint commission envisaged by the 1965 agreement on hydrocarbons, or the joint commission about labour which was envisaged in the 1968 agreements. However, as they were "ad hoc" commissions they disappeared when the dispute was over. Those commissions consisted of technicians and functionaries.

With the arrival of the new generation of agreements came the institution of the "grand commission". It was a political organ since the meetings happen at the intergovernmental level; they were presided over by

the foreign office minister once a year. The aim was the development of economic, financial, cultural, scientific, technical and commercial relations. So the "grand commission"'s task was to unify the efforts of all partners in order to overcome underdevelopment. Finally, the "grand commission" has a political and permanent character, associating all partners in one organization, the thing which made cooperation characterized by coordination and a permanent policy of development. This permanent policy is interpreted through the defining of orientations of cooperation.

In addition to the "grand commission" whose task was essentially political, there were other specialized commissions (in cultural, economic, financial affairs ...). Their composition consists of experts and technicians. They help the "grand commission".

4. The setting of cooperation for development

From 1969, France/Maghreb relations took a new turn. The previous period already paved the way, such as the charters of the 1960's on cooperation which posed the principle of training. So cooperation of secondment and development are not completely opposed but complement each other to some extent, in a way that secondment precedes and prepares for training. This is why the conventions of the 1960's emphasized secondment and hardly mentioned development. The new generation of agreements were characterized by their instruments which already existed in the previous agreements, and aid to training plus agreements of programmes.

From 1960, agreements on technical cooperation gave a stimulus to aid and training. Since then, many other agreements have enlarged it. Anyway the place that training had in the new agreements was a total reconversion of cooperation.

Concerning programme aid, the notion "enlarged programme", was used more and more despite the fact that it was not recognized by famous

charters on cooperation. However it has already been used in the 1960's in the Franco/Maghrebin conventions. That notion neared reality more and more from 1969. E. Van Bu says that the insertion of aid for the formation with an "enlarged programme of development" is interesting for three reasons.

¹In the new generations of agreements the different modalities of aid, even the financial, are included in the "enlarged programme of development".

²Aid to education is not anymore subject to a yearly revision of budget as they are granted on a long-term basis. ³The agreements are concluded according to the plan of development of the Maghreb states. The programme of aid was channelled to a specific sector of development, according to the needs of each country (agriculture, oil ..). With regards to Algeria, the first exchange of letters, which accompanied the annexion of the 22nd August 1970 clause to the cultural and technical convention of 1966, and the programme of aid at the personal level, corresponds to the four-year plan (1970-74), "hoping particularly to contribute to the effort of your country in the field of education, training of qualified staff and development in general, the French government is disposed to increase the efficacy of this cooperation within a frame of a multi-annual programme established in common agreement, taking into account Algerian priorities on one hand and French possibilities on the other"²⁵. In addition to this, the progression of cooperation for development is notably marked in an exchange of letters on the 6th October 1970 and the commitment of France to contribute to the creation and working of six institutes of technology²⁶.

The same spirit of cooperation is found in the Franco/Moroccan cultural and technical convention of 13th January 1972. The concern of the two governments was shown in order "to adopt progressively the cooperation through joint interventions, to the new needs of development".

In this declaration, the partners are associated in the realization of projects of training and to promote a cooperation in the field of research in scientific and medical matters, at last to favour the execution of

programmes realized together (Art. 14). The will to further cooperation of development is obvious, too, in the Franco/Tunisian convention of (3rd March 1973) culture, science and technology. Art (10). "Each of the two governments commits itself within a framework of concerted action and according to the measures of its responsibilities to set the means which contribute to the realization of plans of development of the other country in the field of training, education of culture and development, especially to support projects aiming at training and bettering of qualified teachers and administrative scientific and technical staff".

These new agreements are characterized by their similarities, their reduction to the cultural field and, to a lesser extent, the technical field. It looks as if there is a system of cooperation which has as its basis a cultural factor.

V Conclusion

French culture and language constitute the main fundamental elements of the Franco/Maghrebin relations. Historical reasons justify this affirmation. Despite the fact that the Maghrebins are endeavouring to come back to the Arab/Islamic sources, the weight of French culture is heavier than ever because of the increasing establishments of education after independence, in addition to the presence of French teachers who give French education to the young Maghrebins. It seems that this cultural presence is wanted of course by France and the Maghreb elites; as for the common people, there is reluctance about it. For France, the presence of her language and culture is an instrument of influence and action, otherwise France would be disinterested in the Maghreb. The North African elite think that it is difficult to get rid of French after years of impregnation. President Bourguiba, the best Maghrebin spokesman of Francophony, said "Why should we refuse to recognize that colonization brought us something, that it left a legacy which becomes integrated

today?.. Tunisia is a melting-pot in which many successive cultures combined, France, French presence, French influence were very important, too, in the formation of our national being"²⁷. In addition to historical reasons there are, too, practical reasons, since colonization led to a "Gallicisation" of administration, and of the education of the Maghreb. In these conditions, as long as classical Arabic has not been raised to the necessary technical level of the modern world, French language will then appear as essential, "It is the language of modernity, professionalism and a window on the world"²⁸. For this reason French was a fundamental element to cooperation of development. However, the Algerian President A. Ben Bella (1962-65) argued that "This culture, beyond doubt, has its value. However as with any culture, it does not produce beyond its appropriate milieu and if French culture can educate men transplanted within the colonial frame, in Algeria it leads more to an alienation of the Algerians rather than the blooming of their personality"²⁹.

Table 4.1

French cultural cooperants in the Maghreb countries

<u>Algeria</u>			
Years	Primary	Secondary	University
	School	School	
1969/70	1501	3618	343
1970/71	1005	3489	498
1974/75	-	2054	926
1976/77	-	1700	900
1977/78	-	1593	951
<u>Morocco</u>			
1969/70	28	6139	155
1970/71	19	6568	157
1974/75	-	6014	176
1976/77	-	5749	300
1977/78	-	5315	417
<u>Tunisia</u>			
1969/70	-	2894	227
1970/71	-	2994	269
1974/75	-	1031	324
1976/77	-	1300	450
1977/78	-	848	415

Source: Compiled from Annuaire de l'Afrique du Nord 1971 p.353, 1975 p.412, 1976 p.p.284-85, 1977 p.458.

Table 4.2

French technical cooperants in the Maghreb countries

	1971-72	1974-75	1979-80
Algeria	2193	2000	1418
Morocco	800	400	859
Tunisia	600	200	162

Source: Compiled from Annuaire de l'Afrique du Nord, 1971 p.354, 1975 p.411, 1979 p.346.

Table 4.3

French aid to the budgets of the Maghreb countries¹

(million F.F.)

	Algeria	Morocco	Tunisia
1971	272	116	72
1972	253	124	77
1973	229	134	85
1974	231	186	102
1975		110	76
1976	178	133	82
1977		122	89
1978	181	145	80
1979	175	165	78

¹ The Maghreb receives 46% of French total aid.

Source: Compiled from Annuaire de l'Afrique du Nord, 1972 p.349, 1973 p.445, 1977 p.461.

Notes

1. "Chronique Diplomatique", in Annuaire de l'Afrique du Nord 1965, (Editions CNRS, Paris, 1966), p.201.
2. "Chronique Diplomatique", in A.A.N. 1971, op. cit., p.351.
3. Le Rapport Pearson, "Vers une action commune pour le développement du Tiers-Monde", (Ed. Denoel, Paris, 1969), p.169.
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5. G. Grandguillaume, "L'Enseignement au Maghreb", Maghreb/Machrek No. 78, (1977), p.34.
6. M. Flory, "Schema pour une étude idéologique de la coopération", Revue de l'Occident Musulman et de la Méditerranée, No. 13-14, (1973), p.336.
7. "Chronique Diplomatique" in A.A.N. 1973, op. cit., p.443.
8. F. Palloix, in Colloque sur l'Imperialisme, (Ed. SNED, Alger, 1970), p.175.
9. M. Flory, op. cit., p.340.
10. J. Jouscoz, "Le Rapport Gorse" in l'Esprit, No. 11, 1972 (Paris), p.699.
11. P. Herreman, "La France et le Maghreb", Le Monde Diplomatique, August 1973, p.1.
12. Provisional Government of the Algerian Republic.
13. P. Valberg, "Cinq ans après", in A.A.N., 1969, op. cit., p.p.64-65.
14. Organisation de Coopération industrielle.
15. I. Brandell, "Les Rapports Franco - Algériens, depuis 1962", (Ed. l'Harmattan, Paris, 1981), p.38.
16. Association Cooperative.
17. I. Brandell, op. cit., p.39.
18. M. Flory, op. cit., p.341.
19. B. Mosquet "Coopération culturelle Franco - Marocaine", Maghreb/Machrek

No. 60, (1973), p.21.

20. Ibid.

21. J. Jouscoz, op. cit., p.690.

22. "Chronique Diplomatique", in A.A.N. 1972, op. cit., p.442.

23. A.A.N. 1976, op. cit., p.284.

24. A.A.N. 1975, op. cit., p.411.

25. J.C. Melki, "Réalizations du Plan quadriennal Algérien de développement", Maghreb/Machrek No. 65 (1974), p.16.

26. "Chronique Diplomatique", in A.A.N. 1971, op. cit., p.354.

27. "La CEE et les Pays de la Méditerranée", Politique Etrangère (Paris) Vol. VI, 1972, p.p.553-564.

28. Ibid.

29. El Moudjahid (Algiers) October 10, 1962.

Conclusion

The long historical relationship between the Maghreb and Western Europe owes much to geographical proximity and varying but mutual interest. It is therefore solidly based. However, these relations have all been affected in this century by the advent of colonialism. North Africa was included in the colonial division of labour. Political independence raised the question whether the resultant unequal socio-economic relations between the "peripheral" Maghreb economies and "central" capitalism in Europe would mean continued and unsatisfactory dependency.

The 1969 agreements, although signed by the Governments of Morocco and Tunisia may be seen as unsatisfactory in this perspective in that they continued the economic dependency of the colonial period. These agreements were concluded according to Art. 238 of the Rome Treaty and Art. XXIV, paragraph 4 and 5 of the GATT. It may be granted that these agreements were an attempt to go beyond the traditional trade flows with France, since they were supposed to establish a free trade area at the Community level. They covered, in the case of Morocco 60% of total agricultural exports to the EEC and 70% in the case of Tunisia. By contrast to Moroccan and Tunisian expectations, these agreements brought hardly any increase in the volume of their exports to the Community. The reason was the importance of the Community's balanced policy towards the Mediterranean countries, mainly Spain and Israel. Industry was neglected, because, although industrial products enjoyed duty free access they were subject to protection clauses in that successful enterprises which provoked sectoral difficulties to the Community's production could be excluded. So the 1969 agreements in practise reinforced the specialization of Morocco and Tunisia in primary products. The Community on its side enjoyed 40% of preferences for a list of products imported by Tunisia, although only 10% in the case of Morocco, as a result of the Act of Algeiras. The Community's enjoyment in Morocco

and Tunisia of special privileged access would also make more difficult any plan for regional integration of the Maghreb.

As for the 1976 agreements, they were concluded within the Community's Global Policy towards the Mediterranean countries. For Morocco and Tunisia it was a question of renewal of the 1969 agreements; As for Algeria, a mandate was given for negotiations to define her odd status. The conclusion of the 1976 agreements was thought to open large opportunities in the Community's markets for the benefit of the Maghreb's economies. Although agricultural products received important concessions of 80% of the CET, restrictions were numerous on fruits and vegetables such as the Community preference safeguard clauses, quotas, important calendars and specific safeguard clauses. As far as industrial products are concerned, although they entered duty-free and did not imply reciprocal treatment on imports from the EEC, they remained insignificant since they still faced safeguard clauses should they become competitive. The 1976 agreements are important because they were self-consciously based on assuming a relationship of greater equality, not greater inequality as predicted by the centre-periphery model. With Algerian participation the Maghreb negotiating position was in itself much stronger. Thus the unlimited duration of the agreements permits the Maghreb countries to develop their access on a legally secure basis if they adapt their economies to take advantage of this possibility. The inclusion of technical and financial aid promoted new production, through the transfer of technology. On the other hand the social dossier which concerned Maghreb workers in the Community, did not result in an agreed effective initiative to improve their professional status.

As far as foreign trade is concerned the Maghreb countries are still exporters of a very limited range of primary commodities. This reflects the traditional division of labour. Even Algeria which made notable efforts to replace that colonial division of labour with a new economic order, in the

short term paradoxically became as dependent on the export of raw materials as Morocco and Tunisia. This was because in order to finance the programme of restructuring Algeria used to the full hydrocarbons to the extent they account for more than 90% of her total exports. The foreign trade of the Maghreb countries reflects the choice of development models made by the three local regimes. In the post-independence period, their foreign trade was concentrated on securing the outlets in France previously enjoyed in the colonial organization of production. Algeria by launching a process of diversification of her external outlets aimed at regulating her economic relations with Western Europe. The objective was to make her agricultural production and the exploitation of hydrocarbons independent of the French markets. This diversification was in practise restricted to the capitalist world. Morocco and Tunisia by contrast to Algeria, opted for a development model based on the tertiary sector. The vital sectors of their economies took the forms of enclaves oriented abroad. This explains why they sought a "regional market" with the Community which would absorb their production in agriculture and manufactures. However, neither the 1969 nor the 1976 agreements with the EEC brought a guarantee of outlets for their production. Consequently, Morocco and Tunisia sought other markets for their agricultural and manufactured products. Still, the specialization of Morocco and Tunisia in colonial production puts them in a vulnerable position as far as the securing of external outlets are concerned. This explains why Morocco and Tunisia switched to an increase in the export of raw materials to make up losses in their trade balance as a result of the difficulties in marketing their agricultural products and manufactures. The success of these policies of diversification was dependent upon the development strategies followed by on one hand Algeria which used hydrocarbons to re-structure the economy by adapting internal production to home and world market conditions. On the other hand, Morocco and Tunisia tended rather to crystallise the neo-colonial structures, because foreign

exchange and external financial aid were re-invested in tourism, light manufactures and cash crops. These attempts of diversification have not removed the dominant position of France in the Maghreb. Although it might seem that France is not anymore the first customer it remains by far the main supplier. It appears, paradoxically that it is the Maghreb leaders who are still willing to have with France "special relations" but the metropolis is not anymore in a position to satisfy all their wishes . This preference to France by the North African elites can be explained by the cultural dependency of the peripheral Maghreb towards France. French language and culture are still privileged in the educational system of the Maghreb countries, because the alternatives proved to be no less difficult to find than foreign markets. This important position that French has in the educational system is a durable French asset in the Maghreb. Similarly to foreign trade, the only attempt of cultural diversification came from Algeria through the deliberate promotion of English studies in Algeria and through grants for Algerian students in English-speaking countries. Nevertheless, this attempt remains, in the short run, rather limited to prevent French from flourishing, paradoxically, more than in the colonial period.

By way of epilogue, an integrated "Grand-Maghreb" including Libya could represent another alternative to the question of external outlets. Algeria, which has so far refused the principle of integration because of the differences in development strategies has reasons to accept it. Outlets for her infant industries are more likely to encounter success in a "Grand-Maghreb" than in the Community. Similarly, the question of Moroccan and Tunisian exports of agricultural and manufactured products could be, to some extent, solved by having full access to Algerian and Libyan markets. In parallel, the Maghrebins could adapt their economic production according to the new conditions both of the "Grand-Maghreb" and the world market. In this context, relations with the Community could be of benefit for the

integration of the Maghreb. For instance, financial and technical cooperation will speed up development and reconversion of colonial production. Nevertheless, even a restructured and integrated Maghreb will have to keep contact with the "centre" for technical and financial reasons, thus confirming the centre/periphery model: peripheral regimes by developing their capacity of production enter another stage of dependency, based on financial and technological aid. However unlike what S. Amin's model predicted, it does not seem that the Maghreb countries are heading towards socialism. In Algeria where a breakthrough towards socialism occurred, a certain economic and political liberalization is under way, in order to accommodate herself to the Community. The apparent tendency of the Maghreb countries towards adopting middle-class rule can be interpreted as in large part a consequence of the need for good relations with the EEC. Moreover the relations between the Maghreb and the Community cannot be explained by the centre/periphery model only. The relationship between them used to exist long before the advent of colonialism. The dominant power on either shore has always made its influence felt on the other.

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List of Abbreviations

ASCOOP	= Association Coopérative.
BENELUX	= Belgium, Netherlands, Luxemburg.
CAPCS	= Coopérative Agricole Polyvalente Communale de Service.
CAP	= Common Agricultural Policy.
CET	= Common External Tariff.
COFACE	= Coopération Française pour le Commerce Extérieur.
COMECON	= Council for Mutual Economic Assistance.
D. A.	= Dinar Algérien.
D. H.	= Dirham (Morocco).
D. M.	= German Mark.
D. T.	= Dinar Tunisien.
ECSC	= European Coal and Steel Community.
EDF	= European Development Fund.
EEC	= European Economic Community.
ENI	= Italian Oil Company.
FF	= Franc Français.
FLN	= Front de Libération Nationale.
GATT	= General Agreement on Tariffs and Trade.
GDP	= Gross Domestic Product.
GDR	= German Democratic Republic.
GNP	= Gross National Product.
GPRA	= Gouvernement Provisoire de la République Algérienne.
Hl	= hectolitre.
Ha	= hectare.
IBRD	= International Bank for Reconstruction and Development.
LNG	= Liquefied Natural Gas.
NATO	= North Atlantic Treaty Organization.
OCI	= Office de Coopération Industrielle.
OECD	= Organization for Economic Cooperation and Development.
SONATRACH	= Société Nationale pour la Recherche, la transport, la

transformation et la Commercialisation des Hydrocarbures.

SONELGAZ = Société Nationale pour l'Electricité et le Gaz.

STABEX = Export Revenue Stabilization Scheme.

U.C. = Unité de Compte.

U.N. = United Nations.

UNCTAD = United Nations Conference on Trade and Development.

UNFP = Union Nationale des Forces Populaires.

U.S.A. = United States of America.

USSR = Union of Soviet Socialist Republics.

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