2. The Limits of Economic Integration in the Maghreb

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The common understanding of the state of economic integration in the Maghreb is that it is victim to geopolitical rivalries and poor economic management, both of which prevent the region from flourishing to the same extent as other regional blocs. The forgone conclusion is that greater economic integration would generate trade, boost levels of growth and increase the region's bargaining position.

But as the global debate about nearshoring and the importance of local value chains continues, a renewed look at the appeal of this goal of a more integrated Maghreb is warranted. It is also important to understand the current reality of economic exchanges and the readiness and willingness of Maghreb countries to engage outside of the established geopolitical wisdom about rivalry and tension. This will help assess the viability of such an aspiration, which has diminished over the last few decades as countries have prioritised global integration and multilateral alignment and as domestic agendas have taken on different trajectories.

While the geopolitical rivalry between Morocco and Algeria has provided a ready-made excuse for the lack of integration, a broad range of practical obstacles exist. While some of these obstacles relate back to geopolitics, others are the result of naturally divergent domestic, economic and social agendas. High tariff and non-tariff measures, poor infrastructure, a history of governments adopting different state-business relations and divergent political economies make the potential for harmonised regulation almost nil. Instead, governments have traditionally favoured external partnerships, particularly with the European Union (EU) which largely provides "hub and spoke" agreements as opposed to negotiating collectively.[1] This prioritisation of trade partnerships outside the region has only been growing in recent decades, taking the impetus and need out of regional integration.

Barriers to Economic Integration

The often-invoked International Monetary Fund's figure of 2 to 5% of intra-regional trade attests to these limitations,[2] making the Maghreb one of the least integrated regions in the world. In comparison, intra-regional trade in Africa, Latin America and Asia stands closer to 16, 19 and 51% respectively.[3] Within Africa, even in comparison to other blocs such as the Southern African Development Community (SADC), the Economic Community of West Africa States (ECOWAS) and the East African Community (EAC), the Maghreb still has the second-lowest rate of shared intra-regional trade on the continent.[4] Only a few goods are regularly traded between the Maghreb states, mainly fuels and mineral oils exported from Algeria, vegetable oils and machinery from Tunisia and vehicular and electrical equipment from Morocco. Outside of these areas, the bulk of the Maghreb's trade is with Europe, which partly reflects historical conditions but also more recent efforts on the part of individual countries to liberalise trade with Europe.

[1] A. Walsh and A. Boustati, "Trade integration in North Africa: Impediments and Opportunities", K4D Institute of Development Studies, September 2020.
[2] African Development Bank, "Report on Regional Integration in the Maghreb: Challenges and Opportunities for the Private Sector", October 2020.
[3] International Monetary Fund (IMF), "Economic Integration in the Maghreb: An Untapped Source of Growth", February 2019.
[4] Konrad Adnauer Stiftung (KAS), "Regional Integration for the Arab Maghreb Union: Looking Beyond the Horizon", November 2020.

Tab 2.1 - North Africa official trade figures

Pairing	Total Value of Exports in $ millions (2021)	% of Total Exports (2021)
Algeria – Libya	28.1	0.08
Algeria – Morocco	600	1.75
Algeria – Tunisia	774	2.30
Algeria – Mauritania	70.2	0.20
Libya – Tunisia	71.8*	0.39
Libya – Algeria	7.14	0.04
Libya – Morocco	32.7*	0.18
Libya – Mauritania	0.368	0.002
Mauritania – Tunisia	2.29	0.04
Mauritania – Libya	0.072	0.002
Mauritania – Algeria	0.140*	0.003
Mauritania – Morocco	1.6	0.04
Morocco – Tunisia	180	0.43
Morocco – Libya	76.8	0.18
Morocco – Algeria	115	0.27
Morocco – Mauritania	282	0.67
Tunisia- Libya	646	3.43
Tunisia – Morocco	269	1.40
Tunisia – Mauritania	21.7	0.12
Tunisia – Algeria	237	1.26

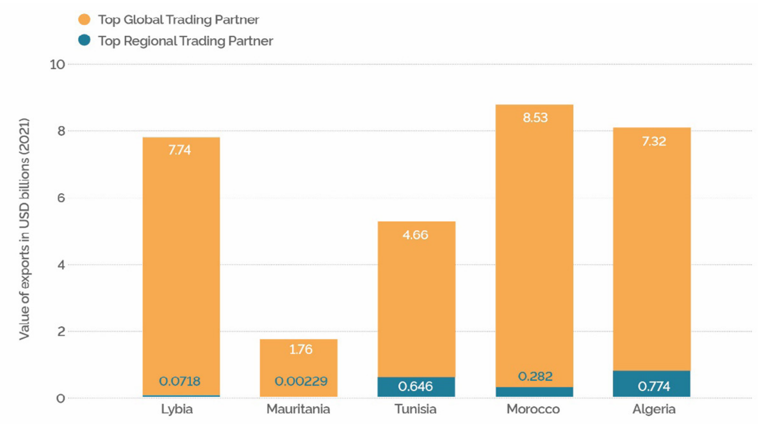
*The rate of trade has been decreasing annually between the years 1995 and 2021.

Source: Author's calculations based on Observatory of Economic Complexity Country Data (2021).

To help put the data of Table 2.1 into perspective, Figure 2.1 compares the scale of each Maghreb country's most significant intra-regional trade relationship with that of its primary trading partner (Italy for Libya and Algeria, China for Mauritania, France for Tunisia and Spain for Morocco).[5]

[5] Observatory of Economic Complexity (OEC), Country Data, 2021.

Fig 2.1 - Comparative value of top global and regional trading relationships



Source: Author's table displaying data from the Observatory of Economic Complexity's Country Data (2021).

Existing levels of trade vary substantially between different pairings of countries in the region, as does the potential for trade. For example, although trade between Morocco and Tunisia is often described as existing far below the potential level, the extent of their trading relationship has seen incremental improvements in the last two decades.[6] Tunisia, Libya, Morocco, and Mauritania have generally favourable trade relations; Morocco, for example, is Mauritania's largest trading partner in Africa. In comparison, flows between Algeria, Libya and Mauritania are particularly low. Their similar economic profiles and heavy reliance on natural resources and oil exports would make it difficult to improve trade between them.

Since the rupture of diplomatic relations between Morocco and Algeria in August 2021, trade levels have decreased as the two countries have halted flights, further restricting movement and flow of goods. Another blow to trade relations came in 2021.

[6] KAS (2020).

The Maghreb-Europe pipeline that facilitates the transport of LNG to Spain passes through Morocco – and for that Morocco receives transit fees and a percentage of piped gas. As the agreement between Algeria, Spain and Morocco came due for a renewal, drawn out negotiations began to put its future in question. The agreement negotiation process was in doubt long before tensions broke out between the two – but the latter did little to help. And with the failure to renegotiate an extension of the Maghreb-Europe gas pipeline deal Algerian gas exports to Morocco ended in November 2021 further diminishing what little trade existed between the neighbours. While official trade remains low, illicit trade thrives in border areas. Without data to quantify it, anecdotal evidence and investigative reporting show how peripheral regions rely on access to goods such as subsidised fuel smuggled from Algeria to Morocco and Tunisia. Basic commodities like flour, sugar, cooking oil, vegetables and fruit flow across borders. Notably in Tunisia, informal trade provides a release valve against food shortages as the economic crisis rages.

Not only does the state of trade relationships within the region differ, but the region scores differently on various metrics of economic integration, as shown in the Africa Regional Integration Index Report (ARII).[7] In comparison with other regional economic communities, the Maghreb is relatively weak on the free movement of people, with entry into Morocco and Libya generally requiring visas for other Maghreb citizens. Yet the region performs relatively well in terms of integrative macroeconomic policies – a metric that measures policies to stabilise macroeconomic indicators including healthy financial climate – with Morocco and Tunisia scoring especially high.[8]

[7] L. Baghdadi, Z. Karray and C. Zaki, "The Arab Maghreb Union: Regionalization without Integration" in A. Bouet, G. Tadesse and C. Zaki (eds.), *Africa Agriculture Trade Monitor 2021*, International Food Policy Research Institute (Ifpri), 2021, pp. 166-98.

[8] Africa Regional Integration Index, "Dimensions", 2023.

The Arab Maghreb Union's average score for "productive integration" (the level to which the productive capacities of each country complement those of other countries in the region) is moderate, but within that the scores of member countries vary considerably, ranging from close to zero for Mauritania to 0.796 for Tunisia. Overall, looking at the sixteen ARII indicators, grouped by five dimensions of economic integration, a mixed picture emerges, the extent of which is often overlooked.[9] Although on the surface economic integration in the region is low, the most commonly cited statistics fail to consider the differences that exist in intra-regional relationships and across different metrics of integration.

Regional Disconnection

Looking at barriers, one of the fundamental challenges is the lack of viable, secure and open connections between regional capitals and trade hubs. And so, on the surface, one of the clearest impediments to trade is poor physical infrastructural connectivity. Sea, air, road, and rail transport across the region are all insufficiently developed.

Although railway networks exist within Algeria, Morocco and Tunisia, their routes are often limited and none currently cross borders. Train connections that had once ran between Algeria and Tunisia have become dormant. In recent years, schemes to run a direct service between Annaba (Algeria) and Tunis have faced repeated delays due to technical problems.[10] In 2019, there was talk of regional railway officials meeting to discuss the feasibility of a project linking Morocco, Algeria and Tunisia by high-speed rail but there has been little development.[11] Similar plans had also been mentioned in 2015 by the Algerian National

[9] Ibid.

[10] "Train to link Algeria, Tunisia", Middle East Monitor (MEMO), 9 May 2017.

[11] L. Ghanmi, "AMU revamps Maghreb railway project", The Arab Weekly, February 2019.

Railway Transport company (SNTF) but also came to nothing. Libya and Mauritania currently have no active railroads.

The Cairo-Dakar Highway or Trans-African Highway 1 (TAH1) is the only commercial highway that could potentially link all the Maghreb states, running from Cairo through Tripoli, Tunis, Algiers, and Rabat before dropping down the coast of West Africa to Nouakchott and Dakar. The highway was initially developed by the United Nations Economic Commission for Africa in the 1970s and has been expanded incrementally with funding from the African Union, African Bank of Development, and the European Investment Bank.[12] The highway is not accessible between Morocco and Algeria given the permanently closed border. The closed land border is a physical barrier at which the flow of movement stops. Other parts of the highway across Libya, Tunisia, and near the Mauritania-Western Sahara border remain either unfinished or in dire need of repair.[13]

Building cross-regional connections would require regional coordination of policies and regulations. For example, railroad gauges must be compatible for trains to pass from one country to another. Moreover, improvements to infrastructure to allow better regional connectivity would require significant investment on behalf of the states themselves. Morocco has invested heavily in improving its domestic infrastructure as it looks to increase Foreign Direct Investments (FDI), with fast train connections expanding beyond the Tangier-Casablanca line and new lines looking to link its Tangier MED port to various free trade or industrial zones across the country.

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[12] B. Archibong et al., "Why Africa Matters to United States: Top 5 reasons", Brookings Africa Growth Initiative, 7 December 2022.

[13] African Development Bank (AfDB), "Cross Border Road Corridors: The Quest to Integrate Africa", June 2019.

Fig. 2.2 - Proposed route of TAH1 from Cairo to Dakar as part of the Trans-Africa Highway initiative

Source: African Development Bank (AfDB), "Cross-border road corridors: The quest to integrate Africa", 2019.

In 2022, Morocco's government announced an investment of US$850 million to modernise and develop the country's railways between 2022 and 2024.[14] However, these infrastructural improvements fail to serve better regional connectivity. This heavy focus on domestic infrastructure and maritime transport hubs reflects the fact that its land border with Algeria is closed and ground access to Mauritania is limited by the border's proximity to the contested territory of the Western Sahara, making it difficult for people to travel freely and safely.

Algeria, in recent years, has been more focused on improving infrastructural connectivity with its neighbours to the south.

[14] Railway PRO, "Morocco to invest USD 850 million by 2024", 10 November 2021.

Since 2011, the government has spent US$2.25 billion on developing its 850 km portion of the Trans-Saharan Highway running from the north to the south of the country and on into Niger and Nigeria.[15] Although the project was only scheduled to be completed in December 2024 there are signs of it progressing at a faster rate than expected,[16] in stark comparison to the limited progress being made on completing and maintaining TAH1.

Maritime transport is the main method of intra-regional trade and yet still mainly services trade with Europe. Although all Maghreb countries have ports, there are few intra-regional direct routes serviced by commercial shipping lines. From three of the major ports in Libya (Benghazi, Al Khums and Misrata), there are no direct routes to anywhere else in the region, with routes instead providing links to Turkey and Malta. Between Tunisia's two main ports (Sfax and Tunis) there is only one frequent route to another Maghreb port (Tanger MED). Much more frequent are the extra-regional links to France and Italy. Mauritania's two largest ports (Nouakchott and Nouadhibou) have no direct routes to any other port in the region, instead shipping cargo directly to either Spanish islands such as Tenerife and Gran Canaria or down the West Coast of Africa to Sierra Leone and the Gambia. Due to this lack of direct routes, some shipping trade across North Africa requires transfer through third-country ports, such as Marseille, Almeria or Malta, generating additional costs to the endeavour. Overall, although there have been some efforts in the past to improve overall cross-border infrastructure, the extent of the challenges remains significant.

[15] C. Fourneris, "African Unity Road linking Algiers to Lagos nears Completion", *EuroNews,* 21 November 2022.

[16] African Development Bank Group Data Portal, "Multinational - Trans-Sahara Highway Project (Niger)", 15 September 2023.

Trade Complementarity

Moreover, it is unclear how much can be gained from improving infrastructure alone without efforts to relax restrictive trade policies and mitigate trade costs and tariffs. Although the average applied tariffs on imports excluded from existing trade deals have decreased, they remain significantly high compared to other regions. For example, the average tariff in Maghreb countries was estimated as 14% in 2016, compared with 5% in the EU, 4% in the United States, and 10% in China.[17] Algeria is the most highly protected market, with an average tariff of 19%. The other states average around 12%.[18] Underlying these rates are often protectionist governments and, in some cases, private stakeholders keen to safeguard their domestic market shares. Government protections are particularly strong in the agricultural sector. More than that, there is a good deal of inconsistency and a tendency for governments to interfere with international trading mechanisms to protect their markets when under pressure. For example, the Algerian government announced a temporary ban on the import of around 850 categories of goods and increased custom duties on luxury produces in 2018 to curb spending and slow budget deficit as oil prices slumped.

Non-tariff expenses add significantly to the average cost and time involved in exports and imports. Border compliance costs vary between the most efficient exporters (Morocco and Tunisia) and the least (Algeria, Libya) but are still among the highest in the world.[19] Time to export is broadly comparable to other emerging markets and developing economies but substantially higher than in advanced economies. Additional challenges include red tape, delays at border crossings, complex customs clearance procedures, and a lack of common standards.

[17] IMF (2019).
[18] Walsh and Boustati (2020).
[19] Baghdadi, Karray, and Zaki (2021).

While some predictions argue that a North Africa Free Trade Zone would increase intra-regional trade by 3 to 5%, i.e. €3 to €5 billion and would boost FDI by 75%, there is little understanding of the potential down sides to such an agreement. No doubt, for oil producing countries that have not yet diversified their economies, the fear of certain regional products flooding local markets and threatening costly and heavily protected sectors should not be overlooked. A related element is the extent to which untapped trade potential exists in terms of produced goods. According to the IMF, the Maghreb states have an overall complementarity index[20] that is comparable to that between the region and the EU and forms a substantial source of untapped trade potential.[21] However, although the potential trade complementarity between certain countries in the region may be higher than the observed bilateral trade, these calculations do not account for the aforementioned logistical barriers to further trade and the complex contemporary context.

For this reason, there is disagreement about the reality of this compatibility.[22] For example, the similar export profiles of Algeria and Libya, both predominantly hydrocarbon and mineral exporters, make their trade complementarity particularly low. Morocco and Tunisia perform slightly better with more diversified exports. Nonetheless, and despite efforts at diversification, the range of goods exported by Morocco and Tunisia (textile, agri-food, electrical and mechanical industries) remains quite similar. The low trade complementarity between the two has complicated genuine efforts to trade more. A few exceptions can be observed. Figures from the Africa Trade

[20] The trade complementarity index indicates to what extent the export profile of the reporting country matches, or complements, the import profile of the partner country. A high index may indicate that the two countries would stand to gain from increased trade.

[21] IMF (2019).

[22] Walsh and Boustati (2020).

Monitor[23] show that Tunisia has a modest potential for trade in Libya (US$181 million), in Algeria (US$198 million), and in Morocco (US$187 million); Libya has some potential in Morocco (US$8 million) as does Algeria (US$31 million); and Algeria has some export potential in Tunisia (US$22 million).[24] Greater trade diversification is required to merit the investment in infrastructure, harmonisation of regulation, and diplomatic engagement needed to drive greater integration.[25] Given the practical barriers and pre-existing strong trade relationships with Europe, discussion of further trade integration in the Maghreb needs to address the cost-benefit calculation of enhancing regional trade.

Is a Maghreb Union Still Relevant?

The countries of the Maghreb largely pursue bilateral and semi-regional relationships as, for many of them, the time of intra-regional engagement has effectively come and gone. The Arab Maghreb Union (AMU) was created in 1989 with the aim of building integrated economic and political structures across the region but comprehensively failed. Since its collapse, little else has made headway. The AMU, often viewed as a casualty of mistrust among neighbours, included the establishment of a Maghreb Free Trade Area, a customs union, and a common market with free movement across the borders of member countries.[26] Hindered by the requirement of unanimous agreement – an unusual requirement as opposed to some type of majority vote – few of the proposed mechanisms proceeded. Although over thirty multilateral agreements were signed during its existence by

[23] Baghdadi, Karray, and Zaki (2021).

[24] A Verdier-Chouchane et al., "Trade Diversification and Intra-Regional Trade in North Africa", in A. Verdier-Chouchane, M. Sami Ben Ali, and C. Karagueuzian (eds.) *Economic Development in the Middle East and North Africa: Challenges and Prospects*, New York, Palgrave Macmillan US, 2016, pp. 173-95.

[25] S. Devarajan, "Why is regional integration so elusive?", Brookings, 6 July 2017.

[26] Baghdadi, Karray, and Zaki (2021).

some of the member states, only five received the full unanimous backing necessary for implementation.[27] The Council of Heads of State held in 1994 was the last AMU summit and no high-level meetings have managed to bring together delegates of all five countries since 2008. Although there is still a Secretariat based in Rabat led by Taieb Baccouche, the current Tunisian Secretary-General, the organisation for all purposes is defunct. It remains unable to overcome regional divisions.

Other less ambitious regional attempts have also failed, even those that sought to bypass the Moroccan-Algerian rivalry. The Maghreb Union of Employers (UME), created in 2007 to try and reinvigorate business cooperation in the Maghreb, failed to overcome government reluctance and bring about any real change, allowing national markets to remain disconnected, value chains fragmented, and barriers still in place.[28] More recently, there were discussions between Maghreb trade ministers about negotiating the establishment of a Maghreb Free Trade Area in 2010 but no agreement was ever finalised, and economic integration fell down the list of priorities amidst the unrest of 2011. The launch of the Maghreb Initiative for Commerce and Investment (IMCI) and the Arab Maghreb Union Investment Bank (BMICE) in 2014 also failed to dismantle barriers to the growth of intra-regional commerce and industry. To overcome the geopolitical hurdle that exacerbated challenges to regional integration, Morocco, Tunisia, Egypt, and Jordan signed the Agadir Free Trade Agreement which came into force in 2007. However, this agreement has been mired in delays and challenges over tariff agreements, with Morocco and other exporters running into restrictions imposed by pre-existing Free Trade Agreements.

As the dream of a united Maghreb endures especially among external actors, Russia launched its own bid for a free trade zone with North Africa. As Russia looks to revive its economic ties,

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[27] Ibid.

[28] A. Boukhars, "Maghreb: Dream of Unity, Reality of Divisions", *Al Jazeera Centre for Studies*, 3 June 2018.

having been shunned by the EU after the Ukraine invasion, it sees potential in North Africa. Russia is currently a significant trading partner for Morocco, Algeria, and Mauritania and trade with each is growing at an annual rate of 7.4%, 12.1% and 10% respectively.[29] Russian exports to Morocco doubled in the first six months of 2022[30] and the country's decades-long close relationship with Algeria has only continued to grow. After the Russia-Africa summit in July 2023, Russia's announcement indicated its clear need to increase imports from North Africa, but there is little indication of what the multilateral benefit of this agreement would be, given that Morocco and Algeria's rupture is so pronounced and that previous efforts to limit tariffs among some of these countries (see the Agadir Agreement) have run into challenges from competing FTAs.

Bilateral Supplants Regional

While regional initiatives fail and others are stuck in limbo, bilateral trade relationships with actors from outside the region thrive. Relations with European countries and the EU have expanded through a series of bilateral processes, treaties, and association agreements that continue to grow in scope and sophistication. Today, the bulk of Maghreb trade is with the EU.[31] However, over the last two decades, trade relationships between the Maghreb states and other global actors have also increased, notably with Turkey, China, and India. Turkey has had a free agreement with Tunisia since 2004 and Morocco since 2007 and is the latter's 5th largest trade partner (after the EU, India, Brazil, and the US with whom Morocco has had an FTA since 2004 – though not without its challenges).[32] In

[29] Observatory of Economic Complexity Country Data (2021).

[30] J. Rahhou, "Russia's Exports to Morocco Double in First Half of 2022", *Morocco World News*, 4 September 2022.

[31] IMF (2019).

[32] World Trade Organisation (WTO), "Morocco and the WTO", June 2021.

Algeria, Turkey is among the largest investors, and in Libya Turkey's continued military engagement is likely pursued with an eye to developing business and economic interests as the maritime deal signed in 2019 – although it remains in limbo – suggests.

This search for partnerships further allows greater globalisation and geopolitical influence. Maghreb countries, none of whom see great potential in an integrated regional bloc, understand the immediate efficiency of trading with the rest of the world.[33] China's Belt and Road initiative swept through North Africa promising greater trade and investment opportunities. While the outcome has yet to match expectations for investment, Chinese trade has increased almost across the board in North Africa. According to the Observatory of Economic Complexity, Morocco-China trade has increased by an annual 15% (from 1995 to 2021), almost all of which is one way.[34] Similarly with Tunisia, Chinese trade has increased 6.6% annually,[35] and with Algeria, where China is one of the main economic partners, the annual increase for the same period was 14%.[36] There is also a noticeable rise in trade with India emerging across North Africa. Over the past 25 years the exports of Algeria to India have increased at an annualised rate of 21.3%, with trade now worth $US555 million.[37] Since 2020, Moroccan exports to India (primarily chemicals and fertilisers) have been worth an excess of US$1.39 billion, although growing at a slower annual rate than Algeria's.

Redefining Regional

Reawakened to the potential for geopolitical influence and economic potential on their African turf, Maghreb governments

[33] World Bank, *Economic Integration in the Maghreb*, October 2010.
[34] Observatory of Economic Complexity (OEC), Country Data 2021.
[35] Ibid.
[36] Ibid.
[37] Ibid.

are repositioning themselves to benefit from the continent's economic potential. A study by the Boston Consulting Group found that one quarter of the largest African multinational corporations founded in the last few decades are based in North Africa.[38] This underscores the prioritisation of greater intra-African cooperation and the interest of the Maghreb's private sector in capturing African markets. But the levels of bilateral trade between the Maghreb and Sahelian and sub-Saharan countries is currently even lower than trade between Maghreb countries themselves. In 2020, only 8% of Morocco's exports were to Sahelian and Sub-Saharan African countries, and 3% of its imports.[39] For sub-Saharan Africa, Moroccan trade constitutes only 0.57% of its imports and 5.81 of its exports.[40] Tunisian imports from Sub Saharan Africa constitute 0.33% of the country's total imports; exports account for 2.97%. Algerian data (latest available is from 2016) shows even lower percentages, 0.40% of imports and 0.43% of exports. Libya's latest figures from 2017 show 0.11% of imports and 0.06% in exports to Sub Saharan Africa.

Morocco is somewhat of a newcomer to regional institutions as it did not join the African Union until 2017, but the country has since internalised economic engagement in Africa as a key goal. This is being done partly to facilitate greater diplomatic engagement on its foreign policy priority: the Western Sahara conflict. However, impetus aside, the engagement has taken on a life of its own, manifesting in meaningful avenues and in superficial ways meant to signal interest. Private and public Moroccan firms are investing in industries across Africa – telecommunications, agriculture, banking, and transport. In 2017, Morocco applied for membership of ECOWAS

[38] S. Chabenne et al., "The African Challengers: Global Competitors Emerge from the Overlooked Continent", Boston Consulting Group (BCG), 2 June 2010.

[39] Trade Law Centre, "Morocco: Intra-Africa trade and tariff profile 2020", July 2021.

[40] World Integrated Trade Solutions, Country Data: Morocco, World Bank, 2020.

despite a number of serious obstacles: the fact that it is not contiguously linked to the trading bloc, the unsettled status of the Western Sahara and the challenging issue of single currency and free movement among other things. However, the move foreshadows Morocco's interest in building a strong partnership with the bloc to facilitate important infrastructural and economic engagement, including ambitious projects such as the Morocco-Nigeria pipeline – Morocco's effort to facilitate transport of and access to Nigerian gas through a pipeline running along the West African coast lines. Without falling into the trap of viewing every development through the lens of Moroccan-Algerian rivalry, the fear of missing out is as real in geopolitics as it is in human behaviour. With Algeria's dormant plans for the grand Sahara pipeline, and its prioritisation of connectivity with the Sahel, Morocco is not only looking to catch up but to pull ahead.

In terms of trade, Morocco has so far been able to push through more forcefully than Algeria and is currently engaging with the Sahel more on diplomatic and security fronts. For a quick comparison, Morocco's exports to Mali reached US$64 million in 2020, compared to Algeria's US$14 million. Moroccan private companies are investing financially in the Sahel despite the instability, with Moroccan firms prominent in Burkina Faso's construction industry and in Chad's mining sector.

The ambitious African Comprehensive Free Trade Agreement (AfCTA), originally proposed and brokered by the African Union in 2018, would increase trade and connect the continent in a way it has never experienced before.

In the long term it would also render the need for an integrated Maghreb bloc obsolete. But many questions have yet to be answered about the AfCFTA as it is still in its early stages. While the agreement has been ratified by all North African countries except Libya, negotiations are delayed in certain cases, and applications of national and regional plans are in varying degrees of completion and progress. The role of the private sector remains unclear, and funding is yet to be fully committed. Furthermore, while some regional mechanisms like ECOWAS are meant to eventually be consolidated into the AfCFTA, it is uncertain how other dormant or empty mechanisms, such as the AMU or the Community of Sahel States (CENSAD) or even the Agadir agreement, would feed into this continental mechanism.[41]

While the idea of an integrated Maghreb is still referenced by well-meaning external actors, local realities continue to drift away from it. For Morocco and Tunisia, and increasingly Mauritania, this means strengthening partnerships with the EU and broadening beyond the EU. For Algeria it means a strengthening of existing partnerships with China, and the EU – especially right now on energy exports – and greater integration into alternative power structures that align with its priorities, such as BRICS.

Already with existing trade deals between Maghreb countries and various partners, there is or will be a point at which too many FTAs will become difficult to monitor and enforce. This question is more relevant for countries like Morocco and maybe Tunisia. At a certain point, government administration of these different deals will become cumbersome and the private sector's ability to keep up will be tapped out. Perhaps Morocco and Tunisia might be facing a situation of diminishing returns. And with the prioritisation of global integration for some of these countries, and with bilateral alignments that reflect their political priorities for others, an integrated Maghreb on its own is unviable. In the best-case scenario, the success of the AfCTA would bring a lowering of barriers and progress on connections and flow of goods but it is not clear how that will change other fundamental challenges like trade compatibility and diplomatic tensions.

[41] T. Tayo, "The Road to Africa's Single Market: Progress so far and challenges for the future", Africa Policy Research Institute (APRI), March 2023.