

ANALYSIS PAPER



SUMMARY

While rulers in the Maghreb and the Gulf have long engaged one another, until recently neither region held essential strategic importance for the other. Now, several GCC countries are seeking greater influence around the region, including in the Maghreb. Gulf countries have demonstrated their growing interest in the Maghreb through aid and investment, though aid disbursements have been slow to materialize. Tunisia, Libya, Morocco and Algeria all have delicate relationships with the Gulf that intersect with domestic politics, debates over Islam and authority, concerns about instability, the need for stronger economic growth, and aversion to foreign interference. Promoting constructive GCC-Maghreb relations will be most feasible on the economic front. Successful management of enduring tensions will not ensure political and economic stability, but it will make that stability much more likely. ■

GCC-Maghreb Relations in a Changing Regional Order

by Carolyn Barnett

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Since unrest started in the Maghreb in late 2010, several of the Gulf Cooperation Council (GCC) countries have sought greater influence in North Africa. By providing financial, material, and political support both for status quo powers and for revolutionary governments in the Maghreb, Arab Gulf leaders are making clear the strategic importance they attach to North Africa. Their actions are part of a broader pattern of regional GCC activism, the goal of which is to shape political developments across the Middle East and North Africa.

GCC interests in the Maghreb overlap in many cases, but they are not identical. In Tunisia and Libya, Gulf countries hope to influence whatever new power structure emerges from the postrevolutionary period of instability. Gulf monarchs also have a stake in what becomes of Morocco's reform process, since it could set a precedent of curtailed monarchical power.

For its part, the Maghreb needs new partners, but its people and governments are also wary of Gulf motives. In Tunisia and Libya, uncertainty over how to engage the Gulf intersects with domestic political debates over Islam and authority. Morocco seeks to build on historical ties to the Gulf to boost economic growth, but without undermining domestic reforms. And although Algeria shares Gulf leaders' goal of suppressing domestic unrest, it remains perhaps the most cautious about Gulf intentions, being generally critical of foreign interference and having opposed the GCC's support for efforts to overthrow Muammar el-Qaddafi in Libya.

Leaders across the region have in fact actively sought help from the GCC countries, but they retain reservations about the partnership. While Gulf aid to and investment in the Maghreb have grown over the past two years, some in the Maghreb are

THE MAGHREB IN TRANSITION

While the Maghreb has long been at the margins of U.S. policy in the Middle East and North Africa, trends in this region increasingly reverberate throughout the Middle East. In this new environment, developments in the Maghreb will continue to have an impact both on the broader Middle East and on U.S. interests. The Middle East Program examines changing political, economic, and security trends in the Maghreb—defined here as Morocco, Algeria, Tunisia, and Libya—through original research and analysis and by convening events that highlight issues of importance in the Maghreb to business and policymaking audiences. More broadly, the program focuses its research on the drivers of social and political change in the Middle East. To the greatest degree possible, we seek to be “opportunity driven” rather than “threat driven,” seeking out opportunities for positive change rather than merely reacting to crises. For more information on the program's work on the Maghreb, visit <https://csis.org/program/maghreb>. ■

concerned at the lack of transparency in aid, unsure about donors' intentions in the region, and above all fearful of inappropriate foreign influences. These concerns in turn fuel greater distrust among domestic political actors. The role of Qatar in particular—one of the region's biggest donors and a supporter of Islamist movements—has become a polarizing issue in several countries, though the new leadership in Qatar could shift that country's priorities and reduce some of the tensions its policies have generated.

The extent of Gulf countries' genuine influence in the region is difficult to assess, but their desire for leverage is clear—and in the Maghreb's political environment, even rumors of influence can affect outcomes. Whether or not Gulf countries' money buys them clout, the perception that it does can affect policy debates and political legitimacy.

Concerted diplomatic action on the part of the United States can help to ensure that Gulf engagement in the Maghreb is constructive, rather than disruptive, particularly on the economic front. The United States enjoys close ties with governments in the Gulf, but GCC partners are critical of U.S. actions across the Middle East and concerned primarily with their own political stability. Maghreb, U.S., and GCC interests converge most clearly on economic issues, where all would benefit from growing Maghreb economies that create jobs, foster regional economic integration, and promote inclusive growth and stability. GCC interest and intra-GCC competition in the Maghreb are perhaps inevitable, but they need not necessarily be destabilizing or dangerous.

THE HISTORY OF GCC-MAGHREB RELATIONS

While rulers in the Maghreb and the Gulf have long engaged one another, until recently neither region held essential strategic importance for the other. For the Maghreb, Europe and the Sahel retained their primacy, while the GCC focused on regional Middle Eastern stability and the threat it faced from Iran. The Maghreb and GCC shared some common interests, primarily on Pan-Arab causes like the Arab-Israeli conflict, but the two regions interacted primarily through Arab regional organizations or as antagonists in the Arab Cold War between conservative and revolutionary regimes. Revolutionary Algeria and Libya in particular found they had little in common with the Arab Gulf monarchies other than oil, which was less a bond than a source of

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tension. Within OPEC, the Maghreb exporters were more hawkish than their Gulf counterparts, and they consistently advocated limiting production to ensure higher prices. During the first Gulf War, Maghreb countries had to balance domestic opposition to Operation Desert Storm with their relations with various Gulf countries, most importantly Saudi Arabia. Even Morocco, which sent 1,200 troops to Saudi Arabia and 500 to the United Arab Emirates (UAE) as part of the coalition against Saddam Hussein, permitted mass protests in support of Iraq.¹

Personal connections between rulers shaped the countries' bilateral relationships. The leaders of Morocco, a Sunni Arab monarchy, had a natural affinity with Gulf monarchs and King Hussein in Jordan. Former Tunisian President Zine el-Abidine Ben Ali developed reasonably friendly ties with Gulf leaders; that he escaped in January 2011 to Saudi Arabia, where he remains, attests to those relationships, but also to the Saudi leadership's ultimate conclusion that Ben Ali's control of Tunisia could not be salvaged. Conversely, Qaddafi's erratic behavior and strained relationships with Gulf leaders—Qaddafi reportedly tried to have Saudi Arabia's King Abdullah (then crown prince) assassinated in 2004²—contributed to the Arab League's decision in 2011 to endorse the NATO intervention that led to his ouster.

Over the past 10 to 15 years, Gulf investment in the Maghreb expanded as leaders in the region courted Gulf money, especially when U.S. markets became unwelcoming after September 11, 2001, the post-2003 oil boom boosted Gulf capital surpluses, and Gulf investors sought to diversify their holdings. Vast real estate projects and other investments in infrastructure and natural resources extraction, which gained a reputation for creating few jobs despite large capital expenditures, dominated these arrangements.

Overall, Gulf-Maghreb economic relationships remained modest compared to Maghreb economic engagement with Europe, and the GCC countries continued to invest more in Turkey, Egypt, and Jordan than in the Maghreb.

GCC interest in the Maghreb sharpened in 2011, when developments there began to have important consequences for Middle Eastern regional politics. The uprisings that began in Tunisia spread to Egypt, Bahrain, Yemen, and Syria, setting a threatening precedent but also opening new venues for GCC leaders to exert influence. Several GCC countries—most notably Qatar, Saudi Arabia, the UAE, and to some extent Kuwait—have worked more actively to shape political outcomes across the entire Middle East over the past two years.³ A desire to avoid domestic instability partly drives this trend, but so does opposition to Iranian intentions, the increasingly stark Sunni-Shi'ite divide across the region, and concern over the direction of U.S. foreign policy priorities and choices. The inability of Egypt, Syria, and Iraq to play a larger role, given their internal turmoil, also provided a major opening for Gulf rulers to assert themselves in the region more directly.

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Their goals are not always aligned. Syria has become an arena of both cooperation and competition among GCC countries, which have worked together in the Arab League and the Friends of Syria group but have supported different rebel groups within Syria. Qatar's support for the more radical of these groups has irritated Saudi and Emirati leaders. While Qatar has sought closer ties with the Muslim Brotherhood and its various incarnations, the UAE vehemently opposes the movement and views it as a security threat of the highest order.⁴ Saudi Arabia also views the Muslim Brotherhood with suspicion. As elsewhere across the region, GCC interests in the Maghreb overlap but are not identical.

GCC AID AND INVESTMENT

The different interests and goals of Gulf countries have affected their relations with individual Maghreb countries in a variety of ways; these are described in detail in the next section. What the Gulf countries share is a willingness to use money, or promises of aid and investment, to try to gain political influence in the Maghreb. Over the last two years, Gulf aid commitments to and investment in the region appear to have increased.

Not all aid disbursements have materialized on schedule, however. For example, initial reports suggested that Saudi Arabia, Kuwait, and Qatar together might provide as much as \$10 billion to the G8-initiated Deauville Partnership (of which the UAE is also a member),⁵ but actual contributions to the Deauville Transition Fund from all sources had not exceeded \$50 million by April 2013.⁶ Similarly, the GCC countries jointly pledged \$5 billion to Morocco over five years for tourism and infrastructure projects,⁷ but the first disbursement of \$400 million from the Saudi Fund for Development did not materialize until February 2013, and it was only in June 2013 that the UAE and Kuwait signed MOUs to disburse their contributions. It remains unclear whether and in what amounts further payments will arrive.⁸

Aid and investment are linked in the region because assistance sometimes arrives as investments in critical infrastructure, particularly in Morocco and Tunisia, and because the line between public and private funds in the Gulf is often blurred. Some aid is arranged through official development bodies, including the Arab Fund for Social and Economic Development and national funds like the Kuwait Fund for Arab Economic Development or the Saudi Fund for Development. Measures of GCC foreign direct investment (FDI) in the Maghreb illustrate that the number of projects announced and the amount of capital expenditure they represent have steadily risen since the post-financial crisis lows of 2009–2010, but have still not returned to the peak seen in 2006, when GCC-based companies announced 46 FDI projects worth over \$16 billion total in the Maghreb. By comparison, 28 projects worth a total of around \$6 billion, mainly in Algeria and Morocco, were announced in 2012.⁹ The uncertain investment environment in the Maghreb and continued malaise of the global economy have likely prevented GCC FDI to the Maghreb from growing more quickly. Both sides recognize the potential, however, as numerous GCC-Maghreb business and investment fora and

discussions of improving regional economic integration demonstrate.

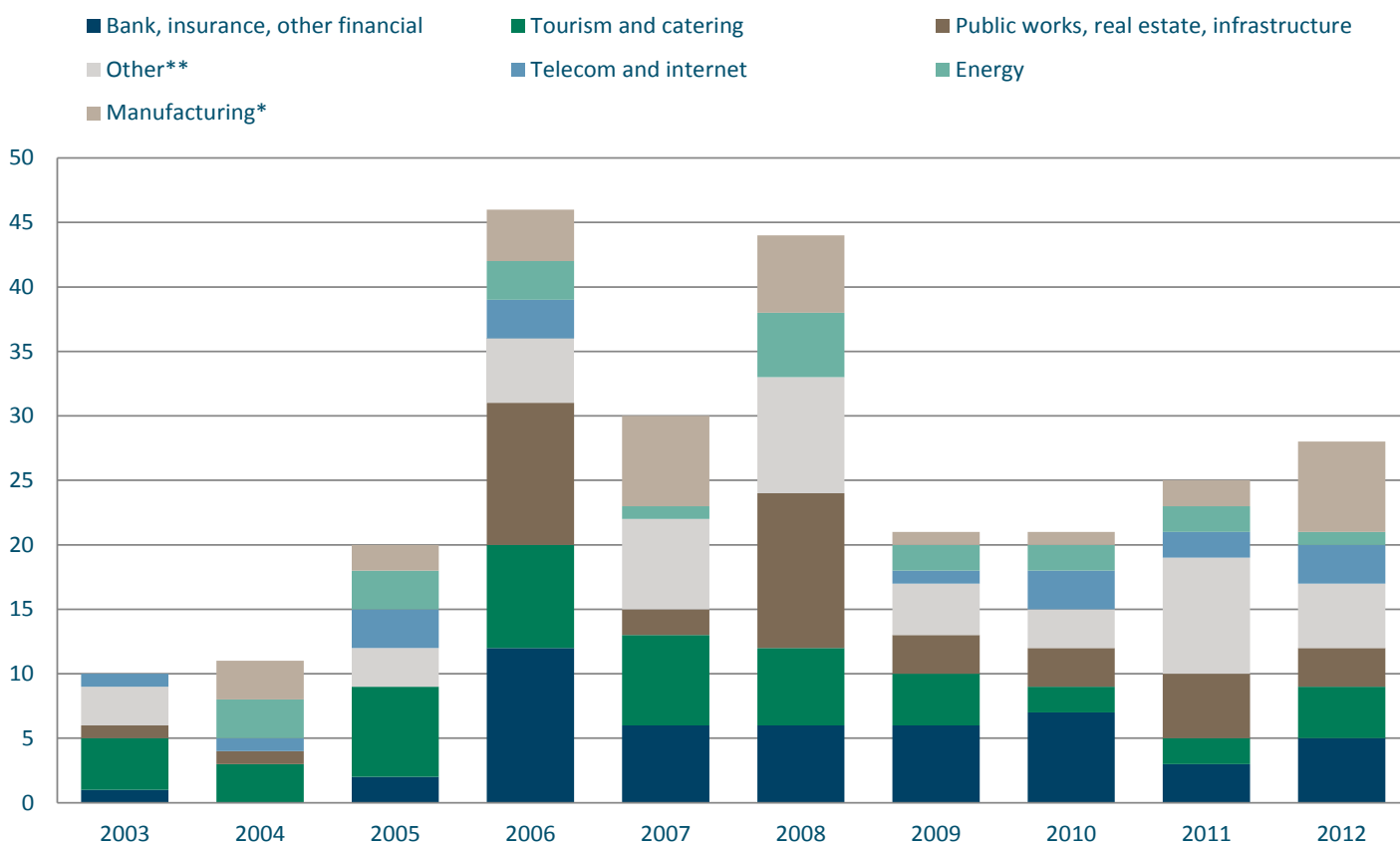
Yet not all loans, development projects, joint ventures, and new investments are announced publicly, and the channels through which this unannounced aid arrives are often unclear. GCC governments do not publish reliable records of all their loans, grants, and investments. Moreover, as other analysts have noted,¹⁰ it is widely believed, but nowhere documented, that governments and individuals from the Gulf have given significant sums of money to various political actors within Maghreb countries, especially Islamist political parties. As a result of these and other challenges, arriving at a comprehensive picture of Gulf aid to or investment in the Maghreb—and how it compares to past realities—is difficult.¹¹

Europe remains the largest trade partner and biggest source of foreign direct investment (FDI), tourist arrivals, and

migrant remittances for the Maghreb. But Europe’s economies have been stagnant, and the EU’s GDP actually contracted in 2012. Europe is also imposing austerity policies and cutting foreign spending. Understandably, then, Maghreb governments are seeking economic partners elsewhere. The GCC countries—which despite high domestic spending enjoy some of the largest budget surpluses in the world¹²—have also sought to diversify their holdings away from crisis-stricken Europe.

It is not clear what effect stronger economic ties with GCC countries will have on the Maghreb over the long term. Outcomes could be positive if greater economic engagement boosts FDI and Maghreb economies more generally and leads to more jobs and inclusive growth. Job creation is not inevitable, however. According to a recent World Bank report, FDI in the Deauville Partnership countries (which include Tunisia, Libya, and Morocco) has been concentrated in mining and real estate.¹³ Over the past 10 years,

Number of Announced FDI Projects in the Maghreb from GCC Countries by Sector

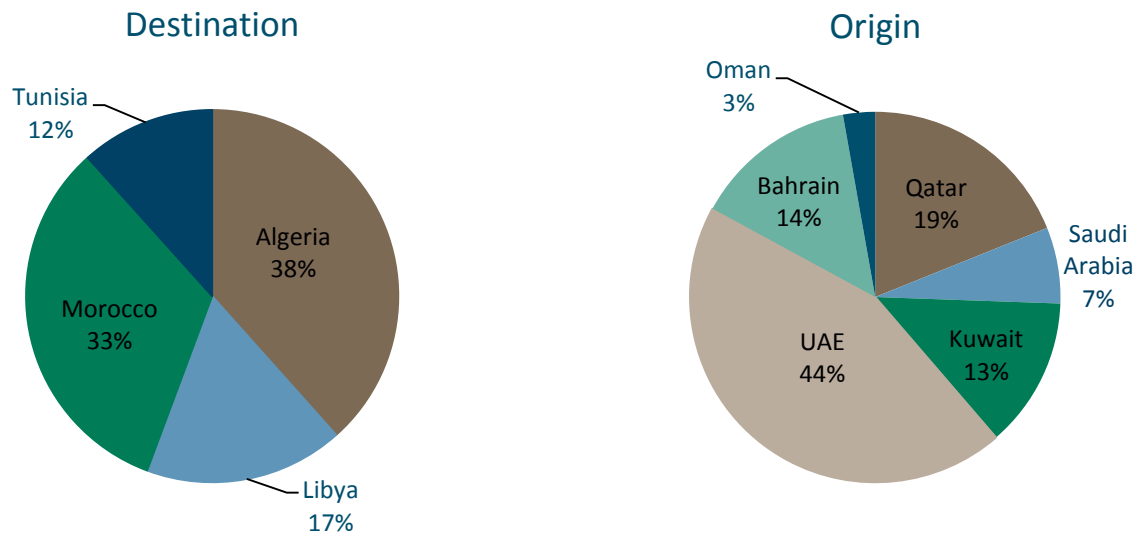


Source: ANIMA-MIPO Observatory

*Includes: Car manufacturers or suppliers; Chemistry, platurgy, fertilizers; Drugs; Electric, electronic and medical hardware; Glass, cement, minerals, wood, paper; Mechanics and machinery; Metallurgy and recycling of metals; Textile, clothing, luxury

**Includes: Agribusiness; Consulting and services to companies; Data processing and software; Distribution; Transport and logistics; Other or not specified

GCC FDI to the Maghreb by Value of Announced Projects, 2003-2012



The value of announced FDI projects from the GCC to the Maghreb from 2003-2012 was approximately \$45.4 billion. Not all project announcements include value estimates. Source: ANIMA-MIPO Observatory.

announced FDI projects by GCC-based companies in the Maghreb have most frequently been in the banking, real estate, infrastructure, and tourism sectors.¹⁴ The World Bank report notes that mining and real estate in particular have not contributed much to employment, and there is significant room to expand manufacturing FDI to boost job growth. Political opposition to and resentment of Gulf investors who focus on real estate and extractive industries has also been a part of some activists' broader critique of liberal economic reforms and crony capitalism that helped spark the region's uprisings.

Funding for da'wa (religious outreach) and social services provided by conservative religious organizations is another avenue for GCC influence, although the flow of funds in this area is particularly opaque. Observers in Tunisia have expressed concern that preachers with training in the Gulf are contributing to the expansion of salafi social and political groups, some of which embrace violence as a means to political ends within their own countries or abroad.¹⁵ The concern is not new: Maghreb governments have complained about predominantly Saudi-financed support for salafi and Wahhabi groups across the region since the 1970s. In Libya, the League of Libyan Ulema (a network of senior Libyan religious scholars) has explicitly criticized Saudi influence for contributing to the spate of attacks on Sufi shrines in the country in 2012; it called on the Libyan government to condemn Saudi "meddling" and attempts to

radicalize youth.¹⁶ In some cases GCC efforts to exert influence in the Maghreb thus threaten to exacerbate the already difficult challenge of radicalization and extremism across the region.

DELICATE RELATIONSHIPS

Aversion to foreign influence or interference in domestic politics, a legacy of the struggle against colonialism, remains a powerful element of political life in the Maghreb. So too does distrust of Gulf intentions and resentment of Gulf attitudes toward the Maghreb. The goals of revolutionary governments are in tension with those of GCC governments seeking to preserve the status quo, while others see the GCC as activists themselves. In an environment highly sensitive to "foreign meddling," perceptions of covert relations undermine public trust in the intentions and actions of political actors and institutions. These sentiments and perceptions are playing out in different ways across the region.

TUNISIA

Tunisia's new leaders have actively sought to strengthen ties with GCC states, especially Qatar and Saudi Arabia, and the success of Ennahda in elections facilitated the emergence of strong Tunisian-Qatari ties in part due to Qatar's support for Islamists across the region. Qatar has granted Tunisia multiple loans totaling over \$1.5 billion,

purchased millions of dollars of Tunisian bonds, and promised investments in energy, environment, water, construction, and humanitarian and social projects.¹⁷ Among other recent developments, Qatar has committed to building a \$2 billion oil refinery that would expand Tunisia's refining capacity fourfold,¹⁸ is funding new tourism developments,¹⁹ and has entered into a new military cooperation agreement with Tunisia, focused primarily on improving joint training and sharing expertise.²⁰ To show its approval of Tunisia's political transition, Qatar donated \$20 million to Tunisians wounded during the uprising against Ben Ali.²¹ Qatar also agreed to expel Ben Ali's nephew, convicted in absentia of corruption, though not to extradite him directly to Tunisia; he has since claimed asylum in the Seychelles.²²

Balancing the demonstrated need for economic investment against national sentiment will remain a challenge for Ennahda and the ruling troika, or whoever succeeds them.

But heightened sensitivity to Gulf influence has made the role of Qatar a domestic political football in Tunisia. Tunisia's political opposition has been critical of Qatar's good relations with the Ennahda-led government, partly out of a general concern about foreign influence and partly out of a wish to oppose Ennahda itself. These dynamics contributed to the April 2013 row in Tunisia in which President Moncef Marzouki praised Qatar's role in helping return Tunisian assets held by the Trabelsi family in Lebanon and admonished Tunisians not to insult Qatar; a social media campaign denigrating Qatari influence was launched in response. When Qatar's Sheikha Moza bint Nasser in turn made comments suggesting that Tunisians were ungrateful, critics derided her as arrogant.²³ Opponents of Qatari influence also criticize the lack of transparency in Qatari investments and acquisitions within Tunisia, which have raised fears of Qatar "buying" Tunisia. In May, Prime Minister Ali Laarayedh said that a potential additional loan of \$1 billion from Qatar would be with "easy conditions,"²⁴ in response to allegations from critics that Qatar would charge Tunisia

a high interest rate.

Saudi Arabia, the UAE, and Kuwait have also aided Tunisia, though to a lesser extent than Qatar.²⁵ In addition, Tunisia has obtained a few small loans from the Islamic Development Bank (IDB), based in Saudi Arabia, and several visits by Ennahda leaders to Saudi Arabia culminated in the announcement in June 2013 of a \$1.2 billion, three-year IDB loan.²⁶ Thus far, Tunisia has made no serious effort to seek Ben Ali's extradition from Saudi Arabia, but his presence there reminds Tunisians of the role—or lack thereof—that Saudi Arabia played in their revolution. Ambivalence toward the Saudis is evident in the complaint of one Tunisian author that a Tunisian official visiting Saudi Arabia had kissed Saudi Foreign Minister Saud bin Faisal's hand.²⁷

Overall, Tunisian ambivalence about GCC countries has risen in response to the perception of increased GCC engagement. Balancing the demonstrated need for economic investment against national sentiment will remain a challenge for Ennahda and the ruling troika, or whoever succeeds them.

LIBYA

The role of the Gulf has also become a domestic political issue in Libya. As noted above, religious leaders in Libya have criticized Saudi Arabia for supporting the spread of Wahhabi ideology. Qatar was one of the earliest and most active supporters of foreign intervention on behalf of the Libyan rebels, but in the uprising's aftermath, Qatar faced accusations of pressuring Libya's transitional leaders for special economic privileges, exerting influence over government appointments, and supporting Islamist political candidates in the run-up to elections for the General National Congress (GNC).²⁸ Qatar's support for Muslim Brotherhood political groups seems to have backfired; backlash against perceived Qatari patronage seems to have played some role in the Muslim Brotherhood's poor performance in the 2012 elections. The extent of sensitivity to Qatar's role was also apparent in January 2013, when Prime Minister Ali Zeidan made an official statement announcing the end of Qatari interaction with sub-state groups and asserting that Qatar would engage solely through official government channels moving forward.²⁹ More recently, demonstrators in Benghazi burned Qatari flags and an effigy of Qatar's former emir, accused Qatar of supporting Libyan salafis and other Islamists, and called for an end to Qatari interference.³⁰

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Because of Libya's access to significant hydrocarbon revenues and a substantial sovereign wealth fund,³¹ it has been less active than Tunisia in seeking GCC aid. Libya is in fact the only Maghreb country to act as a donor within the region: it helped shore up Egypt's finances in early 2013 with a \$2 billion loan. Still, Libya has been the target of some assistance and new engagement from the Gulf, particularly in the security sector. Qatar and the UAE contributed funds and fighter jets to the NATO campaign against Qaddafi, and Qatari special forces provided training to Libyan rebels during the war.³² Qatar and the UAE have since offered to help train Libya's police forces.³³ In early 2012, the Emirati Al Ghurair Group began a \$1.5 billion refinery expansion project in Libya, and UAE-financed real estate projects halted during the war have resumed.³⁴ Yet security concerns could undermine the deepening of bilateral ties: militants targeted the UAE's embassy in Tripoli with a rocket-propelled grenade in July 2013.

MOROCCO

The GCC has sought closer ties with Morocco than with neighboring countries, and in 2011 floated the idea of Morocco joining the GCC (Morocco declined). Some analysts argued that the primary motivation of this offer, also extended to Jordan, was to shore up friendly Sunni monarchies throughout the region, possibly creating a new regional forum to promote stability.³⁵

Morocco in turn has pursued closer ties with the GCC, primarily as a way to boost its economic performance. Over the past two years, in addition to the promised \$5 billion from across the GCC, Morocco announced it would receive

two loans worth approximately \$285 million from the IDB for hydropower and drinking water projects,³⁶ and Saudi Arabia is building a solar "mega-plant" in Morocco worth about \$500 million.³⁷ The Saudi-Moroccan Investment Company for Development (also known as Asma Invest, with capital from both the Saudi and Moroccan governments) recently announced plans to finance multiple projects worth around \$230 million across Morocco.³⁸ Kuwait, Qatar, and the UAE joined forces in 2012 to create Wessal Capital, a tourism-focused investment arm in Morocco with initial capital of around \$2.4 billion.³⁹ Qatar has additionally agreed to create a joint investment fund worth \$2.2 billion with Morocco to which each party would contribute in equal measure.⁴⁰

Yet Moroccan and other governments walk a fine line accepting aid from GCC countries. Leaders in Morocco seek to advance political reforms that address public demands for change without alarming Gulf partners that radical transformation is on the horizon. Thus far the balancing act seems to have been successful. GCC leaders appear to have supported King Mohammed VI's move to introduce a new constitution and hold elections in response to rising protests; at the same time that Moroccans geared up for parliamentary elections in November 2011, GCC leaders were in Rabat to sign a series of new bilateral cooperation agreements.⁴¹ Maintaining that tacit support will be important for Morocco's reform process moving forward.

ALGERIA

The close Morocco-GCC relationship has troubled Algeria, and anxiety about Gulf leaders' motivations is perhaps most evident there. Despite reportedly good relations between President Abdelaziz Bouteflika and GCC leaders, Algerian business elites are concerned about Gulf investors exerting undue influence, and there is a general hesitation to open up Algeria's economy too quickly or too widely to outside investment.

Historically, Algeria leveraged its relationships with Qatar and the UAE to balance Morocco's close relationship with Saudi Arabia, and in the past Algerian-Qatari relations were cordial and even supportive. But this relationship was hurt by critical Al Jazeera coverage of Algeria's parliamentary elections in 2007 and 2012.⁴² GCC support at the Arab League for the intervention in Libya in 2011, as well as material support for the intervention from Qatar and the UAE,

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antagonized Algeria, which saw the international action as setting a dangerous precedent of foreign intervention in the region. Algeria has repeatedly found itself at odds with GCC political aims over the past few years, and it has pushed back against Arab League calls for Assad to step down in Syria.⁴³ The GCC's invitation to Morocco to join in 2011 further discomfited Algerian leaders, who have also been annoyed by Qatar's support for Islamist parties across the region. French-language reports have alleged that Qatari and Saudi funds have flowed to jihadists in northern Mali and across the Sahel; whether true or not, these allegations contribute to and reflect Algerian perceptions that GCC influence in the Maghreb has dangerous implications for Algeria's interests.⁴⁴

Despite these tensions, Algeria's relationships with GCC countries are expanding. The UAE's non-oil trade with Algeria reportedly grew 72 percent from 2009 to 2011, albeit from a low base,⁴⁵ and the UAE recently signed a new security cooperation agreement with Algeria.⁴⁶ On the other hand, major Emirati investments have yet to return on the scale of the \$20 billion in projects planned by real estate firm Emaar before the financial crisis.⁴⁷ It is not implausible to suppose that the UAE's overtures to Algeria stem from a shared anti-Muslim Brotherhood bias, with the UAE seeking a stronger partnership with the last fully secular government in the Maghreb.⁴⁸ Qatar has also reached out to Algeria, announcing its desire to invest in Algerian infrastructure at a 2011 meeting of OPEC,⁴⁹ and agreeing in January 2013 to joint ventures in aviation, mining, shipping, and fertilizer production, and to production of a \$2 billion steel-production complex.⁵⁰ In March, Qatar and Norway announced they would jointly build a \$3.5 billion ammonium plant in Algeria.⁵¹ The Qatar-Algeria thaw was surprising, but may reflect Algerian concern that closer Morocco-GCC ties would leave Algeria out in the cold.

TOWARD CONSTRUCTIVE GCC-MAGHREB RELATIONS

While Gulf leaders want to shape developments in the Maghreb, it is unclear what real political impact their actions have beyond affecting public perceptions. Yet even those perceptions influence political developments. Allegations that Qatar offers partisan support to Islamist political groups threaten to undermine efforts to build political consensus between Islamists and their opponents. Accusations that Maghreb leaders are "in the pocket" of foreign interests damage their political legitimacy. Concern that GCC governments—which supported an uprising against Qaddafi and are currently working against Assad—are unreliable contributes to an atmosphere of suspicion.

There are two central risks associated with the GCC's search for influence in the Maghreb. The first is that the aid it offers might prove more politically harmful than economically beneficial: in this scenario, aid would not contribute to sustainable economic development, but would provide only short-term relief while distorting the domestic political playing field and potentially undermining the prospects for democratic consolidation. GCC investment and aid to date have targeted a few sectors and are unlikely to improve the broader structural obstacles to economic growth in the Maghreb—corruption, insecurity, bureaucracy, and imbalanced labor markets among them—thereby constraining their potential positive long-term impact.

The second is that Gulf governments with competing priorities might increasingly express their rivalries through action in the Maghreb (as appears to have occurred in neighboring Egypt⁵² and Syria), and that political factions within Maghreb countries might seek to play GCC countries off one another. Qatar's support for the Muslim Brotherhood could come into greater conflict with Saudi Arabia's aversion to that organization, and the UAE's distaste for Islamists of all stripes could lead it to oppose both Qatar's role in the region and Saudi Arabia's encouragement of salafi religious groups. If these GCC countries decide it would serve their interests to support competing proxy groups or institutions in the Maghreb, that decision would undermine Tunisia's and Libya's efforts at more stable and accountable governance, and it would threaten stability and political progress across the Maghreb. Gulf funds channeled to salafis could also contribute to domestic political

violence, including against liberal and secular political figures and institutions.⁵³

The trajectory of GCC-Maghreb relations will be subject to the rapidly evolving dynamics in the Middle East as a whole. The recent leadership transition in Qatar and the potential for transition in Saudi Arabia could have unpredictable effects on both regional relationships and domestic politics in the Maghreb. In addition, should GCC aid become too politically sensitive for Maghreb politicians, they might become more critical of undemocratic governance in the Gulf itself. Should revolutionary governments in Libya or Tunisia more explicitly encourage the citizens of other countries to push for reform, their relationships with GCC governments could cool.⁵⁴

For the United States, promoting constructive GCC-Maghreb relations will be most feasible on the economic front, where supporting sustainable and inclusive economic growth is in all parties' interest. Indeed, the goals the Deauville Partnership outlined to promote economic reform and aid coordination were the right ones, yet the ongoing commitment to that initiative has been disappointing. Concerted diplomatic effort to coordinate aid, promote aid and investment transparency by GCC governments (as well as transparency among Maghreb governments), and improve targeting of job-intensive and high-growth sectors could make the confluence of U.S. and GCC interest in the Maghreb a productive one.

The United States and its GCC partners agree that economic progress and political stability go hand in hand. But they do not always agree—nor do GCC governments agree among themselves—on what progress and stability mean in the Maghreb or how to facilitate them. Gulf countries pursue separate and sometimes contradictory strategies, both in the Maghreb and across the Middle East more broadly, and support different actors. Partnerships can help foster political and economic stability, but competition could distort domestic political incentives, lead to proxy battles, and exacerbate tensions. In fact, the region is likely to feature both partnerships among donors and competition between them for many years to come. Successful management of enduring tensions will not ensure political and economic stability, but it will make that stability much more likely. ■

NOTES

1. “War in the Gulf: Huge Morocco March Supports Iraq in War,” *New York Times*, February 4, 1991, <http://www.nytimes.com/1991/02/04/world/war-in-the-gulf-huge-morocco-march-supports-iraq-in-war.html>.

2. Michael Slackman, “Dislike for Qaddafi Gives Arabs a Point of Unity,” *New York Times*, March 21, 2011, http://www.nytimes.com/2011/03/22/world/africa/22arab.html?_r=0.

3. See Bernard Haykel, “Saudi Arabia and Qatar in a Time of Revolution,” Center for Strategic and International Studies, February 2013, <http://csis.org/publication/gulf-analysis-paper-saudi-arabia-and-qatar-time-revolution>; Christian Koch, “The GCC States and the West: Challenges of Arab Transitions,” 33-48, and Claire Spencer and Jane Kinninmont, “The Arab Spring: the Changing Dynamics of West-GCC Cooperation,” 49-69, both in *The Uneasy Balance: Potential and Challenges of the West's Relations with the Gulf States* (Rome: The Instituto Affari Internazionali, 2013).

4. In 2012, the UAE arrested 94 individuals accused of belonging to the Muslim Brotherhood and plotting against the government, 68 of whom were convicted in July 2013, shortly after an additional 30 Emiratis and Egyptians were arrested on similar charges.

5. Gregory Viscusi and Tony Czuczka, “G-8 Finds \$40 Billion for Arab Spring from Development Banks, Direct Aid,” *Bloomberg*, May 27, 2011, <http://www.bloomberg.com/news/2011-05-27/g-8-support-for-arab-spring-tested-in-talks-with-leaders-of-egypt-tunisia.html>.

6. Officials anticipated that total contributions to the Transition Fund would eventually reach \$250 million. IMF, “Arab Countries in Transition: Economic Outlook and Key Challenges,” Deauville Partnership Ministerial Meeting, Washington, DC, April 19, 2013, <http://www.imf.org/external/np/pp/eng/2013/041613.pdf>.

7. “Morocco Eyes Investments from Gulf to Offset Slowdown,” *AFP*, October 27, 2012, <http://thepeninsulaqatar.com/business/212269-morocco-eyes-investments-from-gulf-to-offset-slowdown.html>.

8. “Agreement between Morocco and the Saudi Fund: Allocation of \$400 Million in Development Projects,” *Maghreb Daily*, February 13, 2013, http://en.lemag.ma/Agreement-between-Morocco-and-the-Saudi-Fund-Allocation-of--400-million-in-development-projects_a3284.html; “UAE offers \$1.25b grant to Morocco for sustainable development,” *Saudi Gazette*, June 26, 2013, <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentid=20130626171302>; “The signing of seven project agreements in the Kingdom of Morocco,” Kuwait Fund for Arab Economic Development, June 27, 2013, http://www.kuwait-fund.org/index.php?option=com_content&task=view&id=692&Itemid=90; “Who Gets the Gulf's \$5 Billion?” *Maghreb Confidential*, April 25, 2013, [http://www.africaintelligence.com/MCE/business-circles/2013/04/25/who-gets-the-gulf-s-\\$5-billion,107957239-ART](http://www.africaintelligence.com/MCE/business-circles/2013/04/25/who-gets-the-gulf-s-$5-billion,107957239-ART).

9. Data courtesy of the ANIMA-MIPO Observatory, <http://www.animaweb.org>. Note that not all projects are announced, and not all project announcements include estimates of project value. Values have been converted from euros at current exchange rates. These limitations also apply to the charts shown on pages 4-5.

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