

MENA: Why RUSSIA is Relevant !

Presentation to the Moscow Carnegie
conference

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a

- *beyond extracting and exporting resources,*
- *beyond successful traditional subcontracting,*
- ***Emergence is the name of the game***
- ***The real and sustainable path is Human Capital Development***

- 
- A satellite image of the Earth showing the Middle East, North Africa, and parts of Europe and Asia. The image is taken from space, showing the curvature of the planet and the sun's glare on the right side. The text is overlaid on the left side of the image.
1. Context
 2. Outcomes and Challenges
(political, social & economic reforms)
 3. MENA's look at Russian Choices

Northern Med countries

	France	Italy	Spain	Cyprus
Population (millions) 2008	62	59	45	1
GDP (US\$ billions) 2008	2 866	2 314	1 612	25
GDP per capita (US\$) 2008	46 016	38 996	35 332	32 772

	Greece	Slovenia	Portugal	Malta	Israel	Turkey
Population (millions) 2008	11	2	11	0	7	76
GDP (US\$ billions) 2008	358	55	245	8	202	729
GDP per capita (US\$) 2008	32 005	27 149	22 997	20 202	28 365	10 472

NORTH MED
273
8 412
30 770

Southern Med countries

	Libya	Lebanon*	Algeria	Tunisia
Population (millions) 2008	6	4	34	10
GDP (US\$ billions) 2008	100	35	160	40
GDP per capita (US\$) 2008	16 115	8 060	4 588	3 907

70%
8%
11%

	Jordan	Syria	Morocco	Egypt
Population (millions) 2008	6	20	32	77
GDP (US\$ billions) 2008	20	55	86	162
GDP per capita (US\$) 2008	3 421	2 757	2 748	2 161

SOUTH MED
190
658
3 460

Lessons to Developing Economies 1

- Developing Economies will be of 2 types:
 - Emerging & Non-Emerging
- **Emerging Economies** will achieve a high rate of **growth allowing**:
 - Appropriate Growth and Jobs creation
 - Balancing the Current Account: Export
 - Investing in Infrastructure (Edu et Techno)
 - Developing Access to Resources

Lessons to Developing Economies 2

- **Non-Emerging** Developing Economies will suffer from **Insufficient Growth**
- Main Blocages:
 - No country “Business Plans”
 - Barriers to Intra-Regional Trade
 - No Strategic Partnerships
 - Deficient Governance
 - FDI with low Technological content
 - Inadequate Investment in Human Capital

Lessons to Developing Economies 3

OTHERWISE ...

- **Non-emerging** will be **submerged** !
- Present opportunities missed **for one to three next generations.**
- Furthermore, following regions:

» **MENA**

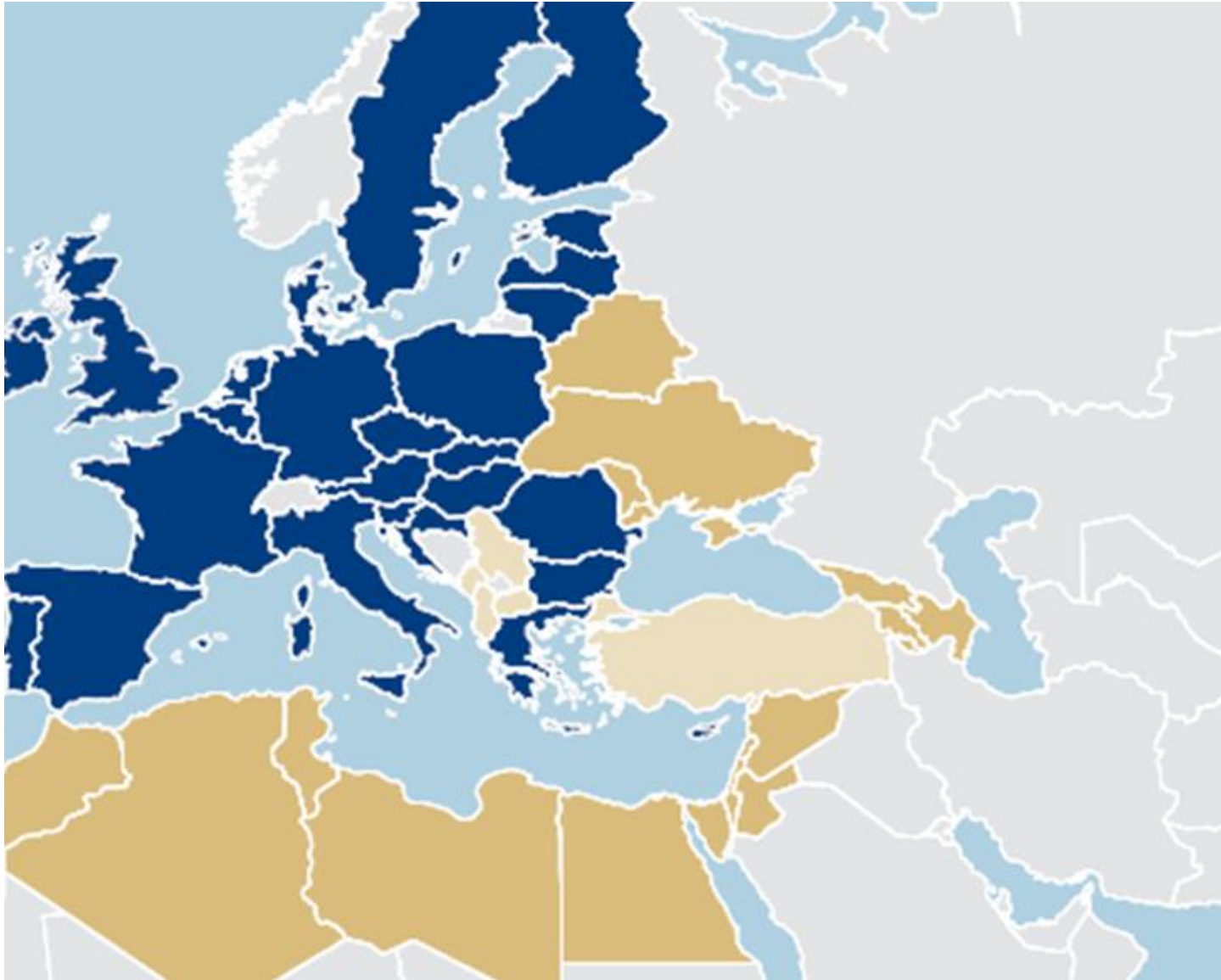
» **Sub-Saharan Africa**

» **Central America**

run the risk of being Dominated (Economically,
Militarily and Politically)

- **Convulsions** will be more and more violent.

EU's neighborhood in 2015 ... according to EU !



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The view from MENA

EU views itself surrounded by an “Arc of Instability”

An “arc of instability” stretching from the European Union’s (EU) eastern borders down to the Mediterranean basin has undermined its flagship European Neighbourhood Policy (ENP). This policy was designed to deliver prosperity, stability and democracy to countries surrounding the EU. It has manifestly failed and needs to be radically rethought.

Starting with a *tabula rasa*, the EU should abandon the very concept of a heterogeneous “neighbourhood” in the face of glaring differences among the 16 countries affected, not least because some are uninterested in reform; others may even be failed states. EU member states are themselves pursuing divergent interests and goals.

Reasserting common EU institutions while differentiating among the EU neighborhood countries!

A fundamental review of the ENP should lead to more differentiated, targeted measures to promote “transformational change” within neighbouring states ready to accept it. The EU should offer revised incentives such as participation within the proposed “energy union” or freer trade designed to aid local economic development. It should embrace a wider range of actors, including civil society, promote entrepreneurship and help reform countries’ police and military forces.

The review should reassert common EU institutions in negotiating and working with neighbours and give them a central role in preventing and resolving conflicts as well as promoting democratic reform and economic stability. This revised ENP should help underpin the EU’s efforts to forge a genuine Common Foreign and Security Policy.

NORTH AFRICA

which options?

- **Non coordinated strategies:**

Example Morocco, Tunisia & EU

(APC, APD, EFTA, ...)

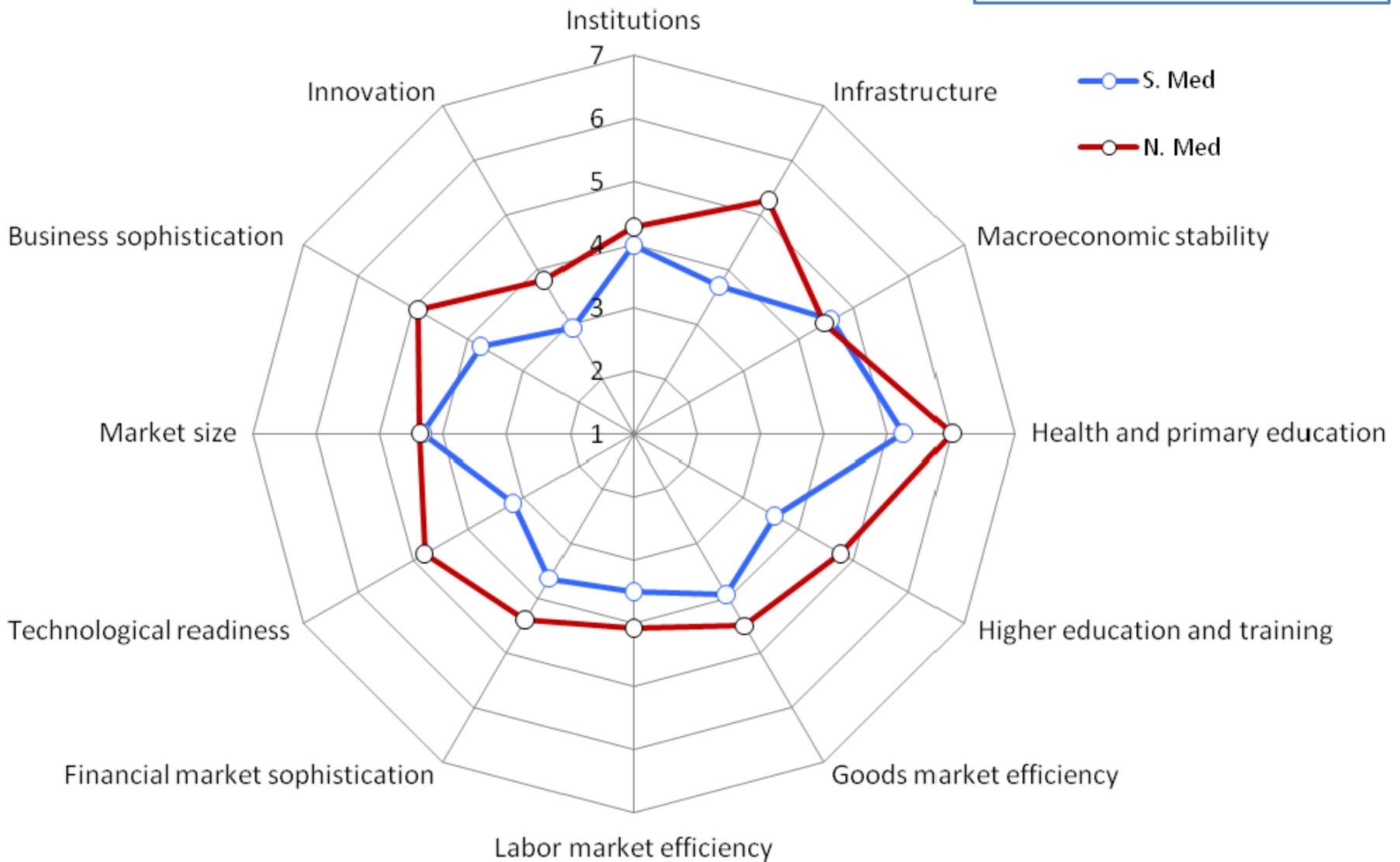
or

- **Building SYNERGIES !**

One striking example **MediterrAfrica**

Regional competitiveness

Present Situation



(Weighed regional averages from the 2010 Global Competitiveness Report, World Economic Forum)

The Mediterranean region in 2030:

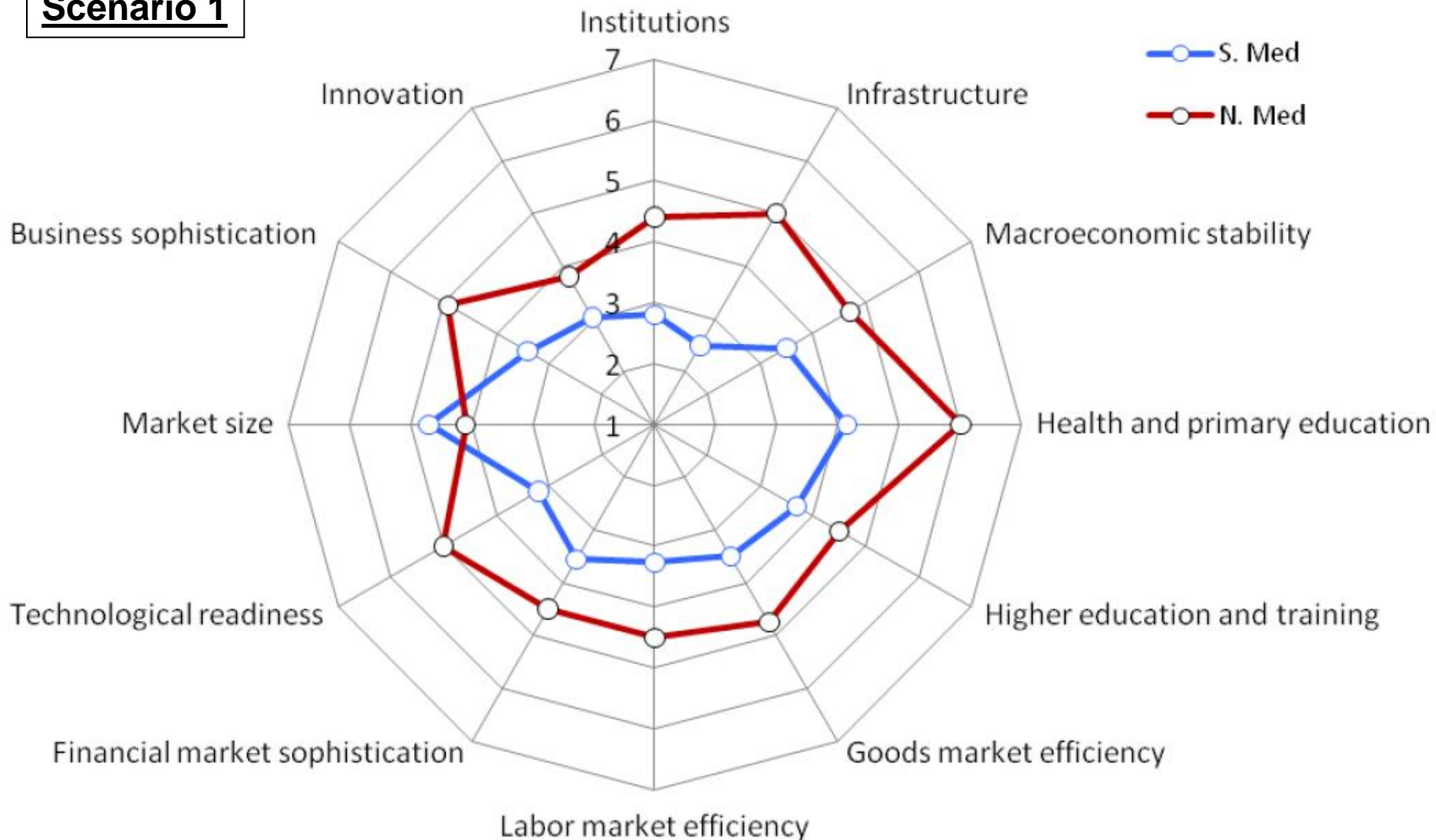
Scenario 1: “Generation 11” actors fail to reach political consensus,
resulting in a prolonged period of uncertainty,
Export of Resources
(IMPOSED openness)

Scenario 2: Mediterranean Labour and Renewable Energy Partnership,
Industrial sub-contracting
(SEMI CHOSEN openness)

Scenario 3: Divided Shores - MediterrAfrica rising – Active Partnership
“Generation 11” elites succeed at steering CONSENSUS
(CHOSEN openness)

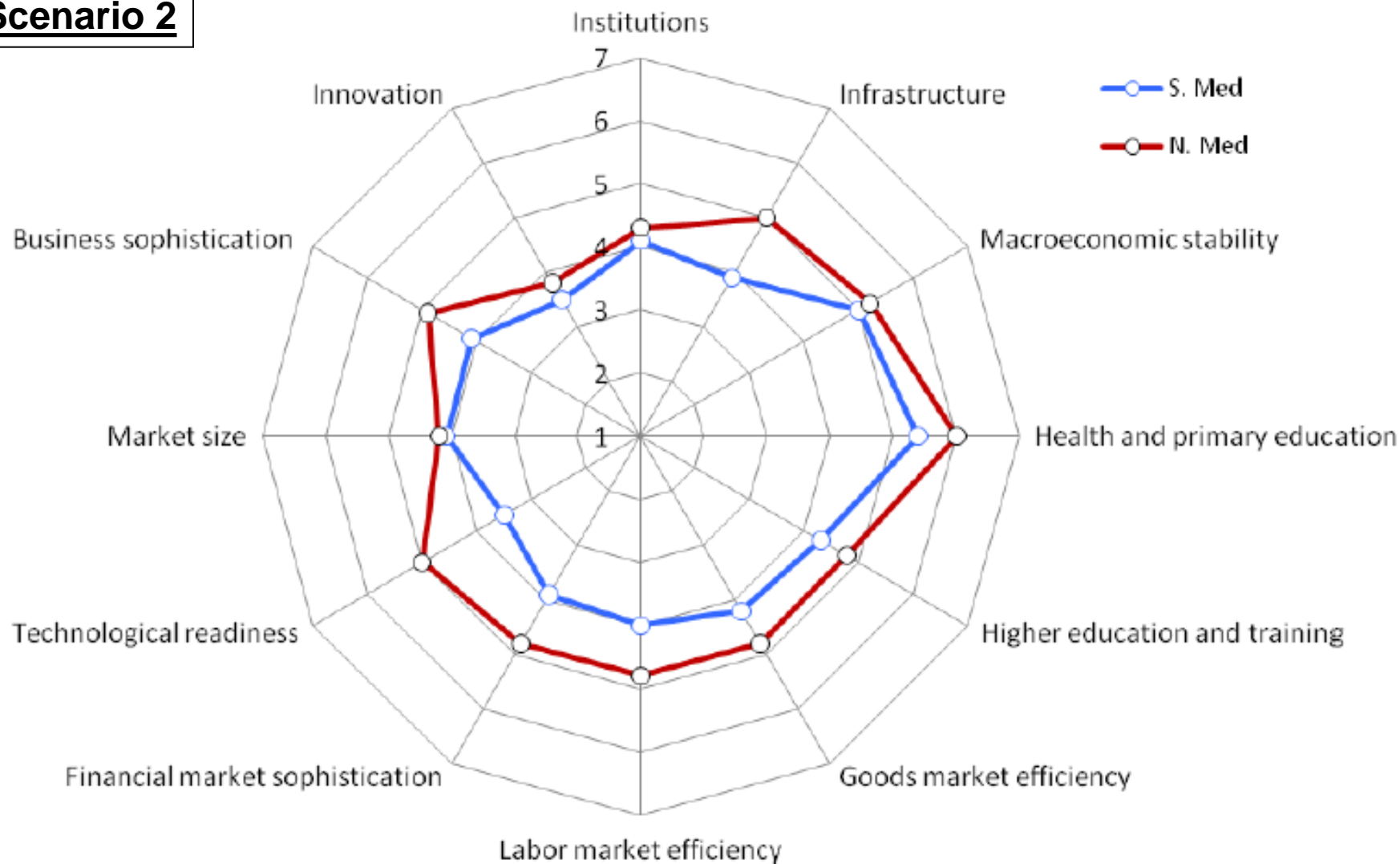
Regional competitiveness in 2030

Scenario 1



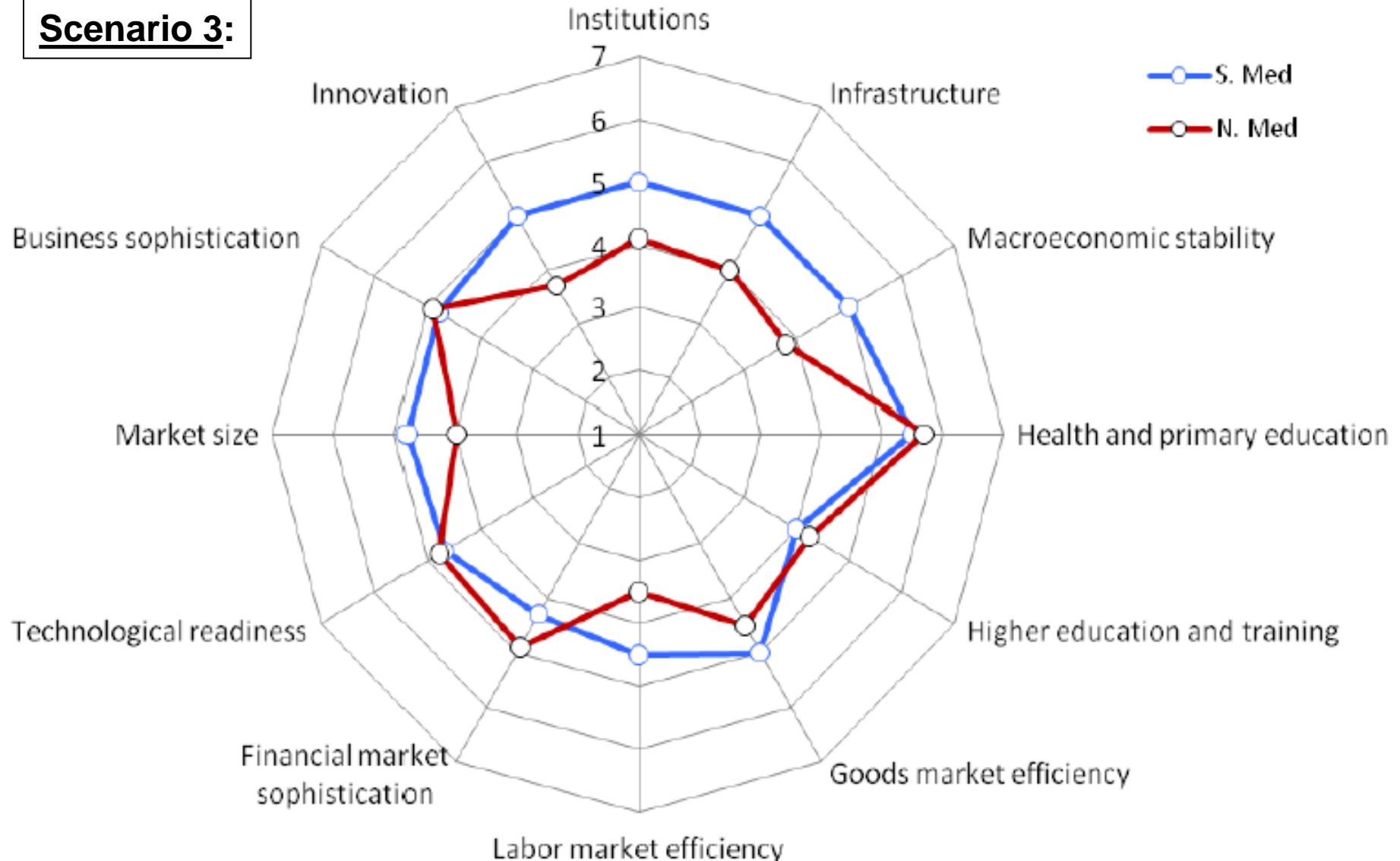
Regional competitiveness in 2030

Scenario 2



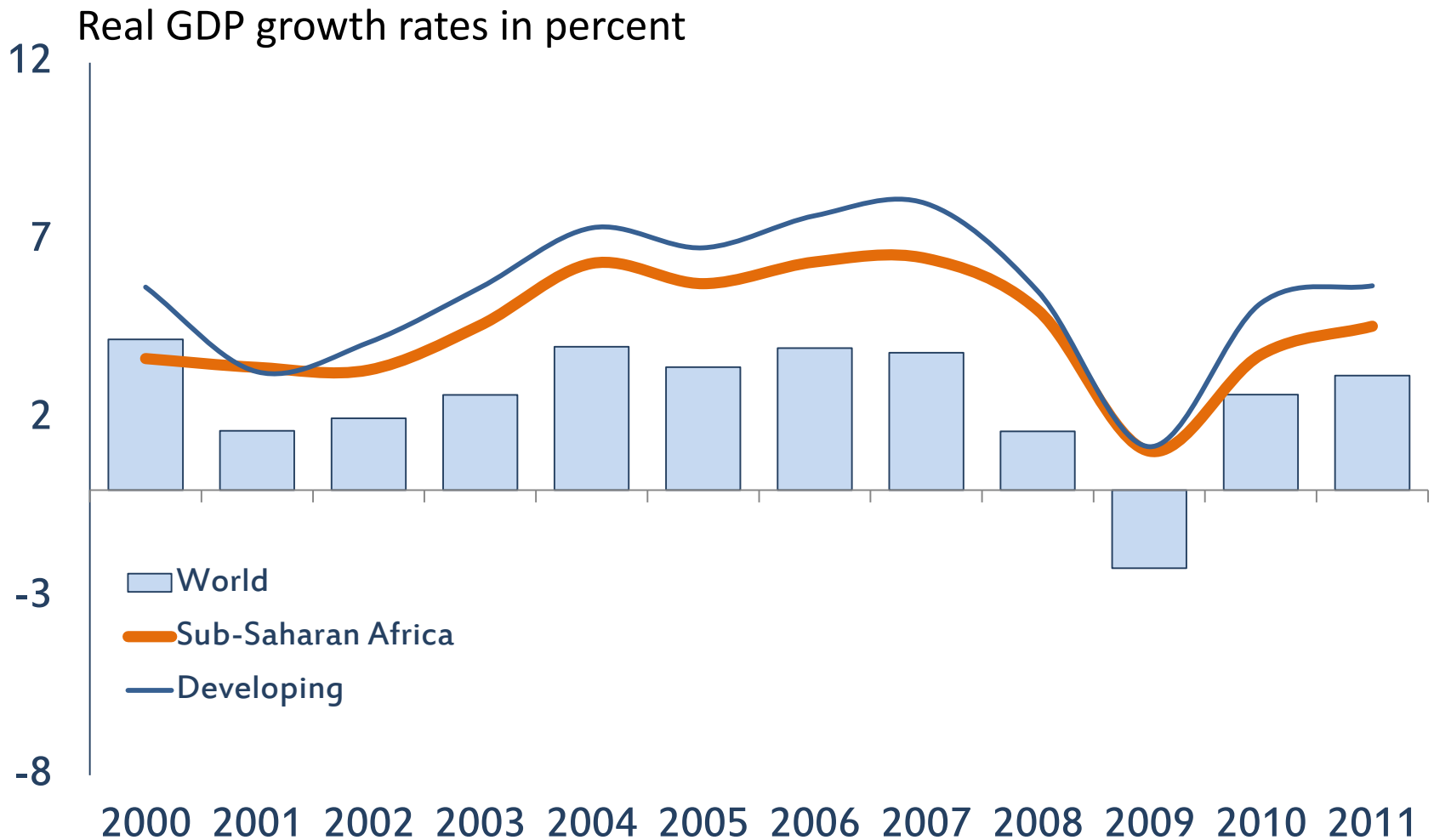
Regional competitiveness in 2030

Scenario 3:



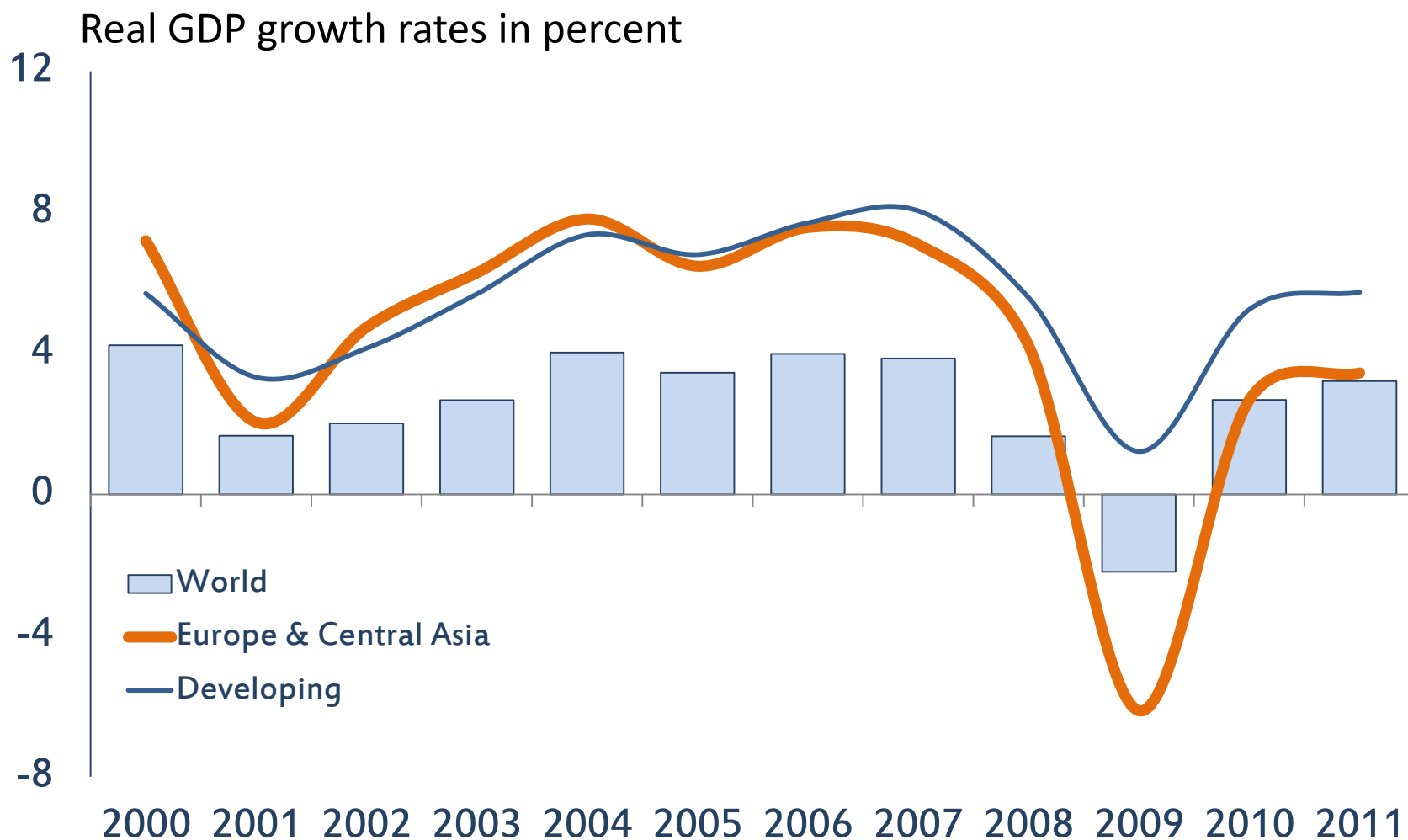
Recovery in Sub-Saharan Africa

Source: World Bank, Global Economic Prospects 2010: Crisis, finance, and growth



Sturdier than Europe & Central Asia

Source: World Bank, Global Economic Prospects 2010: Crisis, finance, and growth



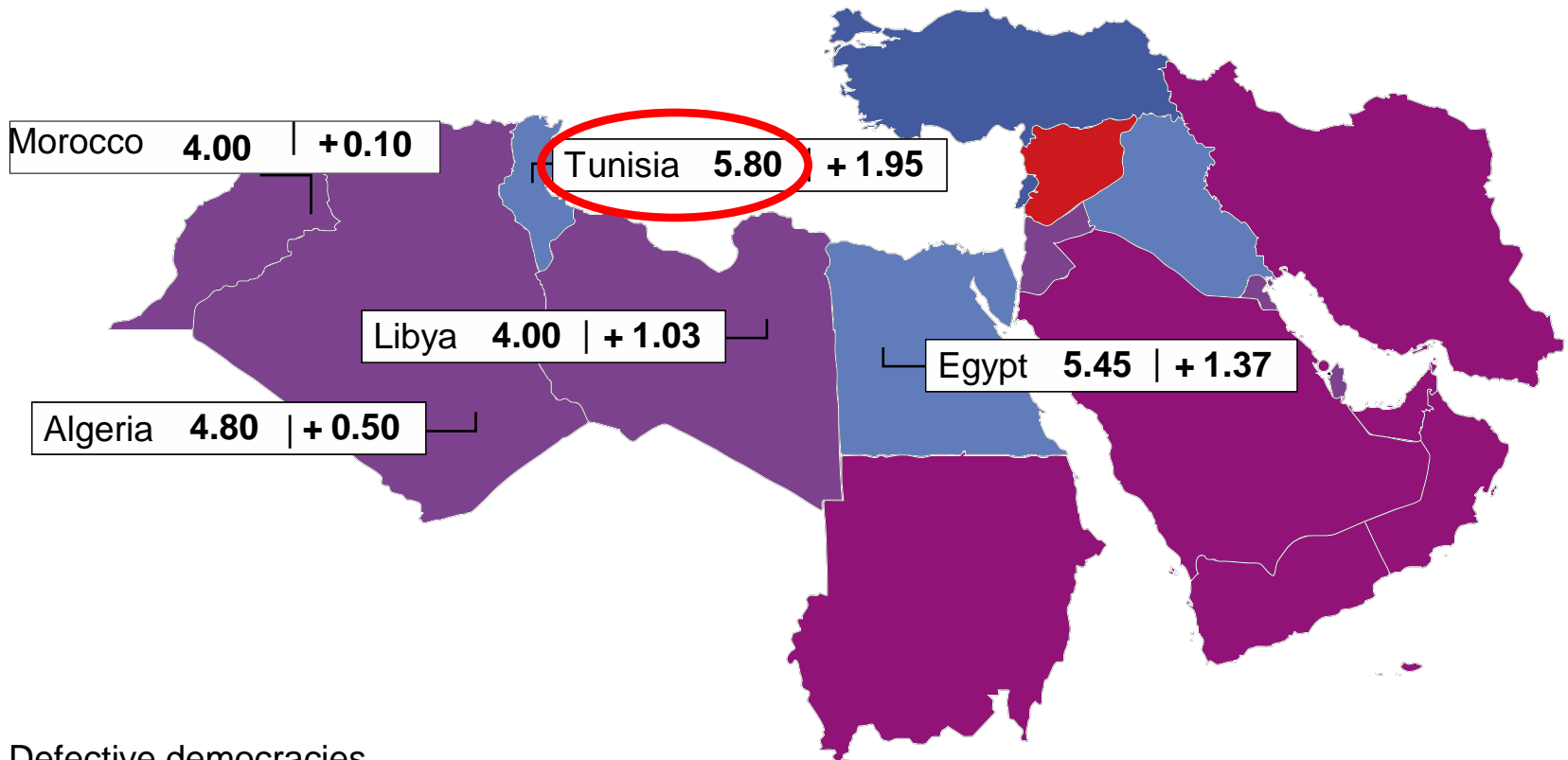
Which international strategies for North African economies?

- Democratization
- Frontier Markets
- Multiple-Track Openness
- Emergence
- Other (mix)

which Opportunities? which Risks

(BTI 2016 tool may help)

Strat 1: Political Transformation



- Defective democracies
- Highly defective democracies
- Moderate autocracies
- Hard-line autocracies
- Failing state

Democratization in MENA

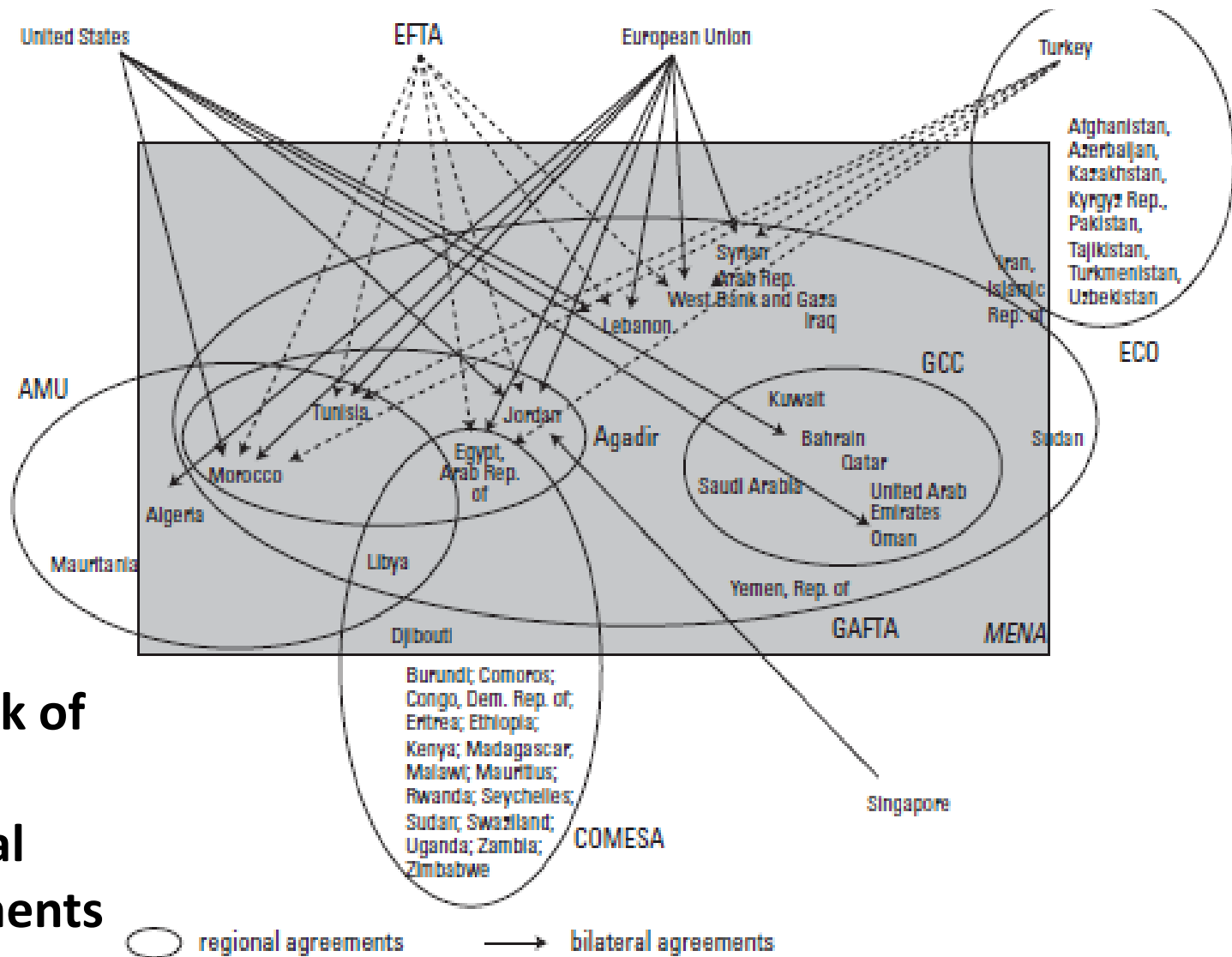
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The view from MENA

Strat 2: Frontier Markets



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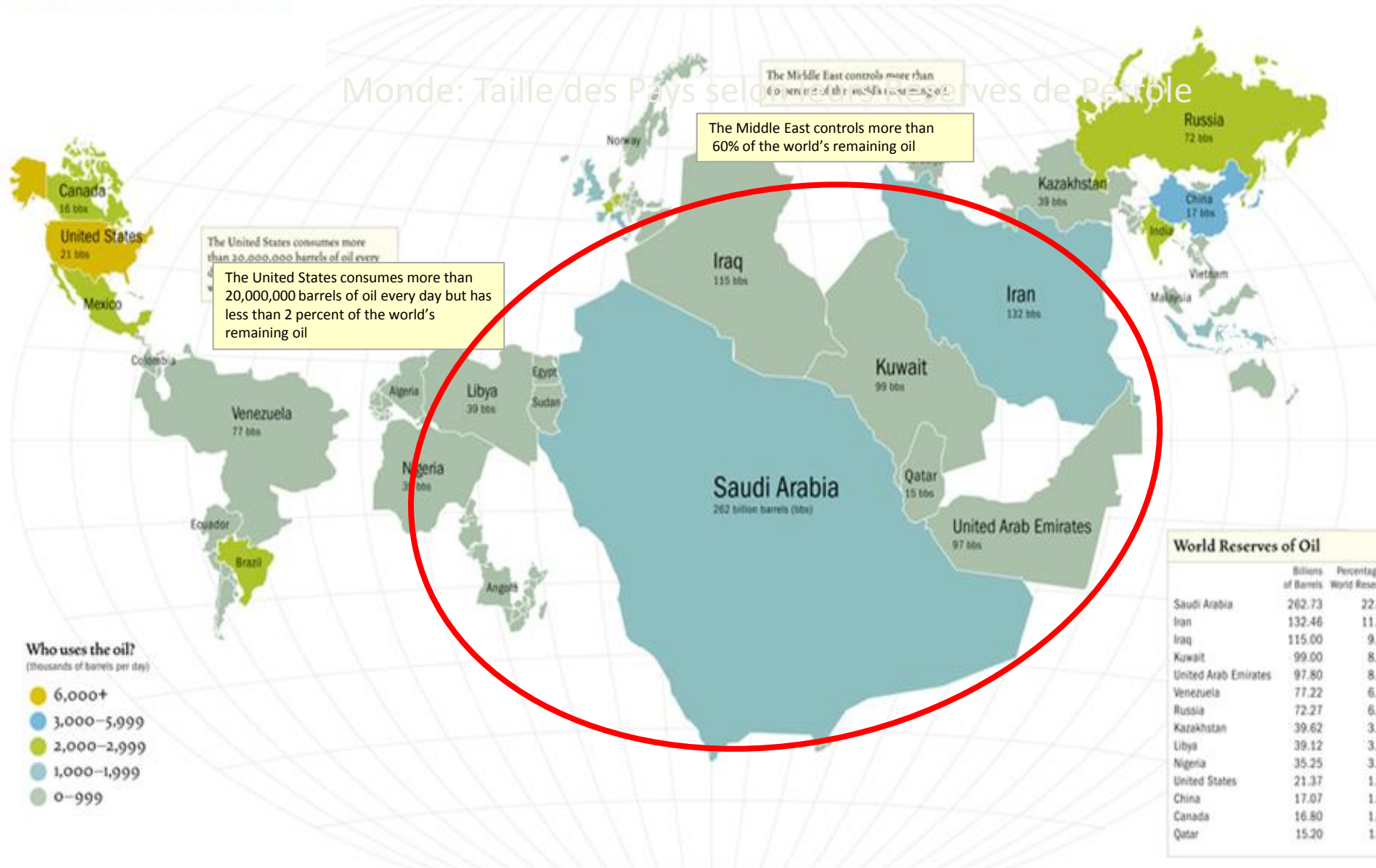
Strat 3: Multiple Track Openness



MIDDLE EAST

Enjeux pétroliers

Who has the oil?

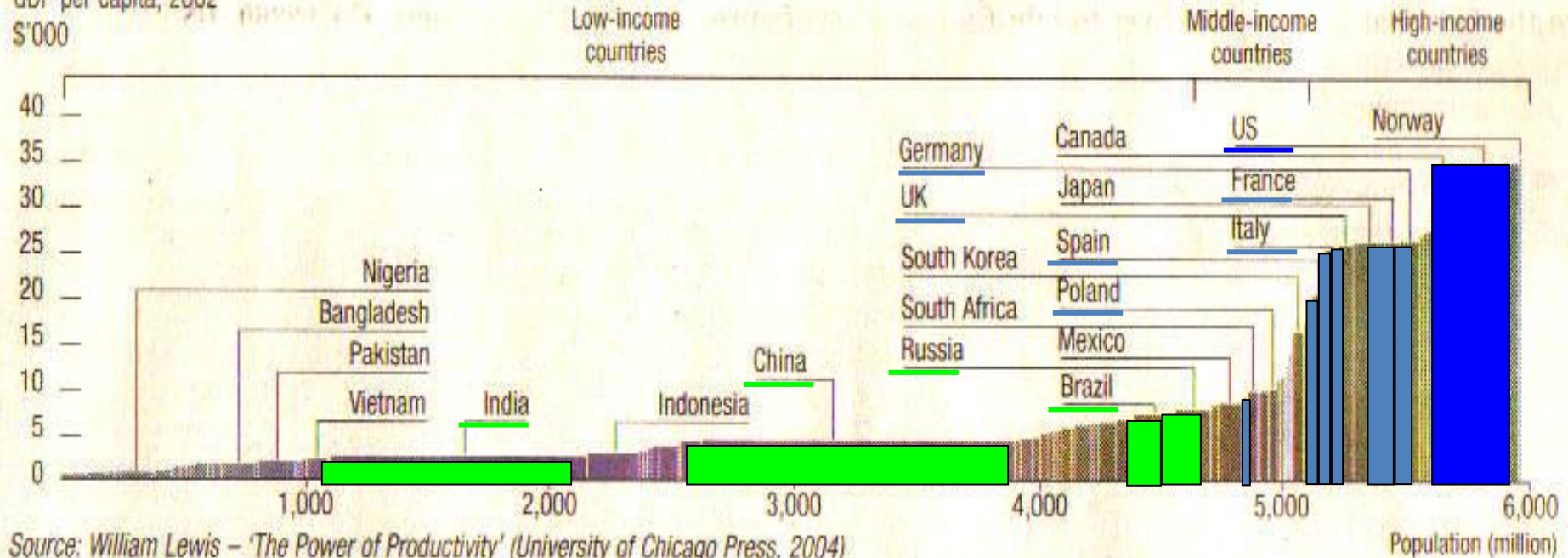


The World is changing: the RICH, the BRICS & the others

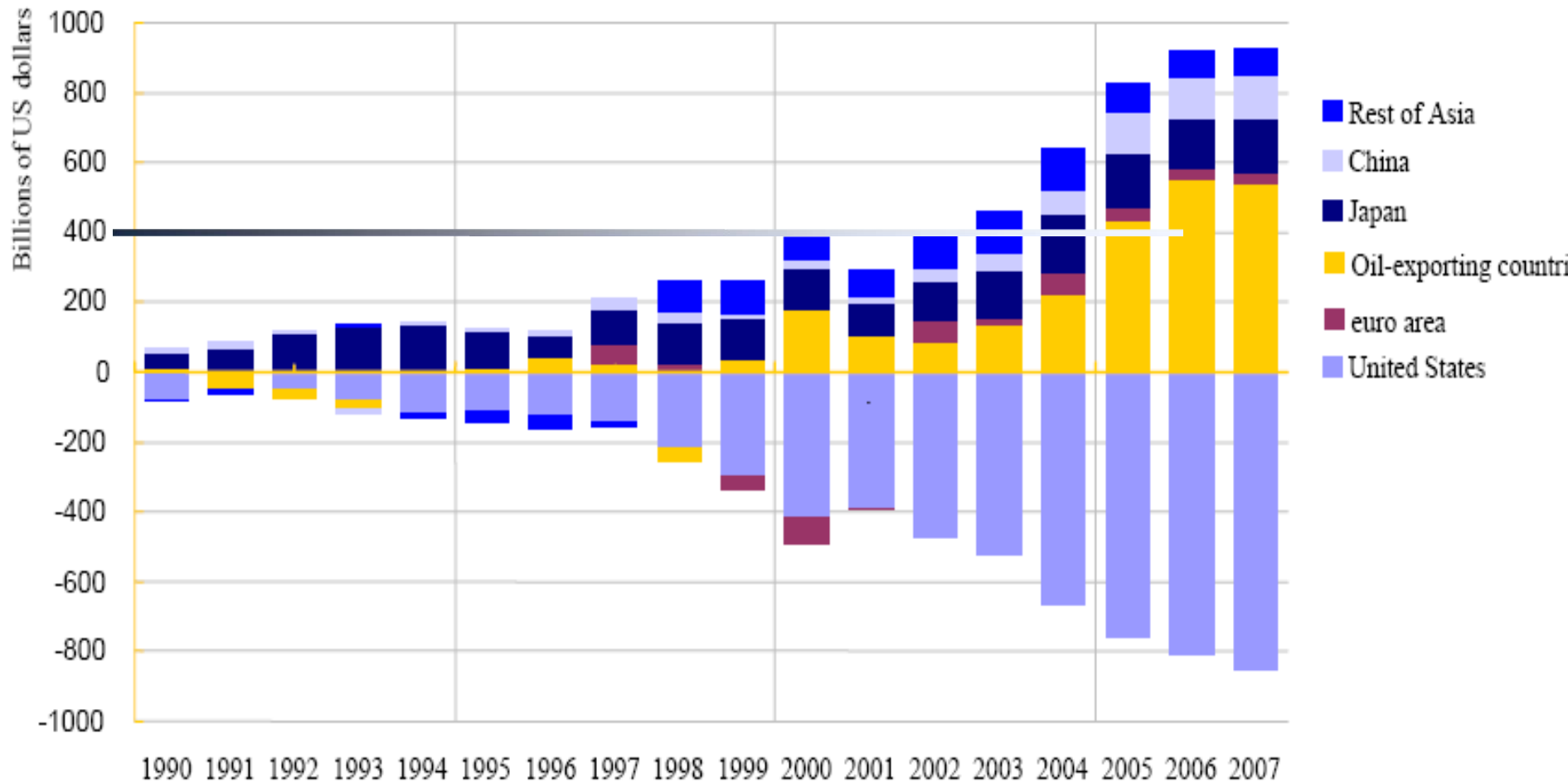
Population & per capita Income

World distribution of GDP per capita by country

GDP per capita, 2002
\$'000



Balances of Payments **World Surpluses & Deficits**



Sources: ECB and IMF.

FDR and King Saud on the Quincy 14 Feb 45 after Yalta

File:FDR on quincy.jpg

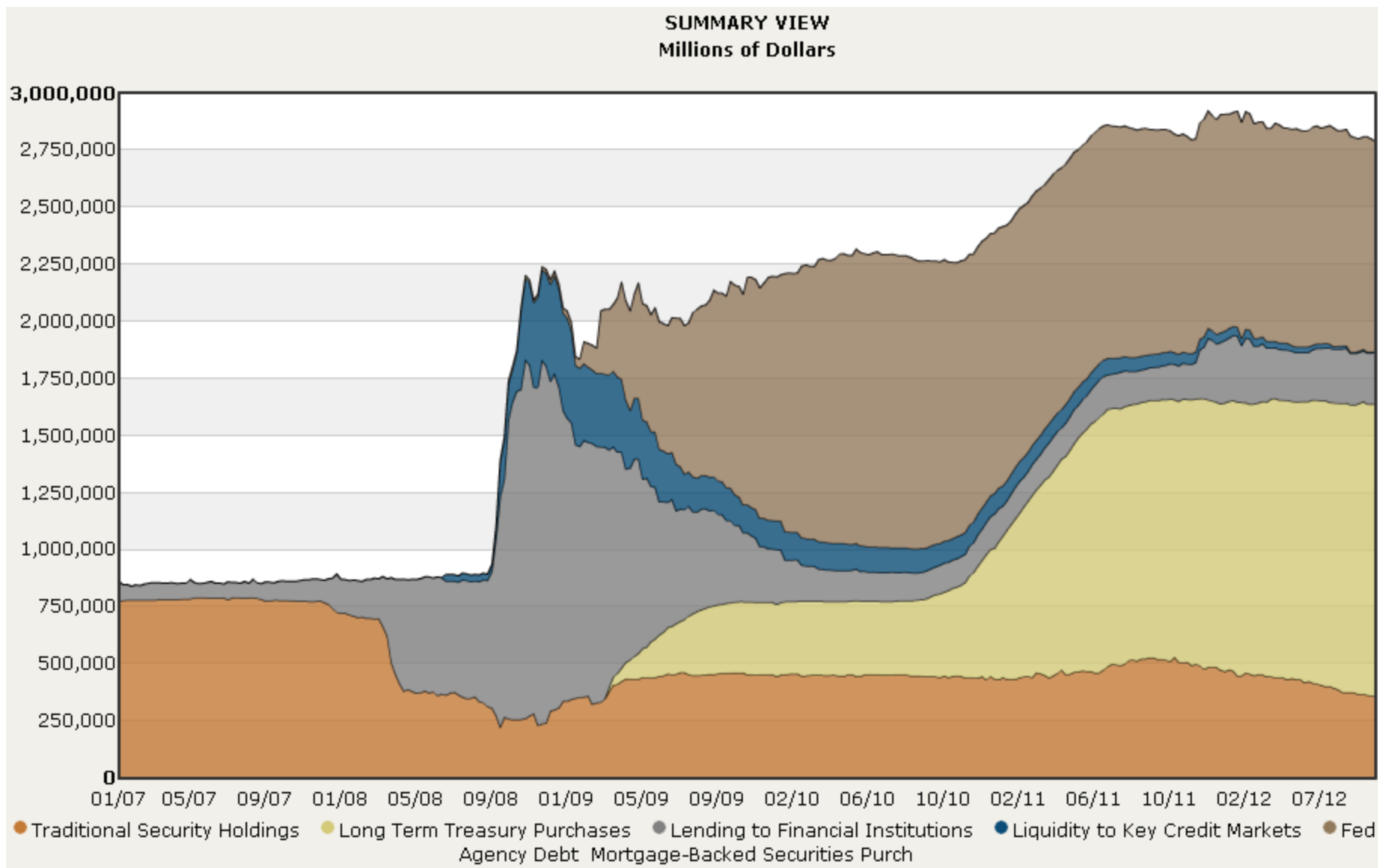
From Wikipedia, the free encyclopedia

http://en.wikipedia.org/wiki/File:FDR_on_quincy.jpg



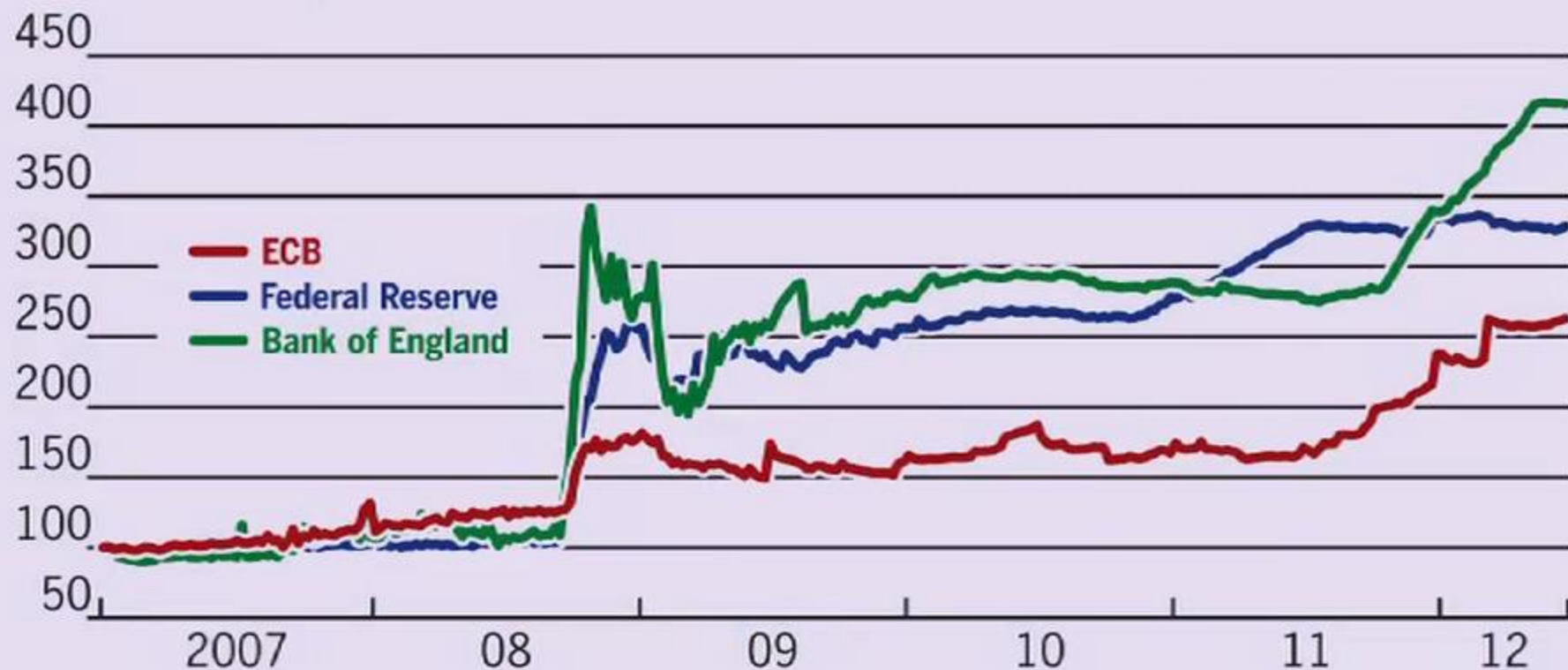
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Magma Chart as of Summer 2012



Central banks' balance sheets

In local currency, rebased

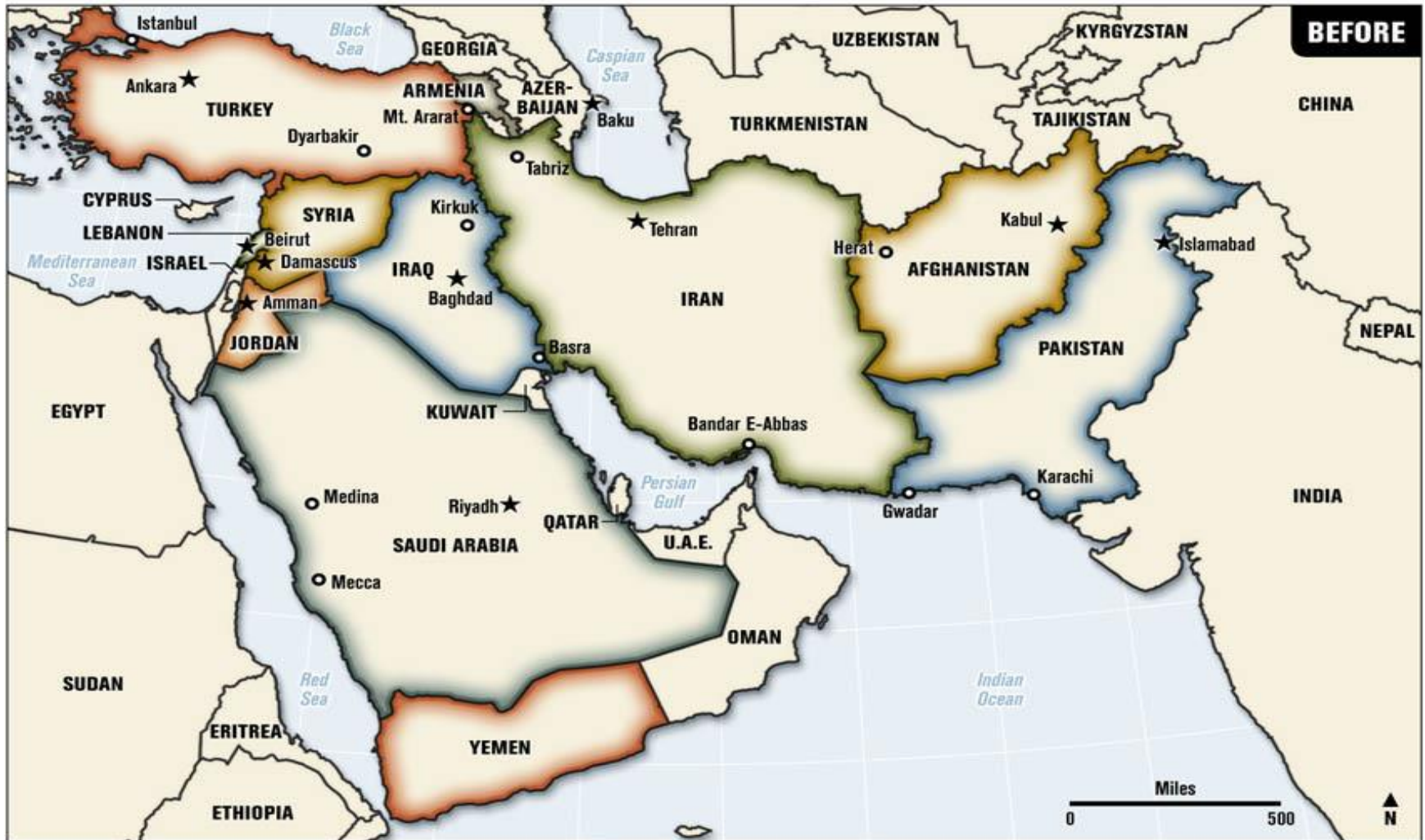


Source: Thomson Reuters Datastream

Middle East :

What is at stake ?

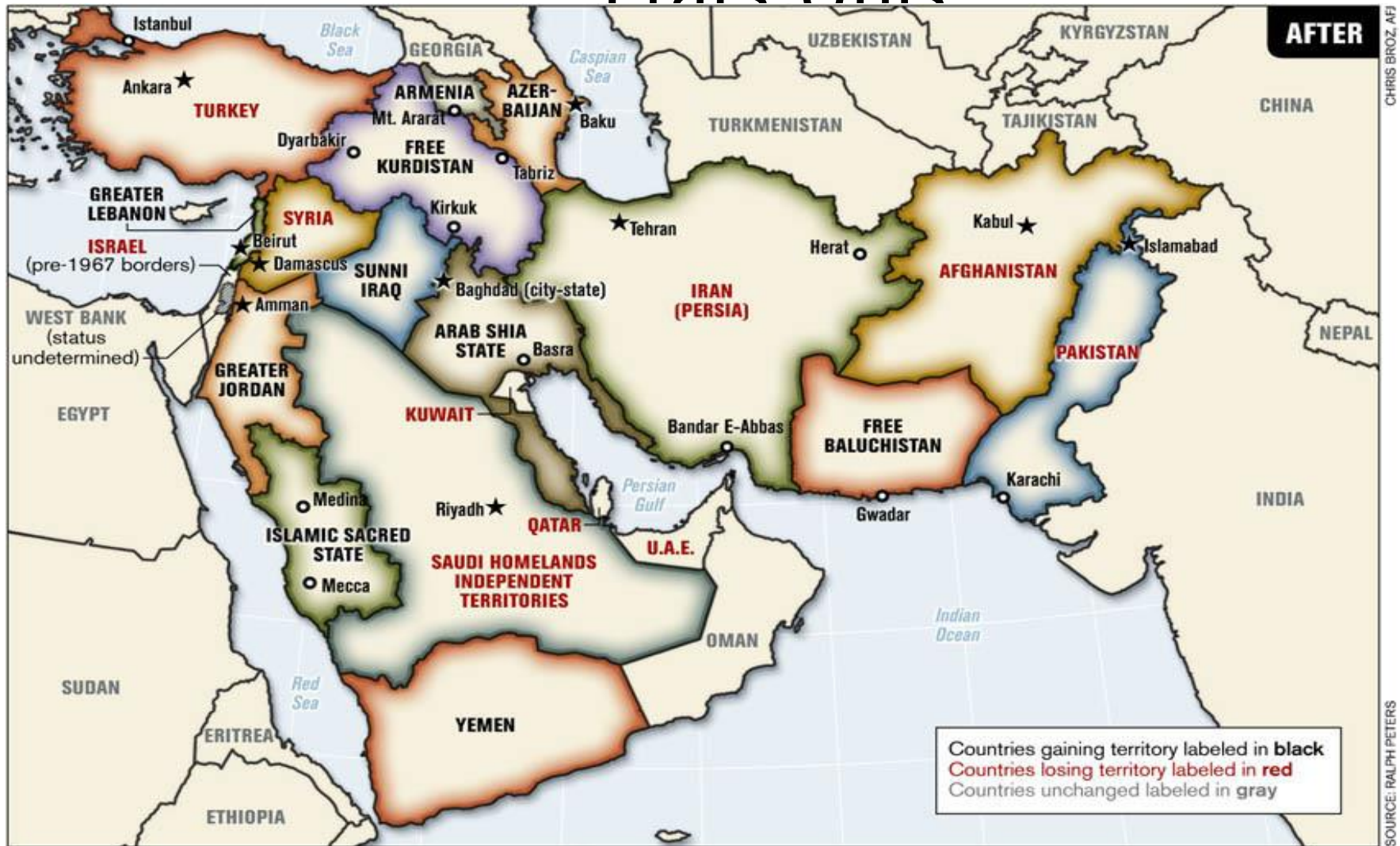
L'Asie du Sud-Ouest vue par les États Unis



(*Armed Forces Journal*, juin 2006)

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L'Asie du Sud-Ouest vue par les Etats-Inities

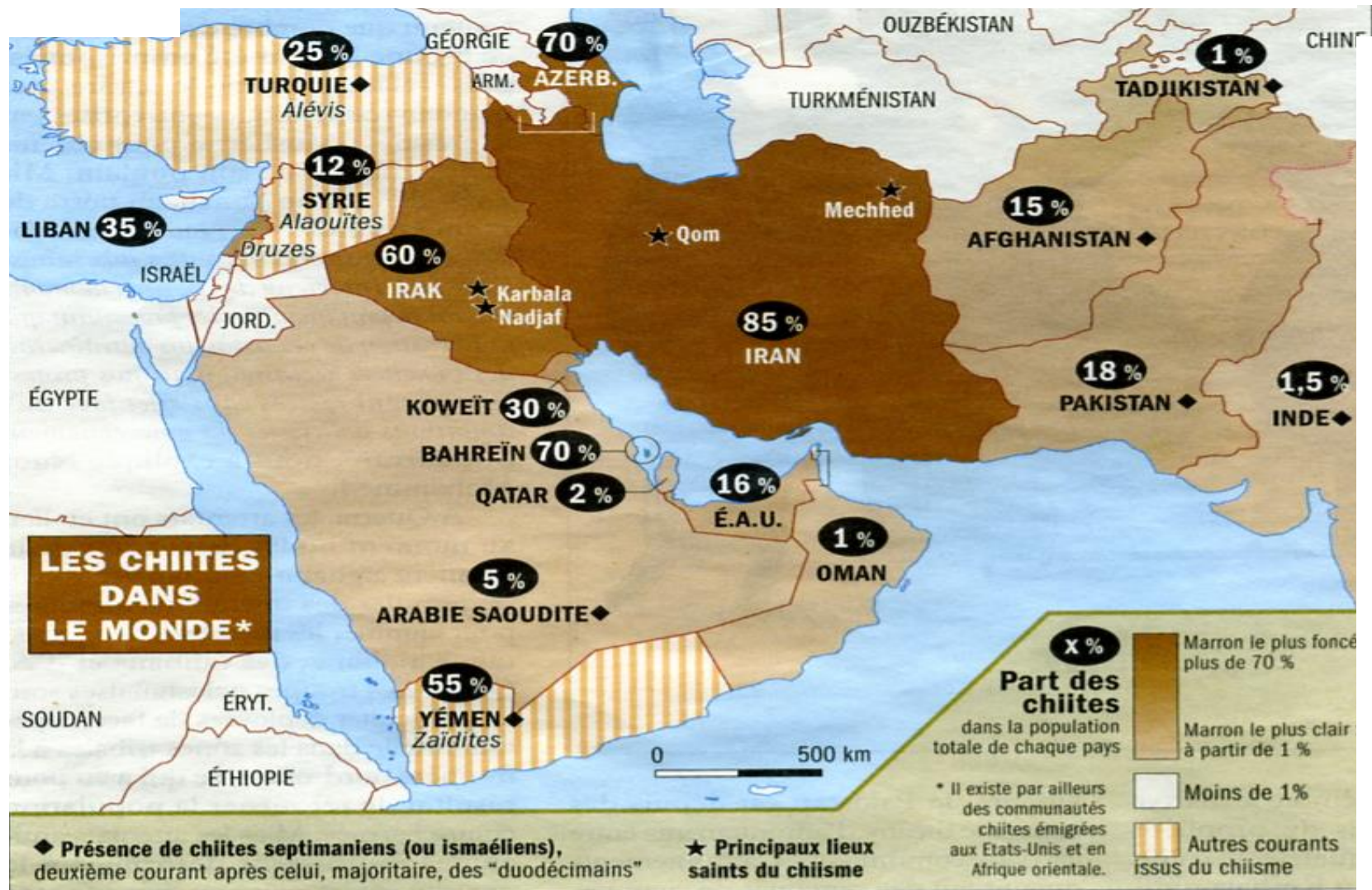


(*Armed Forces Journal*, juin 2006)

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 The view from MENA

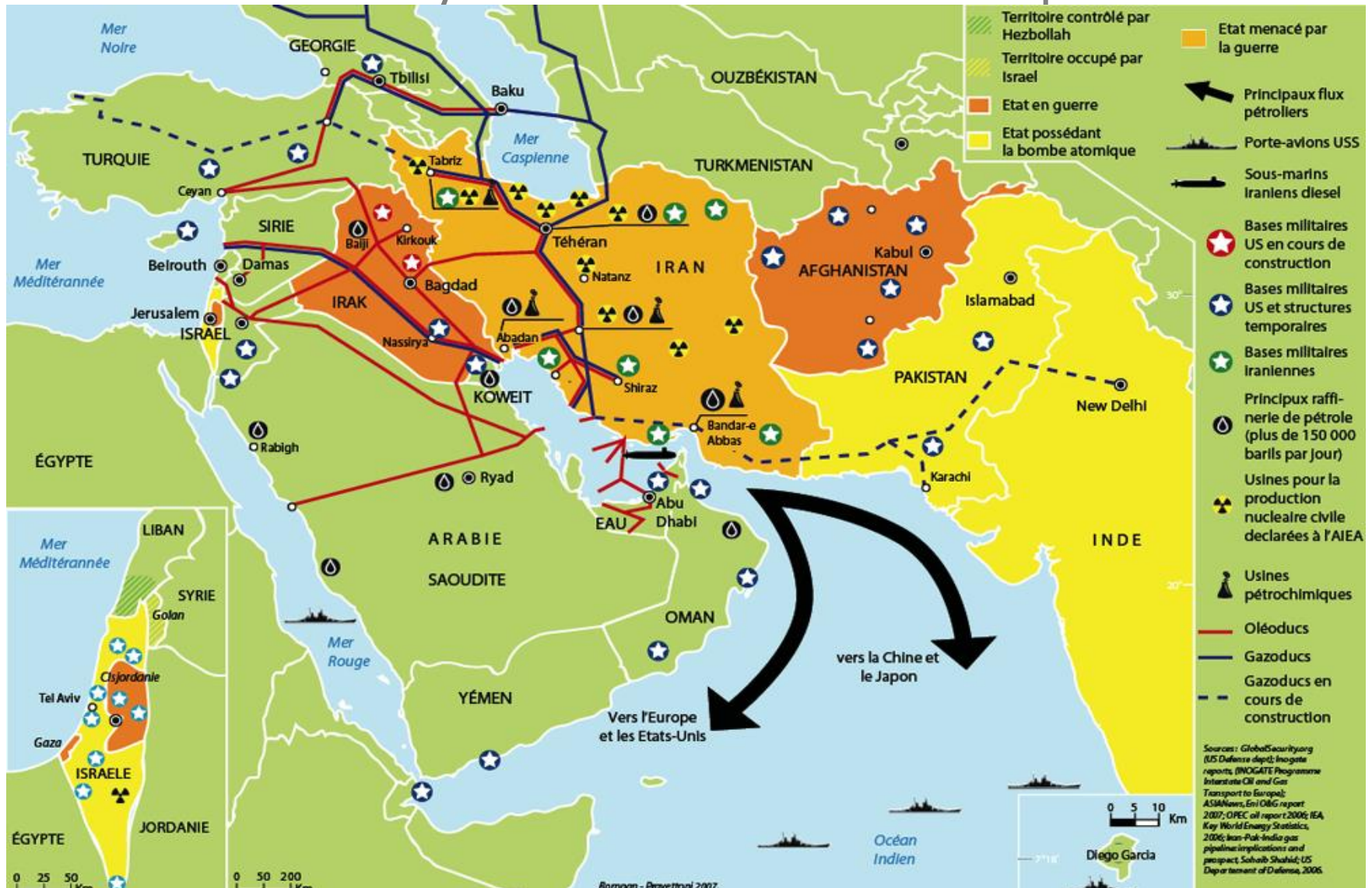
So called « Religious Dimension »

% Chiites by country

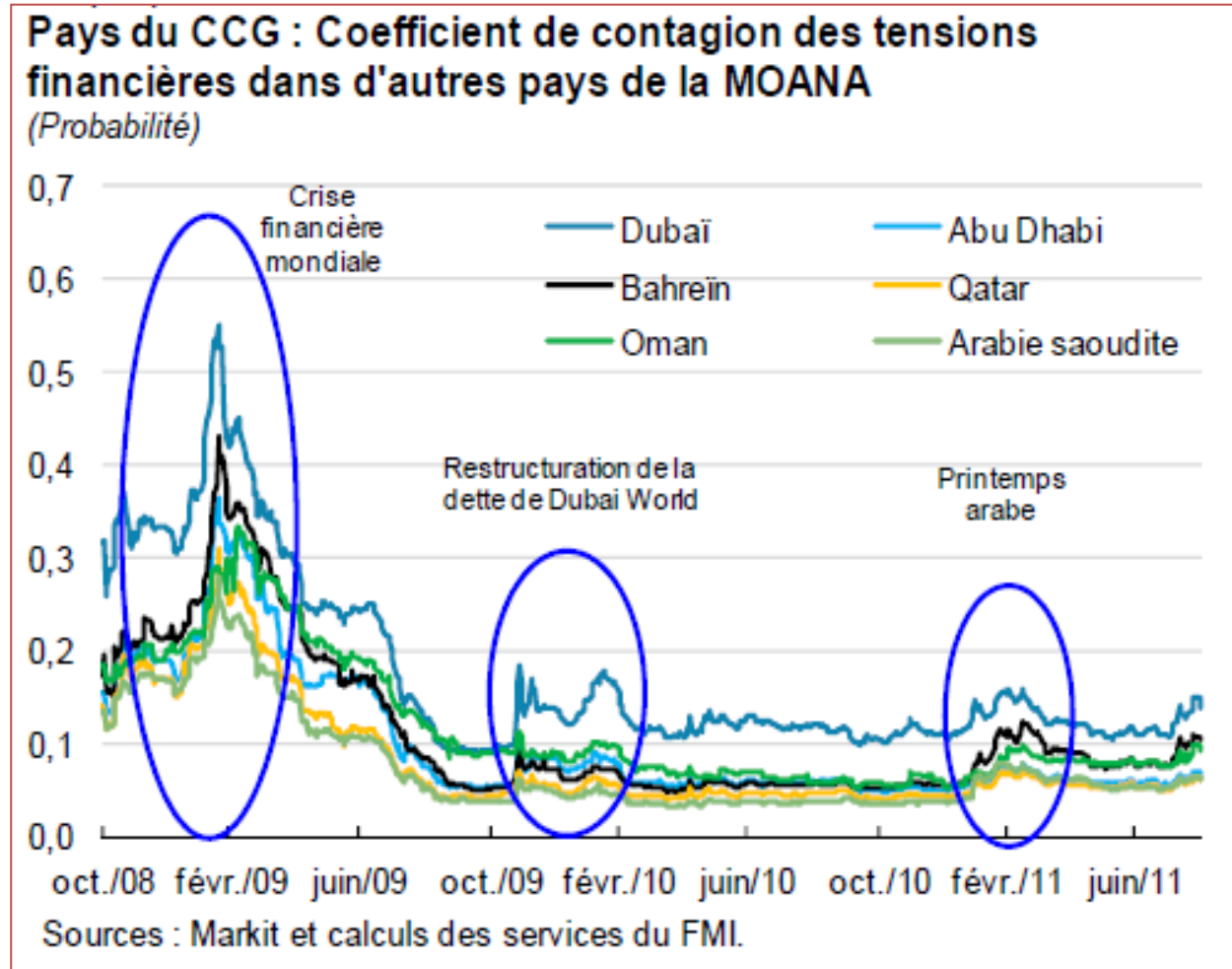


Strategic Context

Military-Oil connects: Bases & Pipelines

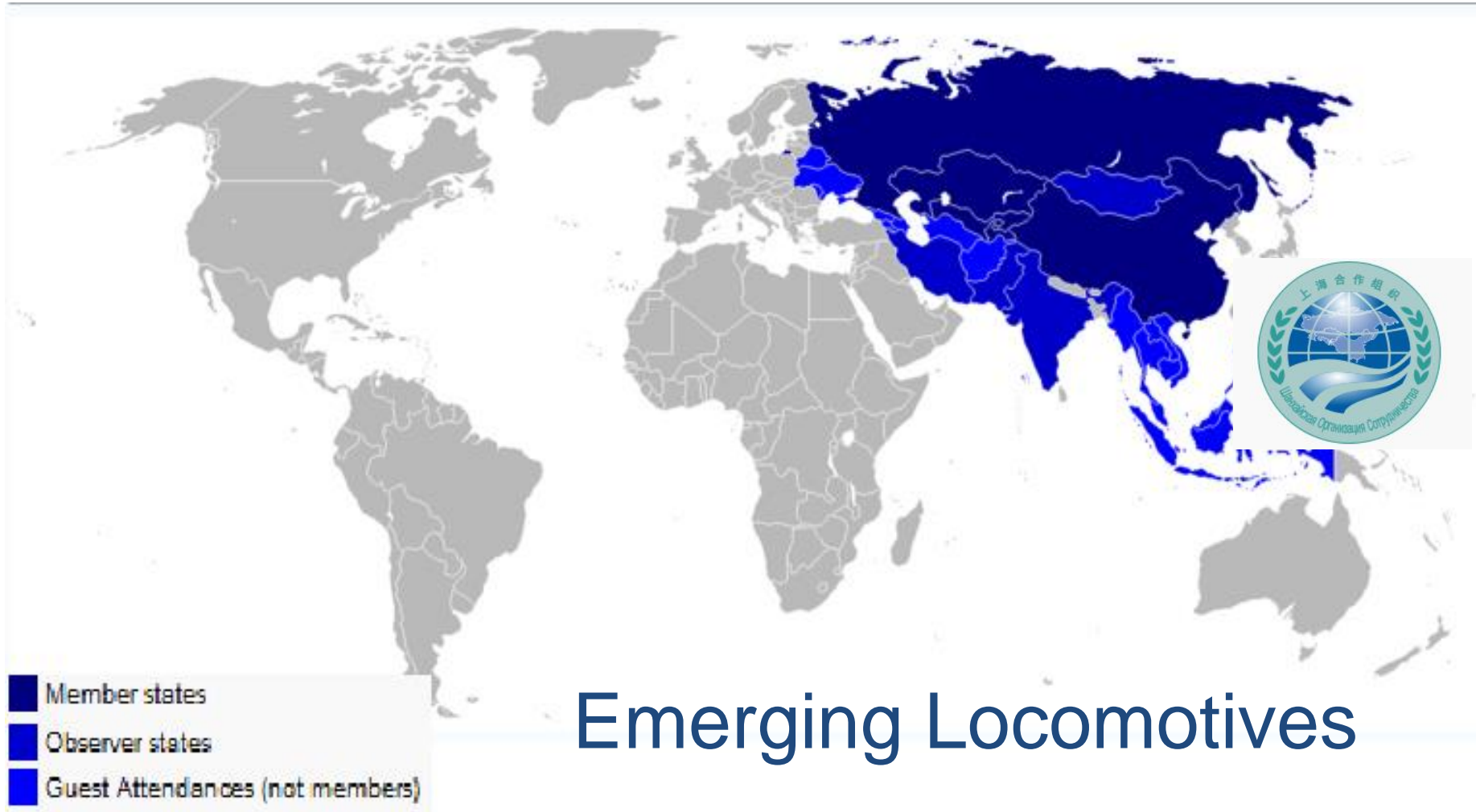


No jasmin effect in the Region as yet !



SCO: Shanghai Cooperation Organization

“1.5 billion people (1/4 of the planet’s population)”



Emerging Locomotives

Why is Russia relevant to MENA ?

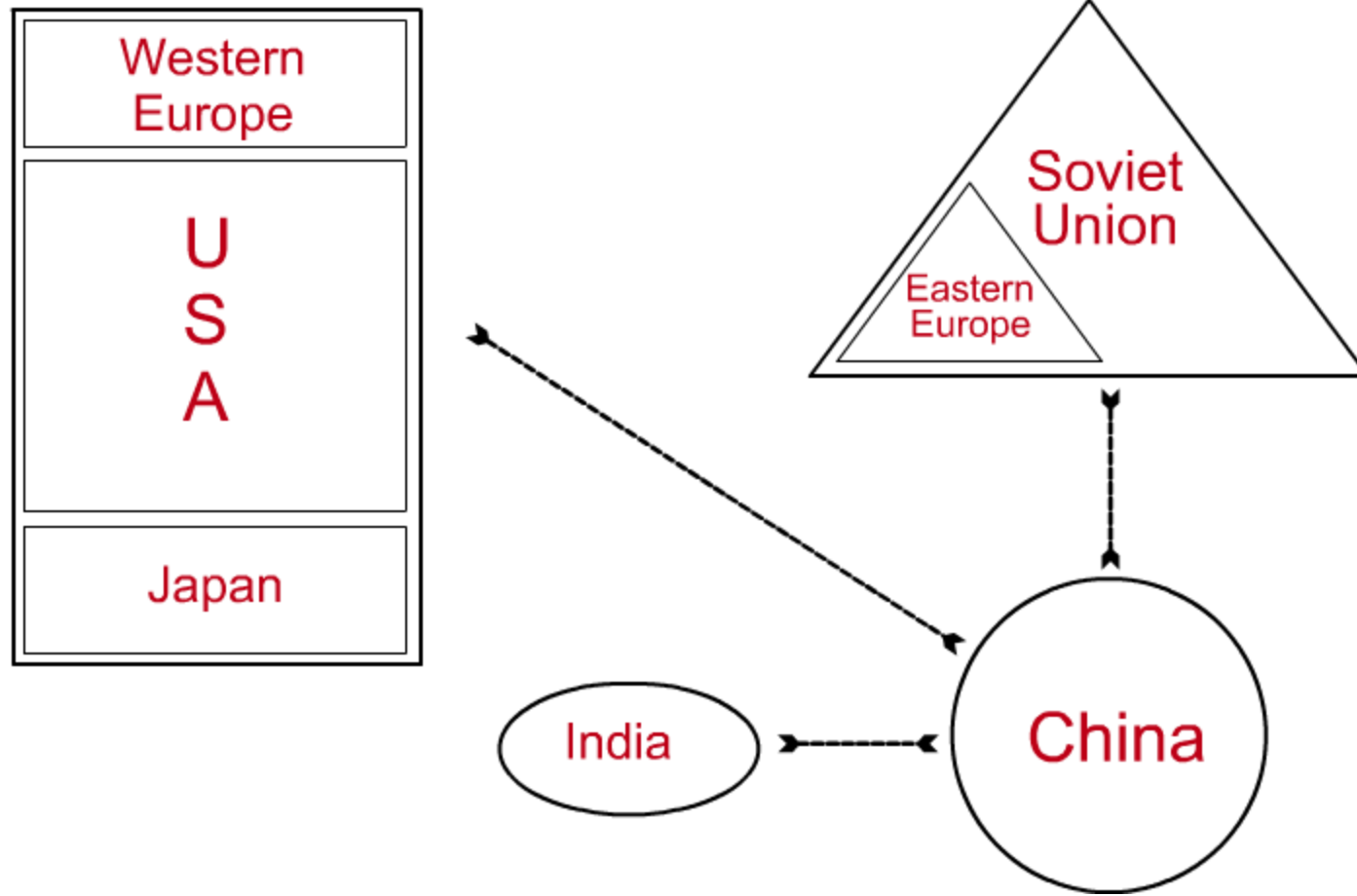
- **BRIC**
- **SCO**
- **EurAsia**
 - **Towards new pathways !**

Interaction patterns: China

Cold War

Detente (-1989)

Post 1989

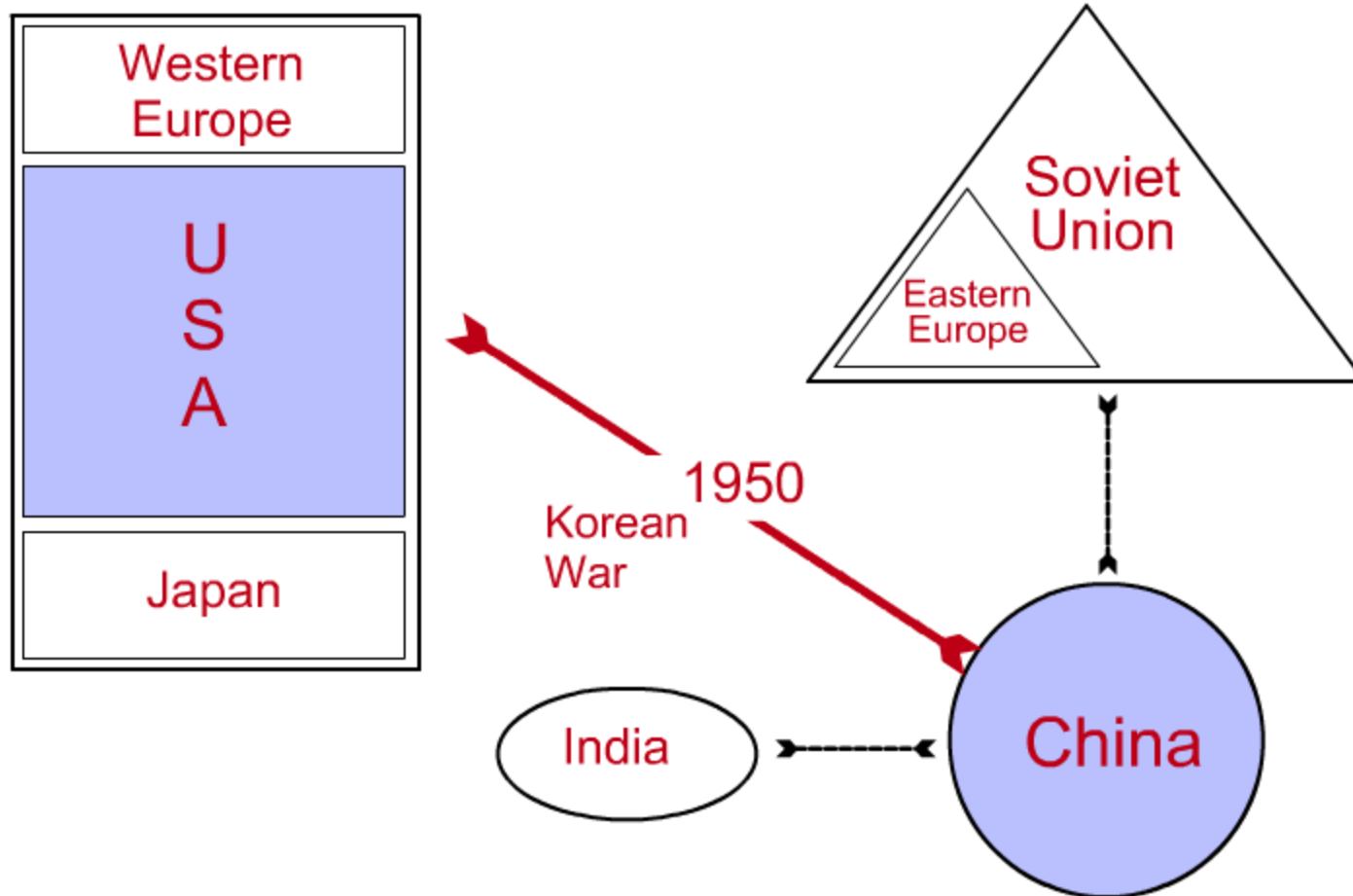


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Cold War

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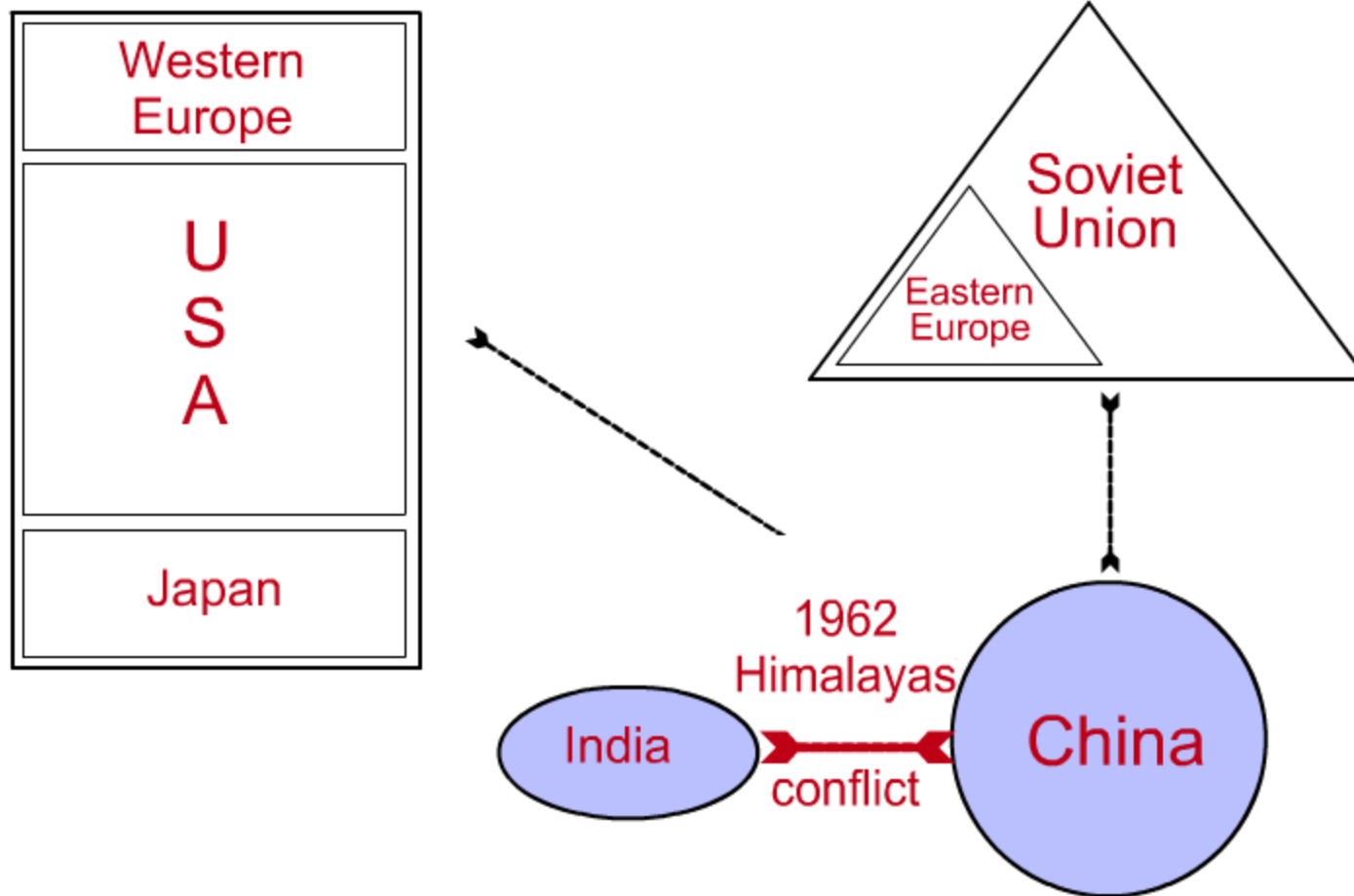


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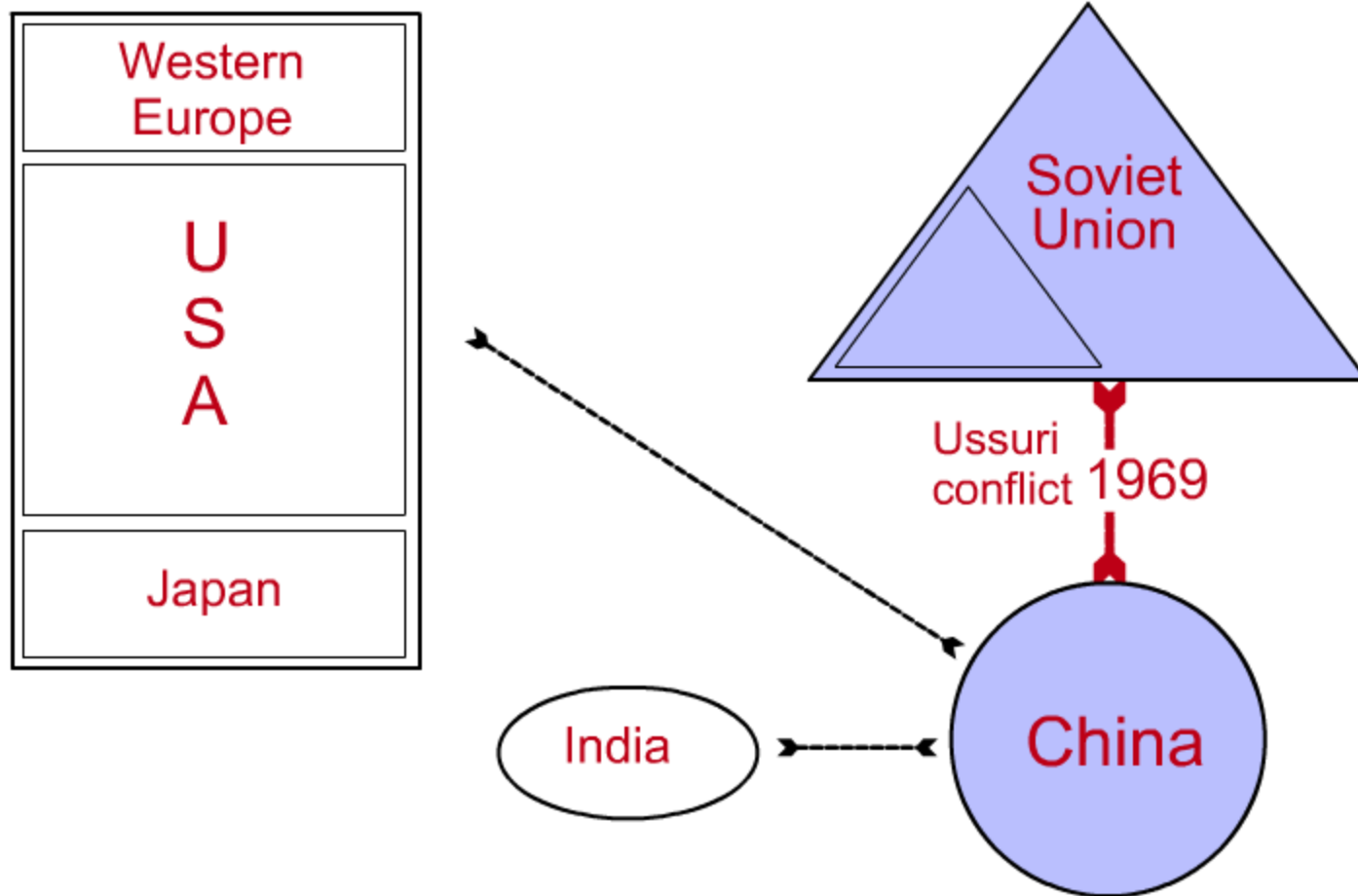


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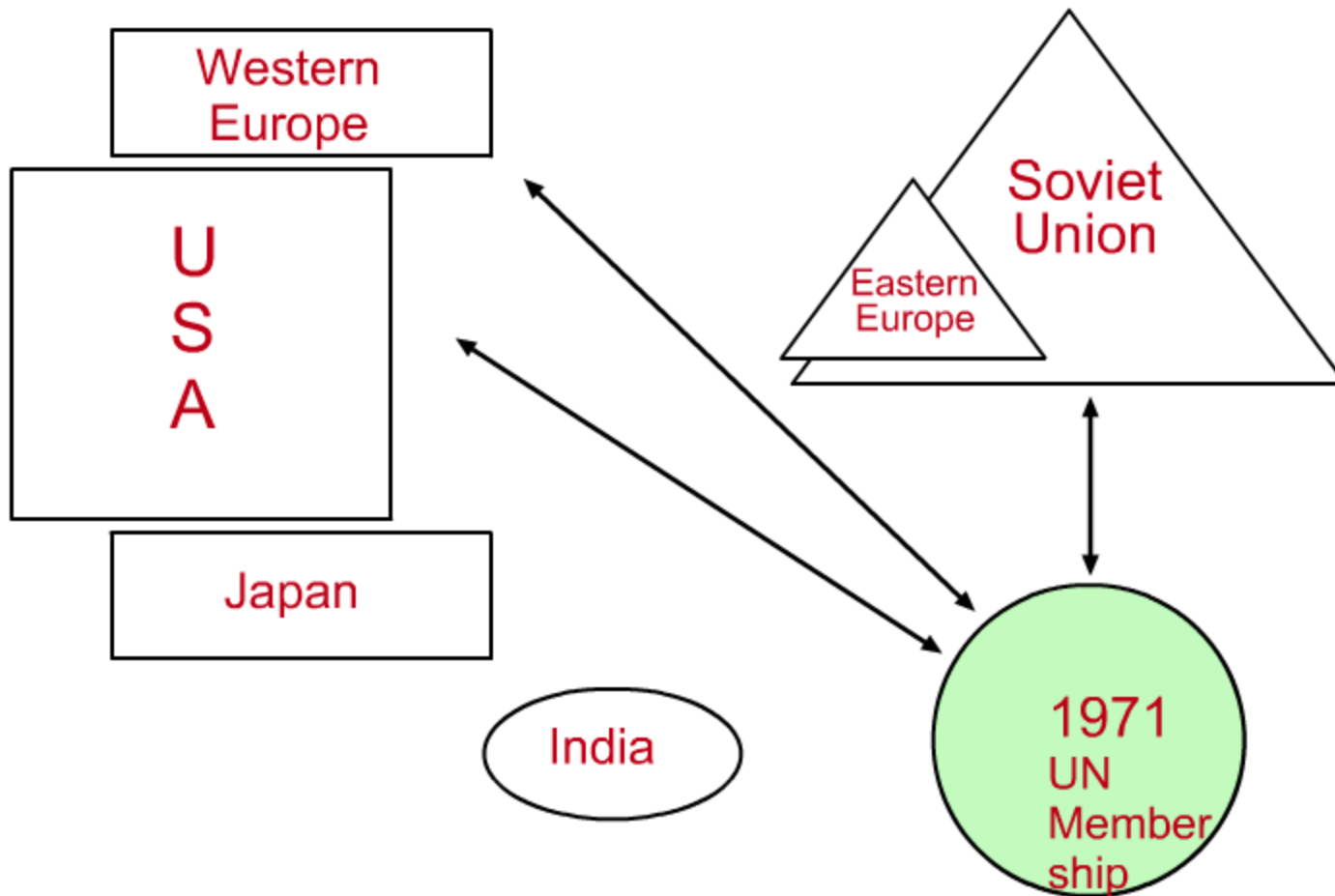


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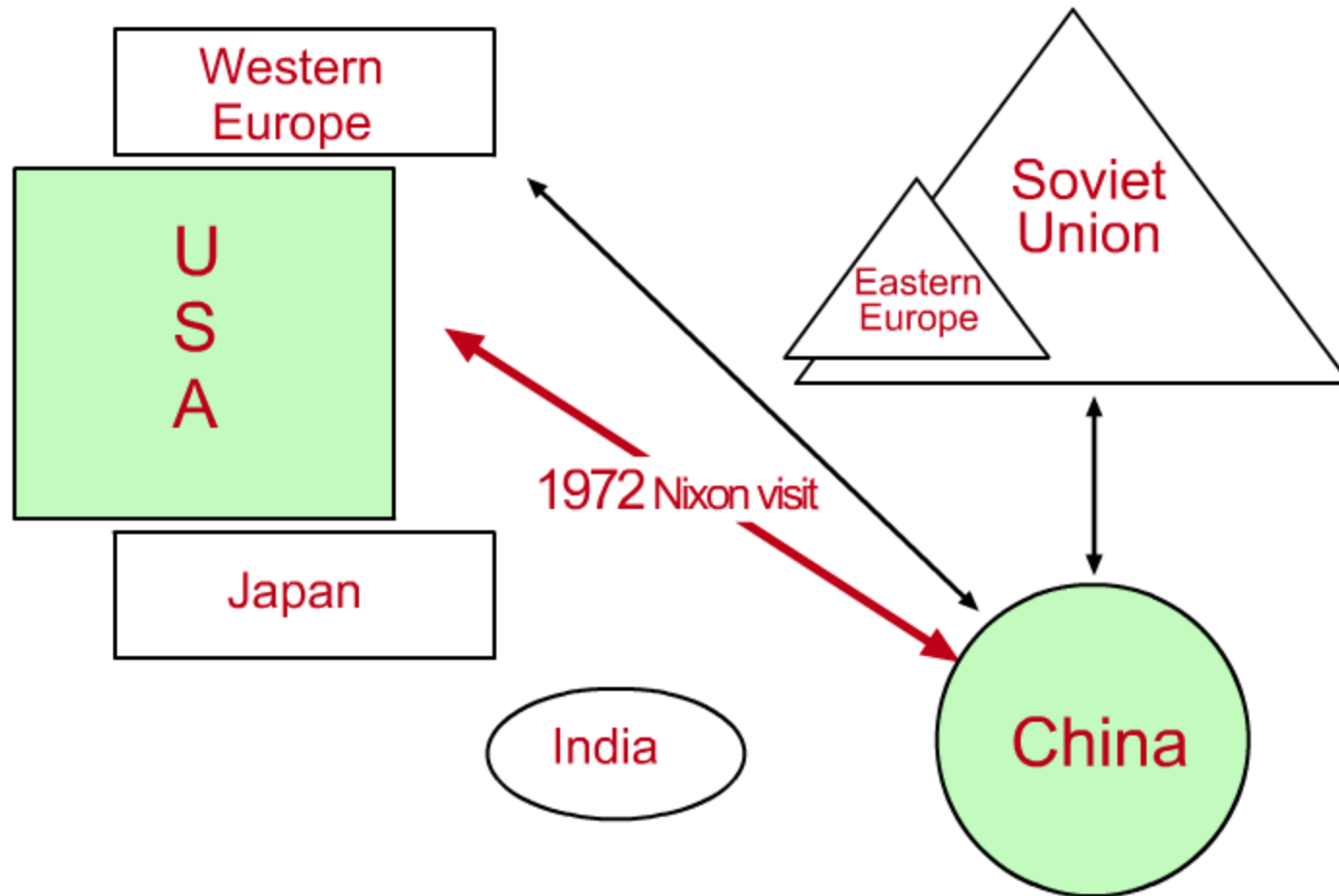


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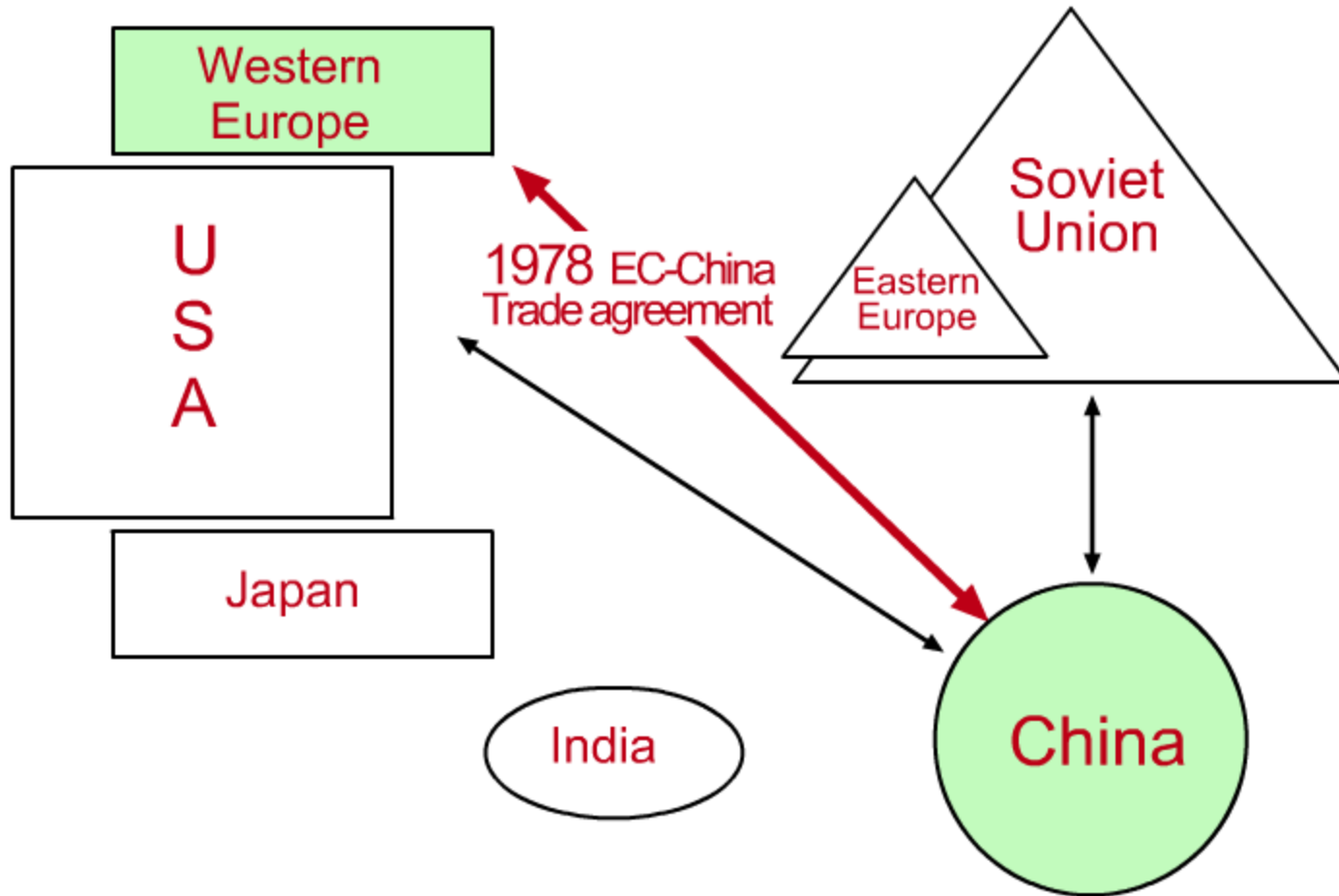


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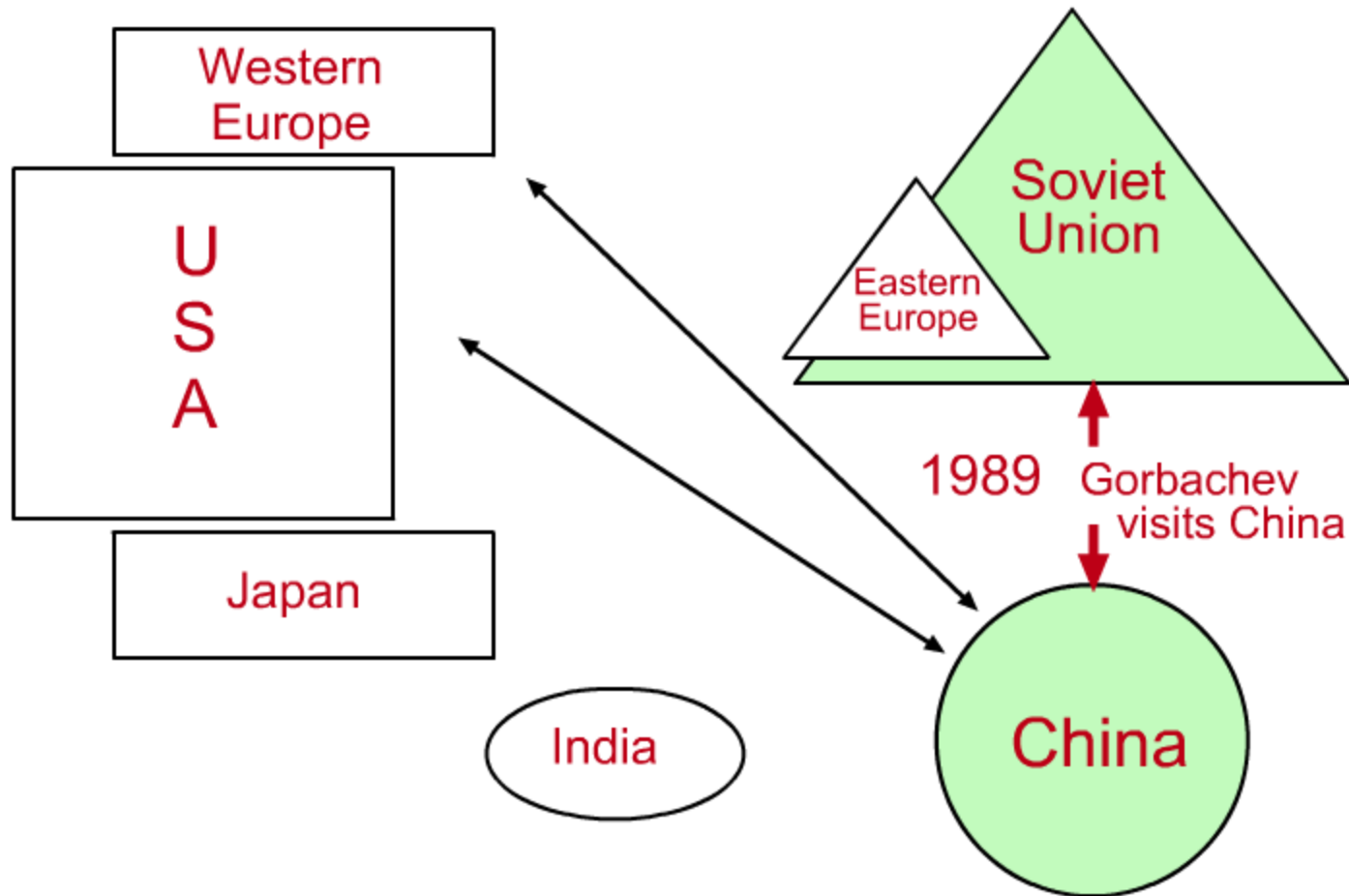
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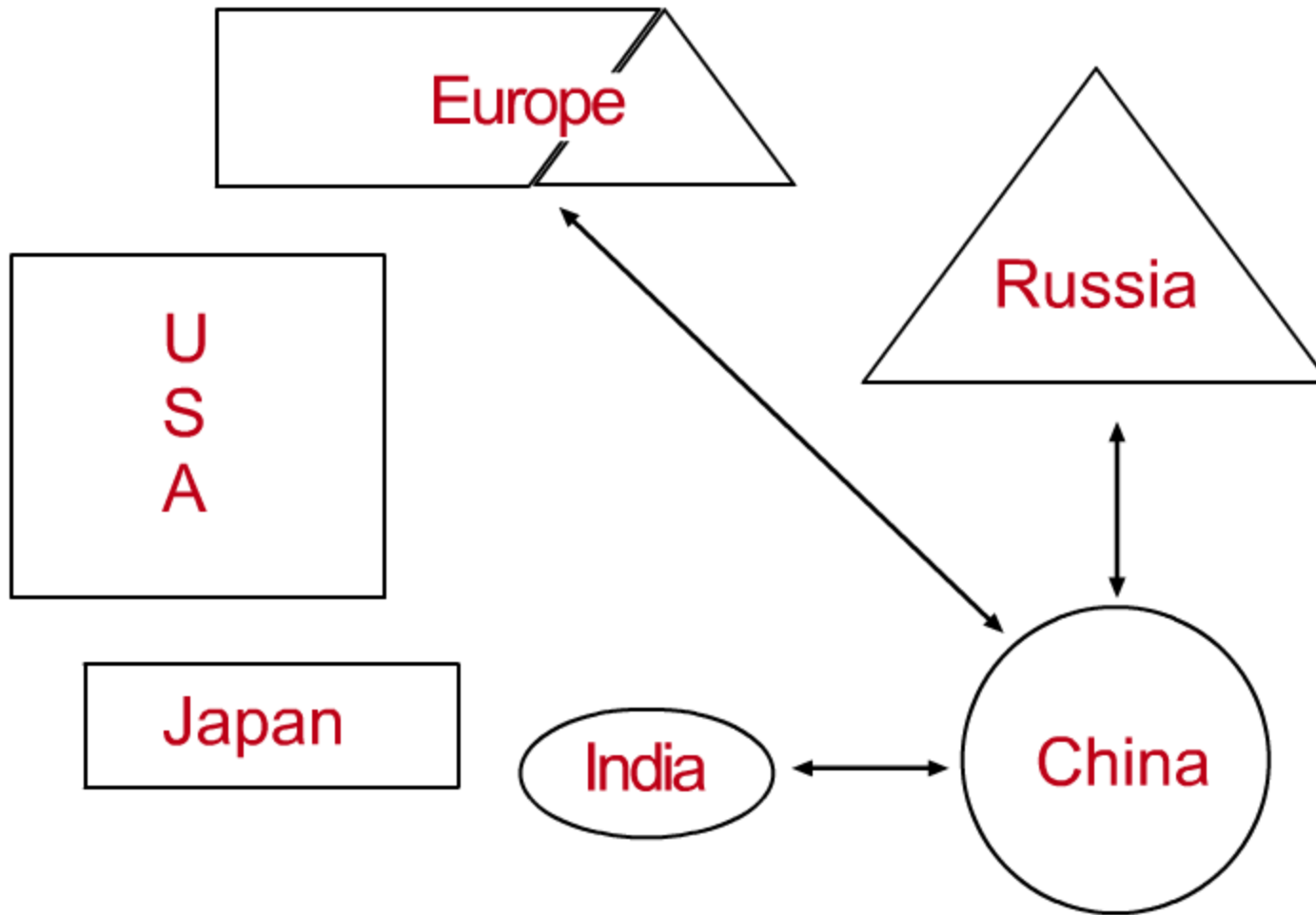
Post 1989



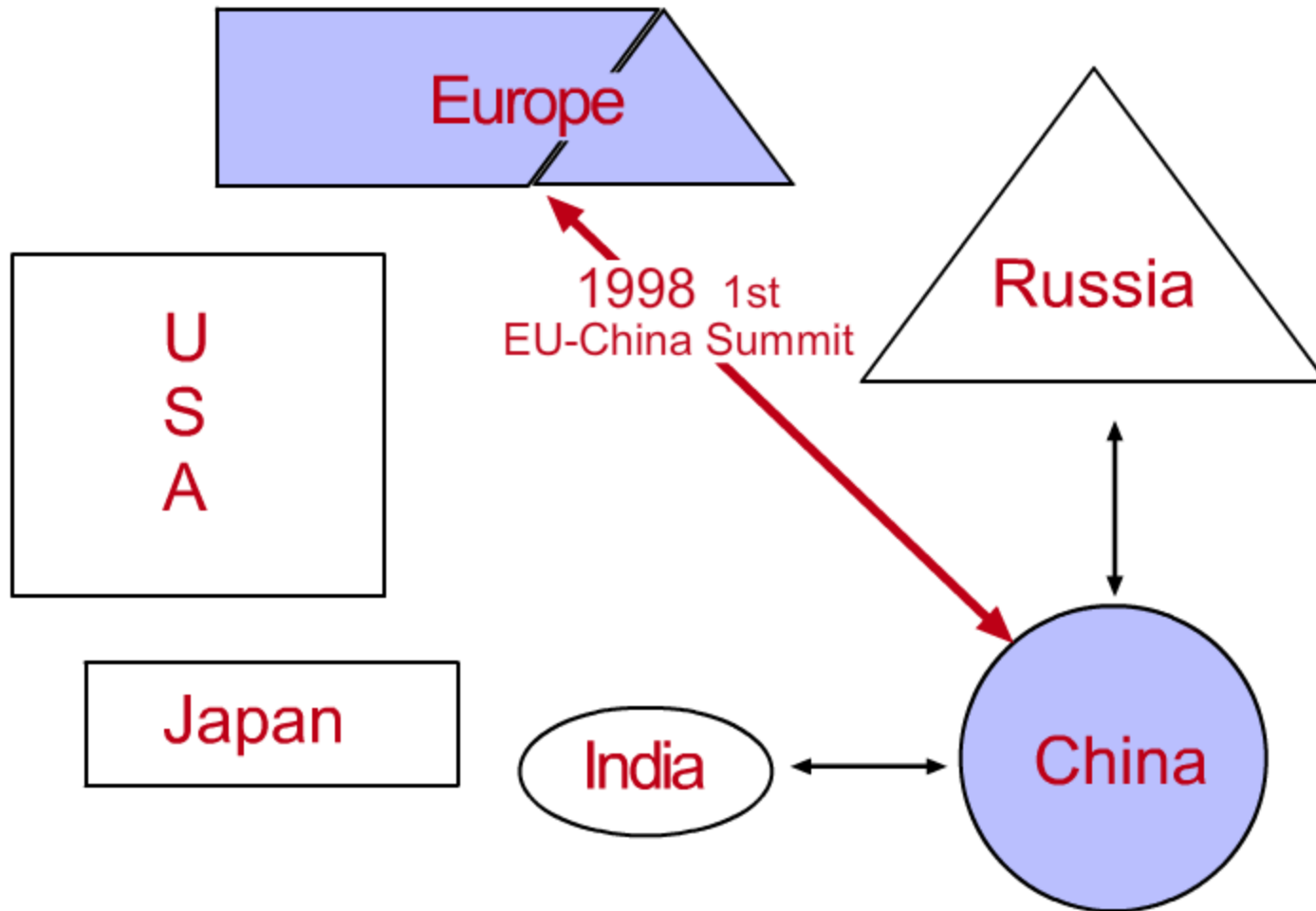
Cold War Detente (-1989) Post 1989



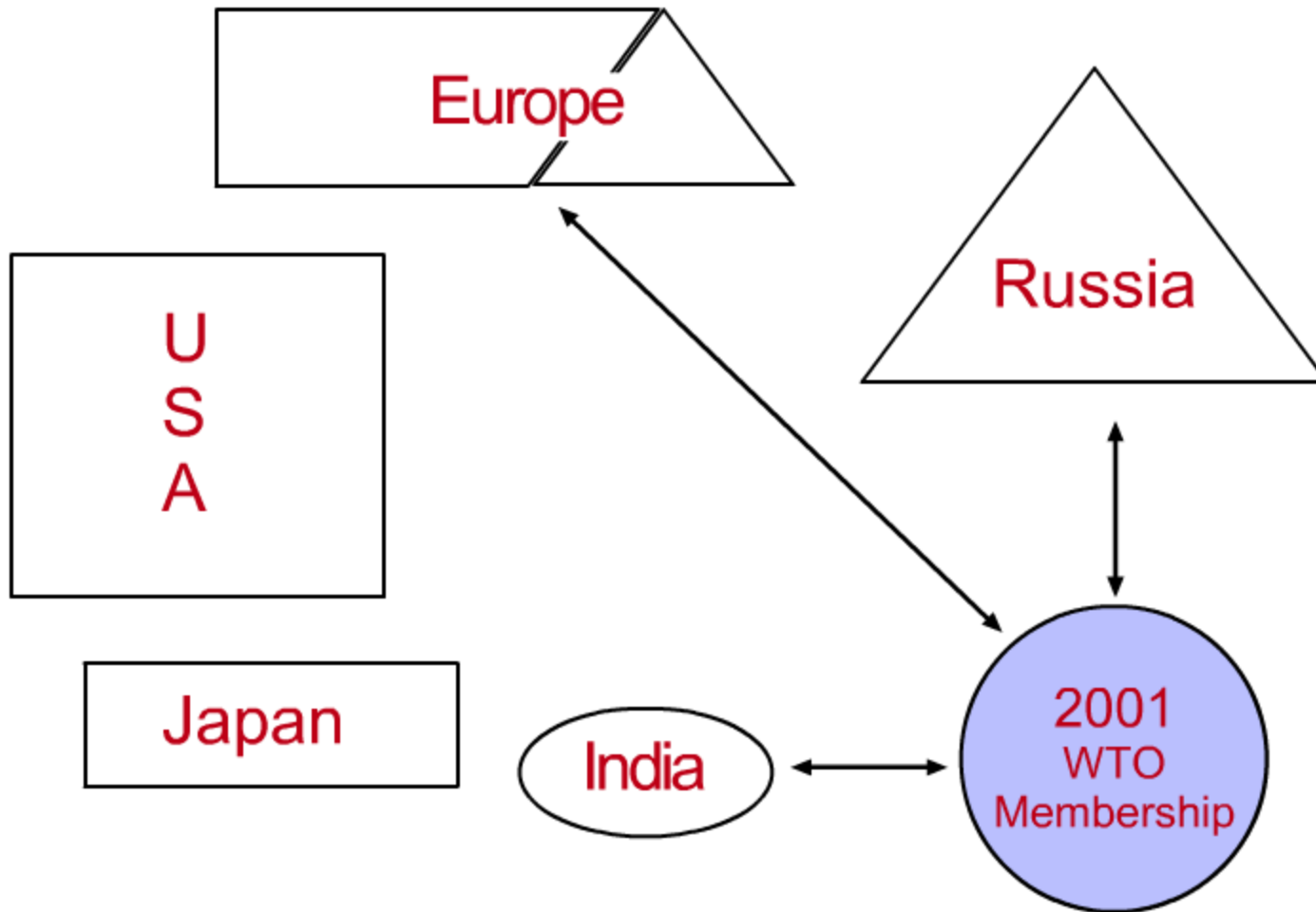
Cold War Detente (-1989) Post 1989



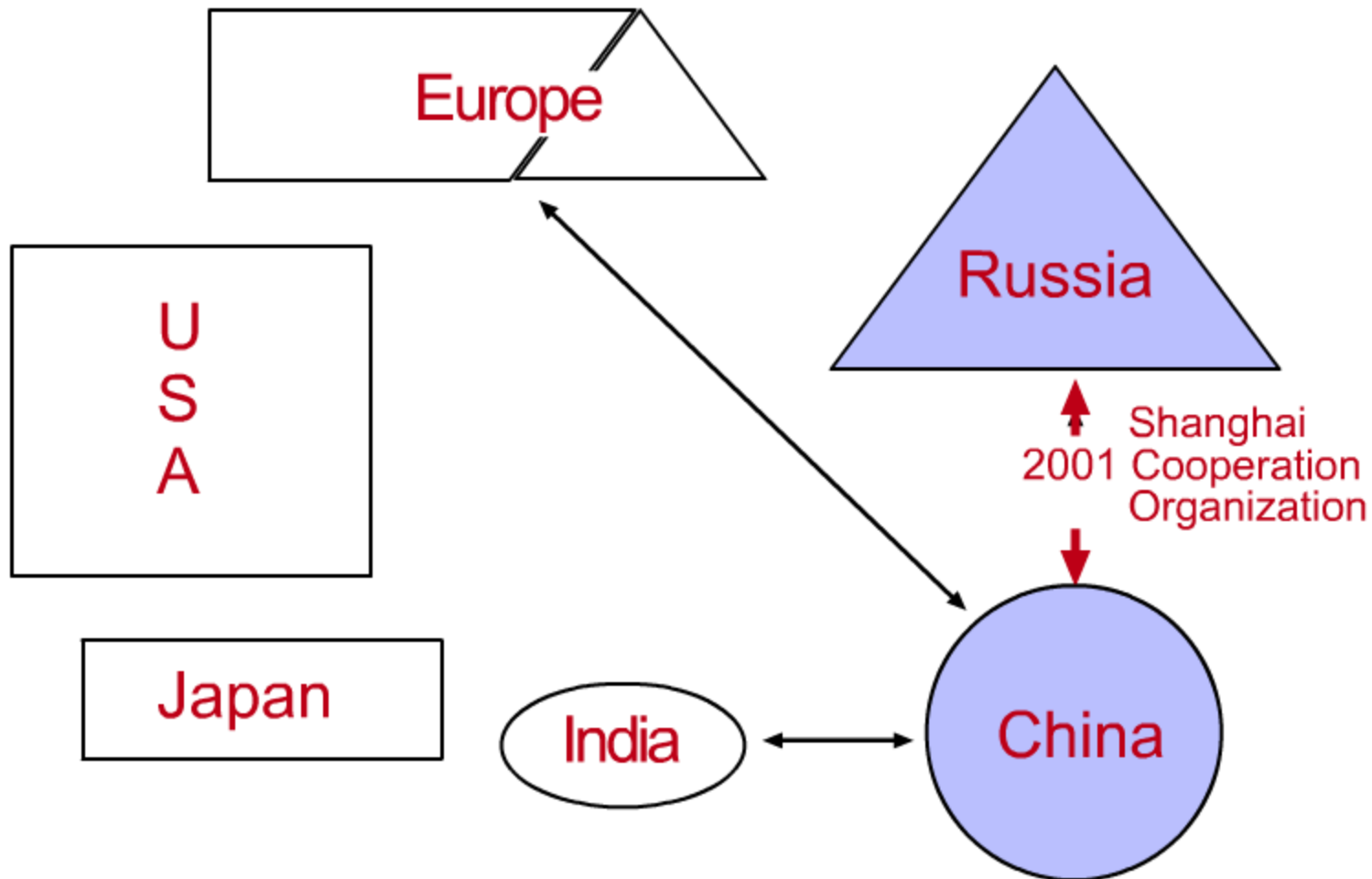
Cold War Detente (-1989) Post 1989



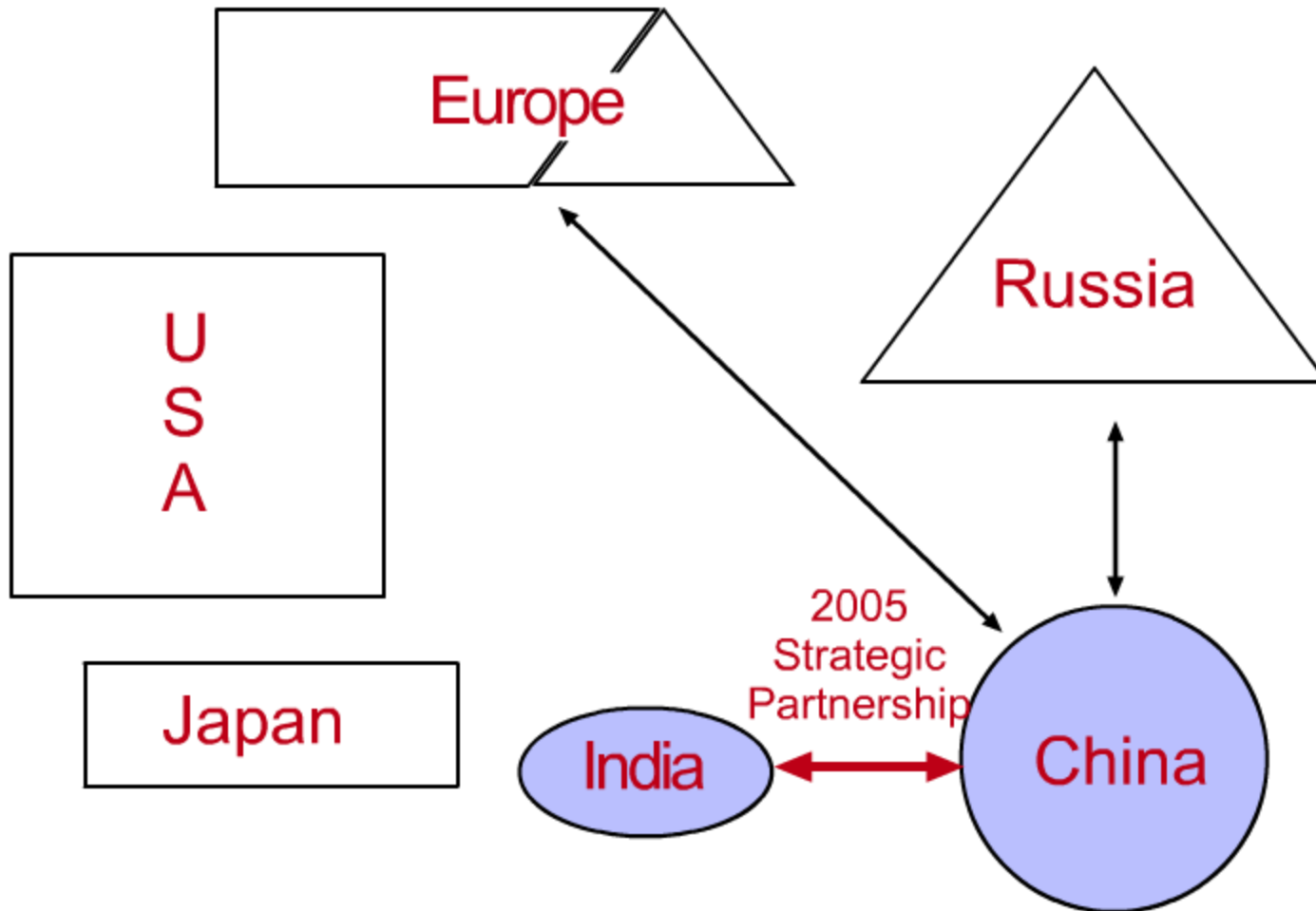
Cold War Detente (-1989) Post 1989



Cold War Detente (-1989) Post 1989



Cold War Detente (-1989) Post 1989



Quelle part pour l'Afrique?

Ligne d'Emergence

Nouveau Sud ?

Nouveau Nord ?

Nouveau Centre ?

ACP
LCD

Doha Blocks

- Protectionists
- Cairns Group
- Liberalization
- AU ACP LDC