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An Ecole Normale graduate and with an agrégation in geography, Hakim El Karoui taught at the Lyon II University before joining the cabinet of the Prime Minister in 2002 as speech writer. After serving within the Ministry of Finance, in 2006 he integrated the Rothschild bank, where he led the Africa Practice together with Lionel Zinsou. In 2011, he joined the strategy consulting firm Roland Berger, where he was joint head of the Africa and French Government advisory sectors. In 2016, he founded his own strategy consulting firm, Volentia. Hakim El Karoui is also a writer (Flammarion has published three of his books on economics and geopolitics) and social entrepreneur (he created the Club du XXI<sup>e</sup> siècle – The 21st Century Club, the Young Mediterranean Leaders, and, together with Bariza Khiari, penned the “appel des 41” column on 31 July 2016 in the *Journal Du Dimanche* newspaper).

The Middle East and North Africa region is going through a phase of important transformations. The “Arab Spring”, the unending civil wars it provoked, and the proliferation of radical Islam are the many symptoms of a transition crisis and of an entry into modernity, which disrupts the balance of Arab-Muslim societies and sparks powerful resistance. The geography of this crisis extends beyond the Arab world from Eastern Afghanistan to South-West Mali and Gulf of Guinea, to a point where the expression “arc of crisis” seems appropriate.

Has French policy regarding this region sufficiently well evaluated the magnitude of these transformations? Does it not rely on its historical heritage, rather than on a prospective and strategic vision, as it should? Often criticized for the positions it takes, and its double standards, the message carried in the region is unclear and France is dangerously losing credibility to the eyes of both populations and governments. In this context, how can France reinforce its influence in a zone so crucial to its identity, its security, and its economy?

This report on French policy in the Middle East and North Africa is a geo-political document. It aims to analyze geographical data – demographic, commercial, financial, cultural, and security flows, present and past – to determine France’s interests in the region both today and tomorrow, and to structure a policy. Based on an original aggregative method of scattered data, this report provides new tools with which to understand the multiple relationships between France, the Middle East and North Africa. The French strategy, understood in the long-term, is compared to that of competing forces. This set of analyses establishes the foundation for proposals aiming to define a new French, but also European, strategy.



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France's primordial interest is to support the  
region's transformation in a phase of lasting  
instability

France influences the Arab world, but it faces competition; the Arab world influences France, but France is almost unaware of it

The links between France and the Middle East and North Africa have an important structuring impact. The Arab world is present in France and France influences the Arab world. Around 6 million people in France (immigrants, children of immigrants, repatriates) have an identity relationship with countries in the region, and 1.2 million French people live there, among which most have two nationalities.

Not only is the Arab world the main source of immigration in France, but it is also the first area of origin of foreign students in our country. On the other hand, France's educational investment in the Arab world, where lives one Francophone in six, is massive (twice as important as both in Europe and Sub-Saharan Africa). Our economic relationship is also very dense: it represents nearly 20% of France's exchange of goods with countries outside the EU, that is, more than with China and almost as much as with the United States (excluding military trade). We have major interests in strategic sectors (France relies on the region for a third of its energetic imports and half of its sale of weapons). In the Middle East and North Africa, our diplomatic network is as developed as it is in other regions of the world (in particular on the American continent) and actors of our external security are incomparably involved.

The interpenetration of France and the Arab world concerns first and foremost France and the Maghreb. The three Maghreb countries (i.e. Algeria, Morocco and Tunisia) represent 80% of the immigration from the region, 80% of the student's contingent, and 28 out of the 33 millions of Francophones in the region. Even with regards to the economy, trade between France and the Maghreb is superior to that between France and the six Gulf monarchies (and trade between Tunisia and France is equal to that between Qatar and the United Arab Emirates!). In contrast, the investment in the Levant is mostly political (economic trade with Egypt, Iran and Israel is weak) and security-based (related to the Syrian crisis and migration issues). France's loss of influence in the region is obvious. While the Middle East and North Africa are benefitting from dynamic economic growth (from 5 to 10% per year since the beginning of the 2000s), we are losing market shares in all countries, to the benefit of our foreign competitors, and most spectacularly, to Asian stakeholders. This includes the Maghreb, where we had a historical advantage, and which is no longer France's exclusive field of play. On the cultural front, France's soft power is also decreasing, in contrast with that of the Anglo-Saxons, Germany, but also regional forces like Turkey. Moreover, France has lost its position as conflict mediator ("honest broker"), as it is now absent in the main crisis resolution patterns. France's influence is either competed with in the sectors where it was strong, or hasn't budged in those where it was weak.

Finally, and this is a critical point, the Arab world influences France: 10% of the French population originates from the Arab world, and in particular the Maghreb. Islam is the second religion in France, and probably the most practiced. French economy depends on the Arab world for its weapons and aircrafts exports, in particular large ones, and its energy imports, in particular oil. Ideas popular in the region also circulate in France, including the most pernicious ones, which lead some French citizens to yield into terrorism. Therefore, France's position in the Arab world is weakened, at the very moment when the disruptions the area faces resonate most with some of our country's pressing issues, i.e. the progression of radical Islam and the multiplication of attacks.

## The region's stability is a major concern for France

The Middle East and North Africa region went through an extremely rapid phase of modernization.

The demographic and educational transformation of countries in the region, occurring at different stages, offers new political perspectives. In less than 50 years, the literacy rate in societies of the region has increased and reached 70% of adults and close to 100% of the 15 to 24-year-old in all countries, including women. This access to knowledge and ideas is opening new doors and significantly changes the population's relationship to authority. It is backed by an openness to the world, as the region's societies are now largely urban (80% in average) and connected. A political future distinct from the current one is now possible for these populations.

The affirmation of women's place within societies of the region is a strong factor of modernization, as well as instability, as it implies a radical change in authority and family structures. Women are now almost fully literate and their level of education is improving (in many countries, there are more women than men attending university). Correlatively, their average age of marriage raised (between 26 and 30 years old in average, against the 22 years old average in the 1990s), and their fertility rate decreased (around 3 children, against 5 in the 1990s, and 1.7 in Iran). These changes have brought about new aspirations (women now want to access the job market and the public sphere and question patriarchal hierarchies), which are in conflict with the past political and economic structures. The low employment rate of young women in the region, with a few exceptions, testifies of the resistances to this inevitable modernization.

These brutal transformations carry major risks for the region's stability, which can either be reinforced or restrained by political and economic models. On the economic front, governments' ability to buy social peace by the annuity is undermined (in particular in the Gulf and Algeria), as inequalities and corruption spur resentment, and the unemployment of youth, in particular graduates, reinforces tensions. On the political



front, coercion, due to the lack of tools allowing the population to rally, might increase with the regimes' tenacity to maintain themselves in place through force, thus feeding into violence.

These profound and brutal changes impact these societies' political stability. The most advanced societies with regards to these evolutions have historically gone through major phases of political instability in their evolution process, most often of the revolutionary type (series of coups in Turkey between 1960 and 1971, the Islamic Revolution in Iran in 1979). They have already mutated, which guarantees them, despite the obstacles, a form of stability. In Arab societies, these changes are more recent and the instability phase associated with the transition process has taken the shape of the "Arab Spring". While Tunisia, whose society is modern, seems well-engaged on the path to democracy, despite a harsh learning process – Egypt, Syria and Libya, which are evolving more slowly, are suffering from the counter-revolution or civil war.

Countries that have not yet gone through this phase of political imbalance, but which are nonetheless evolving, are those (apart from civil wars) that face the highest risk. In the Gulf, the incredible tension between the socio-democratic evolutions and the closed political and social system represents an important risk for Saudi Arabia, whose capacity to restrain both frustrations and resentment through redistribution is decreasing. Small monarchies, which have a sufficiently small population to guarantee the wealth of its citizens, seem preserved from these risks. In the Maghreb, Morocco's political stability, supported by the king's authority and political astuteness, must not overshadow its structural weaknesses, and in particular its very strong social inequalities. Meanwhile, the Algerian society's tensions, exacerbated by the political and economic model's decay, are also a source of danger, despite the country's memory of civil war.

However, France has a major interest in the stability of the region. This interest is firstly security-based. Given the interconnections between our country and the Arab world, the conflicts that concern the Arab world somehow concern us too, as their repercussions on our territory are the main security threat to our citizens. Indeed, since 1987, attacks related to a Middle Eastern conflict are responsible for 91% of victims of terrorism. This interest is also cultural: the relationship with France is one of the dividing lines of the conflicts shaking the Arab world. Part of the forces destabilizing the region are radically anti-French and anti-Western. Finally, it is economic: it is hard to trade with unstable countries. Therefore, the entire challenge for France is to support the transition of the Arab-Muslim world.

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## France no longer has a coherent strategy to face the region's mutations

France's policy in the Middle East and North Africa progressively disintegrated and now lacks a clear strategy

France's policy in the Middle East and North Africa, marked by Charles de Gaulle's heritage, placed France in a counterweight position, which consisted of claiming its singularity to have a voice in a region dominated by the Americans, close to nationalist secular and modernizing regimes, rejecting the logic of "blocs" (Iraq, Iran). This policy progressively disintegrated, as it was disputed by the evolutions in the region.

France's policy in the region is structured around three pillars. First, a human rights discourse, under which France legitimized its intervention in Libya and sided with the opposition in Syria. Second, a security logic, which insists on the primacy of the fight against radical Islam and terrorism. Third, an economic strategy, which led to the alignment of our alliances and discourse with our economic interests. With the Arab Spring, these positions took different directions in different countries, to the point where they became inconsistent as a whole. Torn between its various commitments, France's policy in the region progressively lost steam and crumbled.

Indeed, these past years, France has had to update its system of alliances according to different countries' orientations, at the risk of making its positions more confusing. Is France hostile to political Islam, or not? Is it hostile to Iran, or not? Is it allied with Saudi Arabia no matter what? France was also forced to confront its



limited resources: it was for instance unable to intervene in Syria alone, and unable to stabilize Libya, a country it had contributed to destabilize. France thus needs to reflect on how to coherently match its discourse, its actions and the means it can mobilize on the long term. Our country also needs to stop with the double standards blurring its strategy and considerably harming its image. One cannot denounce Salafism in the morning and do business with its indirect or direct supporters in the afternoon; one cannot make large declarations on human rights and support regimes which violate them; one cannot forgive some for what one criticizes others.

Our conviction is that France needs to redefine its strategy in the region.

### The other forces present in the region have clearly defined strategies

The relationships other forces engage with the region are not all smooth, but at least the options they have chosen translate into clearer orientations than ours. The United States has become one of the main supporters of Israel, the stability of the Persian Gulf and the fight against terrorism. Barack Obama let the regime changes occur everywhere, even when it concerned their allies (Tunisia and Egypt), thus progressively withdrawing from the region to focus more on Asia. However, important questions regarding the United States' strategy for the years to come arise with Donald Trump's coming to power.

Russia's strategy consists of guaranteeing access to the Mediterranean, of imposing itself as an indispensable force, of always supporting its allies against Western countries, and of fighting terrorism and instability, even if this involves justifying massive human rights violations. Dictated by energetic and commercial interests, China's strategy favors political neutrality. Germany's strategy, a rival of France, relies on business and soft power (strong official development assistance (ODA) and humanitarian relief, significant presence of cultural organizations).

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France must reinvent a policy in the Middle East and North Africa based on realism, the containmen of islamism and migrations, a given priority to the Maghreb and a will to recover its role as a mediating force.



### France must present a new discourse and a new doctrine regarding the Arab world

Redefining our interests based on a French neo-realism. As a first step, France must acknowledge its intertwining with the Middle East and North Africa. A neo-realist approach requires that France put aside both its sometimes naive universalism and its cynical self-serving mindset. The instability of the region, the proliferation of radical Islam, the Middle Eastern and Sub-Saharan migration pressures, the internal rivalries of the region, and the exportation of terrorism give no choice to France but to strongly get involved in the region, in particular in the Maghreb, and calls for an astute prioritization of its goals. In short, France must align its ambitions and means, and strengthen its cooperation with the countries of the region.

As a stabilizing force, France must also reacquire its position as a mediating force ("honest broker") between Saudi Arabia and Iran, Algerians and Moroccans, Israeli and Palestinians. This is key for our credibility. Finally, our relationship to the Arab-Muslim world cannot be uniform. Our connections with the Maghreb are not of the same nature and cannot be compared with those we share with the Middle East, which requires a specific investment and a differentiated approach.

## France must contain two major factors of disruption: Islamism and migrations

- Fighting against the exportation of Salafism and Islamism and promote a global and European policy for Islam

Saudi and Qatari are free to define their political and religious doctrines within their frontiers. However, the export of such ideology, through the funding of organizations, the training of foreign imams, and the production of a Salafist and Islamist literature must be stopped, by using media as a tool against those who spread it, if necessary (see "A French Islam is possible", Institut Montaigne, 2016). France is powerless on the economic front as it weighs virtually nothing in their exports. However, it has an important international audience and can impact these countries' image. France must endorse a clear position regarding political Islam and Salafism (the respect of national sovereignties on the one hand; problems of cohesion and risks of violence for France on the other). It must spread this discourse at a European level, for which radical Islam is also a political, security-based, and cultural problem (organization of a Europe-Islam conference, allocations of resources to theologians for their training and activities, raising awareness on the radicalism of circulating discourses, support to counter-speech production, national funding for a European Islam and progressive break with countries of origin). An open and demanding dialogue with the Saudi and the Qatari is essential.

- Migrations and asylum: the urgency to co-manage

The migration question is at the heart of the public debate and has two main implications: the welcoming and assimilation of economic migrants and the welcoming and protection of asylum seekers. These two topics need to be distinguished to be managed efficiently and to oppose the idea that European frontiers are permeable. This idea feeds into resentment and the fear of others. France must nonetheless also be aligned with its discourse: one cannot defend human rights without welcoming war refugees. On the other hand, European solidarity cannot settle for a scattered management of migration flows.

The proposals formulated thus follow two dynamics. On the European front, it is suggested to reform the Dublin Regulations, which fuel discord between countries of the Union (the idea of a "Schengen +"), and to allocate refugees according to countries and to the adequate capacities of reception. Future migration pressures will originate from the Sahel rather than the Maghreb. On the French-Maghreb front, in order to face these coming migration pressures, it is suggested to reinforce the cooperation between southern countries around the Sub-Saharan immigration and the Mediterranean crisis.

"Priority to the Maghreb!" France needs to give priority to the Maghreb and to implement a real policy specific to this region, structured around three key policies: security, economic development and culture

A new impulse between France and Europe, and the Maghreb. The common destiny uniting France and countries of the Maghreb, which is particularly acute in the cartography of French interests in the region, invites us to both ask for more, and give more. We need to go beyond neo-colonialism, paternalism and post-colonialism, by promoting a responsible attitude, and facing as equal partners the issues we share, thanks to the help of a very simple guiding principle: "in the interest of all: give more, ask for more". The alliance with other European countries, from the South but also Germany, can be a way for France to go beyond its complex heritage of colonization. The region's instability is a major risk for France, which needs to do all it can to mitigate the impacts of the big transformation phase going through the Arab countries.

The Union for the Mediterranean (UfM), whose goals were too ambitious, proved to be deficient: we must not reproduce this pattern. However, the institutional framework provided by the "dialogue in the Western Mediterranean" (also called "5+5") offers a relevant structure for common action. This is not the time to invent costly and rigid institutions. Intergovernmental solutions and alliances with other European countries serving well-defined and reasonably ambitious goals are much more adapted to the challenges that both France and Europe need to face in the region. The flexibility of these mechanisms and the priority given to security and stability issues correspond to the current points in question:

- **The policy:** a clear vision of the Western Mediterranean's future. France must be clear on the identity of those it supports in the region. Not by interfering of course, but not by being gullible either: France needs to stop believing that Islamists and progressivists are on the same level. Islamists define themselves by their refusal of Western values while progressivists promote these. France needs to make sure it shares its vision of the Western Mediterranean region's future with the Maghreb. Despite obstructions from both parts, the region would benefit from a Franco-European initiative.
- **The security:** an essential co-production to fight against terrorism and deal with migration flows. Countries of the Maghreb and France are concerned by the return of jihadists from Syria, Iraq and Libya. Some of them have two nationalities. This threat implicates a reinforcement of the cooperation between France's and the Maghreb's intelligence services, which need to get along (we might have

been able to avoid the November 2015 attacks led by Belgian-Moroccans had it not been for the quarrel between the French and the Moroccan that year). In this perspective, France and the countries close to Tunisia will need to invest more in the necessary reconstruction of Tunisian security services, whilst at the same time requiring faster and more concrete results. Algeria remains to be convinced to get more involved in this cooperation, and an exchange needs to be established with Libya.

Today, the migration issue concerns the Maghreb as much as it does Sahel. The challenge lies in the externalization of the European frontier in Maghreb, by providing the financial and human means to implement effective frontiers while investing in the development of the Sahelian strip threatened in the decades to come by major events: global warming and the drastic decrease of their agricultural surface; and the demographic explosion (Niger, which has 20 million inhabitants today will count 100 million in 2060). To accomplish this, additional resources need to be mobilized to allow Maghreb countries to retain potential migrants, including those coming from the South (as Turkey does with those coming from the Middle East).

- **The economy:** do to the South what Germany did to the East. The importance of our exchanges, the complementarity of our economies, and our linguistic and cultural proximity justify a hinterland strategy. In it would be structured, sector by sector, a Franco-Maghrebian value chain, based on the model of what was implemented in the car industry, with an offshoring strategy that must progressively direct itself towards services: tourism of course, but also health services and the welcoming of retirees. Furthermore, an adapted workforce could be trained thanks to the development of an offer of vocational higher education. It would train to skills essential to the industry, and would have a positive effect on youth unemployment, which is a source of friction.

### Three proposals consolidate this approach:

The recovery of discussions, in sight of complete and in-depth free-trade agreements between Europe and the Maghreb (DCFTA);

- The technical cooperation and the ambitious recovery of the administrative cooperation following the twinning model of the 90s between Eastern countries and European countries;
- The realization of a strategy of economic integration "Euro-Maghreb 2025" with the use of comparative advantages of countries and a regional specialization. We need to pass on the message that France's and the Maghreb's futures are bound together.

The conclusion of this effort will also be budgetary: on both its budget and the European budget, France will need to engage more and demand more from its partners for this promising and at the same time dangerous region.

Reviving culture...The cultural dimension has until now been considered as a heritage to deal with. We believe that a real cultural strategy is necessary, to go beyond history and to look towards the future. The recognition of the interconnectivity of France and the Maghreb can occur thanks to the following measures:

- The enlargement of francophonie, by socially diversifying our educational offer (too often reserved to the elite), in particular with an equalization system, and by investing in new cultural fields (TV, Internet);
- People with dual nationalities need to be valued as influence and dialogue intermediaries between the two Mediterranean shores (implementing real strategic councils, reuniting eminent personalities having two nationalities to advise France on its bilateral relations with these countries, and creating a France/Maghreb office for young people, based on the Franco-German Youth office.);
- The improvement of our knowledge of the Maghreb (creation of a chair at the Collège de France and of a research center dedicated to Maghreb-related issues);
- The recovery of the teaching of arabic within National education (development of a French offer teaching arabic and darija with Nation education); An institutional steering committee dedicated to these questions could be considered (creating a dedicated administration on the model of the Foreign Affairs Ministry or of the French General secretariat for European Affairs - SGAE)

"Honest broker": France must revert to being the stabilizing force it used to be in the Middle East, so as to be able to alleviate tensions between Iran and Saudi Arabia, and to mediate conflicts in the Levant

- A balanced foreign policy between Iran and the Gulf.

The long lasting rivalry between Iran and Saudi Arabia is a real Middle Eastern «cold war», which structures the region and recently warmed up. France is perceived as being close to the Saudis, a traditional Western ally. This position does not correspond to our interests, whether strategic or economic. The Salafist doctrine promoted and financed by Saudi Arabia threatens national cohesion in France, the Maghreb and Africa. On the

other hand, trade between France and Saudi Arabia is much less important than trade between France and the Maghreb (\$19 billion versus \$27 billion in 2015, including strategic sectors such as the military and energy). Besides, Saudi Arabia is entering an internal phase of instability powered by social transformation and the long-term fall of oil prices, which undermines its economic influence.

The situation with Iran is significantly different. Its power system is undoubtedly complex and the allocation of consequent subsidies to aggressive organizations disseminated in the region (Lebanon, Syria, Iraq, and Yemen) is documented. The regime is moreover torn between reactionary elements and progressive ones. On the other hand, the political system is mutating from Islamism towards nationalism. With a population already very advanced in its transition and eager for liberalization, governments are taking measures to show openness. Iran is also a large market of high potential – marked by the relative absence of French companies – and an essential partner to find solutions to regional crises.

Relations between Iran, Saudi Arabia and France thus need to be rebalanced. It is necessary for France to propose a new security structure to these forces, which is essential in a context in which American aggressiveness towards Iran forces it to find new spokespersons.

The crisis between Qatar on the one hand, and Saudi Arabia on the other is not as crucial as the Iran-Saudi issue. Nonetheless, France, which entertains dense relations with the two, can position itself as a mediator of the Saudi-Qatari conflict, and use this crisis to remind the two monarchies they are both losing credit in the international game by supporting Islamist and Salafist ideologies.

- A coherent evolution of our positions in the Levant.

In Syria, the key priority is the elimination of Daech. France must then search for a political solution that takes into account the balance of forces on the ground. There is no other solution: a short-term regime change as well as the return of a centralized Syria, which the Kurds would refuse, should be set aside. This solution can aim at the implementation of a federal Syria. France can gain influence and promote its vision through the reconstruction lever. In Lebanon, France must not appear as the exclusive protector of the Sunni community and of the Hariri clan, but rather return to its mediator position between the two communities. France will be able to play a useful role in the Israeli-Palestinian conflict by reinforcing its economic links with Israel, which today are not realizing their full potential, and by investing in the civil society. This conflict, despite its relative disappearance from the international diplomatic agenda, remains a source of intense humiliation in the Arab world.

With Egypt, France must first encourage and foster balance within the regime, respectful of political opposition parties. Egypt is a leading partner for the resolution of the Libyan crisis.

Finally, with Turkey, France must adopt a nuanced position. It must be firm on the Turkish intrusion in the organization of Islam in France and on the principles of liberty in Turkey, whilst also cooperating with Turkey in the search for solutions in Syria, and always keep in mind that Turkey is its main partner in the region.

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