



AFRIQUE
MÉDITERRANÉE
EUROPE

LA VERTICALE
Pour un avenir commun

For a New Deal Africa – Mediterranean – Europe

5 action programmes

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December 2015



*La Verticale Africa-Mediterranean-Europe is an IPEMED programme. It is about promoting the idea that the regionalisation of the crescent Africa-Mediterranean-Europe is a realistic prospect.
In order to boost this regional integration, a foundation provided with a think tank must be implemented.*

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La Verticale Africa-Mediterranean-Europe (AME) is a foundation in charge of fostering and supporting economic and political transitions in Africa and of promoting regional integration between these three European, Mediterranean (Middle East included) and African spaces.

In order for this foundation to foster democracy and development, integration is crucial in this troubled region. The Mediterranean (Syria, Lebanon, Palestine, Iraq, Libya and the Sinai region) as well as many Sub-Saharan States are in a time of crisis. They are undergoing various types of violence and most often terrorist attacks. The crises undermining many southern countries (from Libya to Syria and from Sudan to Nigeria) darken the future. These societies must solve a major issue: the place of religion and the State in political and social regulations. An issue that will take time to be solved. It took France over a century to do so.

Besides, many European and regional actors take part in the national affairs of some of these States, arousing tensions and violence. The criteria for the implementation of Human rights depends on powerful geopolitical interests.

Furthermore, development failures - and especially the failure to master modern technological and scientific capacities in most non-European countries of La Verticale - are a major obstacle to the benefits that should come from coproduction and other positive elements of the foresight presented in the IPEMED study. These failures lead to massive unemployment among young people, especially graduated people, to increasing migratory flows from South to North in tragic circumstances, but also to a flow of refugees fleeing the many conflict zones that keep multiplying since the beginning of the decade. This refugee flow burdens southern and eastern host countries (Tunisia, Egypt, Lebanon, Jordan, Morocco, Turkey) and deeply disrupts European public opinions (rise of populism and far-right parties in a context of economic crisis).

Finally, illiteracy, exclusion and misery remain commonplace in many countries, thus creating a fertile ground for militiamen recruitment, but also for terrorist organisations, and leading to spirals of violence. In response to this situation, the European Union is closing its borders, potential investors are postponing their investment decisions, especially small and medium businesses, when the latter are the cornerstones of sustainable development, of the creation of an industrial network and a source of well paid jobs.

In the face of these crises, how to keep spirits up?

Obviously, this situation is not favourable to investments and long-term coproduction agreements. Nevertheless, inaction is not the solution. Initiatives should be taken to bring back peace in all war-torn countries.

The States concerned by the regional integration project Africa-Mediterranean-Europe (AME) should encourage peace. Peace in the Middle East and in southern and eastern Mediterranean countries requires a diplomatic presence of the European Union in order to settle conflicts. Europe will then be able to act serenely with all conflict parties to stop violence and destabilisations and make political dialogue easier.

Without peace, freedom and democracy, La Verticale will never become a shared prosperity zone. The democratic States of the area cannot apply the “double standards” when they allude to the humanist values of Human rights, as well as women rights.

At another level, the regional integration project of La Verticale AME must lead to increased trade among non-European countries of the Anatolian peninsula, western Mediterranean and Sub-Saharan Africa. These countries must actively look for their production complementarities so that foreign trade is not only focused towards the European Union, the United States or new Asian industrialised countries like China. In this field, coproduction can be an efficient tool to promote exchanges between non-European countries by applying European techniques.

Finally, the last element necessary to the successful integration of La Verticale AME regards the roles played by States, companies and international trade in the economic policies of concerned countries. In some countries, the creation of a network of economic activity never happened (industry but also modern services and agriculture), nor did a local knowledge sufficient to learn the technologies necessary to modern life. The implementation of a complete and fast liberalisation of the local economy and foreign trade often led to reinforcing practices contrary to the benefits of competition, or to an increasing appropriation of added value by a few influential local groups, close to administrations. The result was a high concentration of wealth and increasing poverty and exclusion. This was highlighted in the 2011 “Arab Springs”, dominated by the call for justice, social dignity and employment. International organisations became aware of this necessity to progress towards the integration of less developed countries in the global economy; although very often they do not carry out in practice what they started to defend in theory. Although major reforms took place, especially at the African Development Bank, former practices still remain common.

Therefore, industrial, commercial and macro-economic policies must be applied by taking into account the specificities and potential of each economy. Besides, the permanent dialogue between the State, local authorities, the educative sector, employers’ associations and trade unions must be encouraged in order to identify the technological sectors to develop. This would enable to better target the fiscal advantages to grant to innovative investment that will drive employment.

With the crisis wreaking havoc in the Mediterranean, the encouraging but often haphazard growth in Africa and the weakening of the European economy, one must recommend the quick implementation of the Foundation La Verticale, the objective of which is to accelerate North-South and South-South integration.

Business managers, politicians and experts working in IPEMED’s network are convinced that:

- European integration moves forward when Europe is exposed to crises (war threat, communism threat, decline threat, etc.);
- southern and eastern Mediterranean countries, along with Middle Eastern and African countries started to free themselves from authoritarian governments and rent-driven economies. One must hope and work to make terrorist violence the last expression of pseudo reactionary religious elites;
- growth is a favourable factor. Yet it will not be sufficient without the implementation of a greater social and economic inclusion that would prevent growth from generating further inequalities and discrimination.

Time has come to forge bonds based on sharing rather than conquest between Europe, Africa and the Mediterranean and the Middle East, to implement what we have learnt from the successes and mistakes of the past, and to start cooperating as equals, sharing humanist and universal values.

A common vision of IPEMED’s network

La Verticale

FOR A GREATER AFRICA-MEDITERRANEAN-EUROPE REGION



Who are we ? IPEMED, a recognized public interest association (French 1901 Act), heading the foundation, “La Verticale Africa – Mediterranean – Europe”.

AFRICA-MEDITERRANEAN-EUROPE: A GLOBAL REGION

Apart from the United States and China, States can no longer act alone in a world where development is measured at a global scale. The world is now structured into great regional areas combining developed ageing northern countries with young emerging southern countries - ASEA+3/APEC in Asia and NAFTA in America.

These North-South regions, defined by a work organisation on the same time zones and based on shared common preferences, are taking the shape of “crescents”.

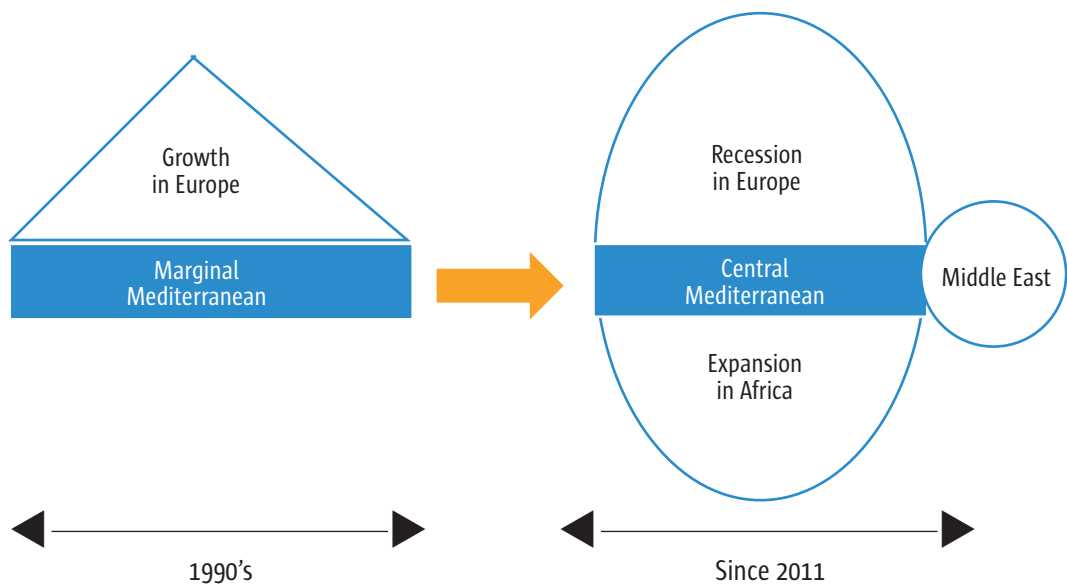
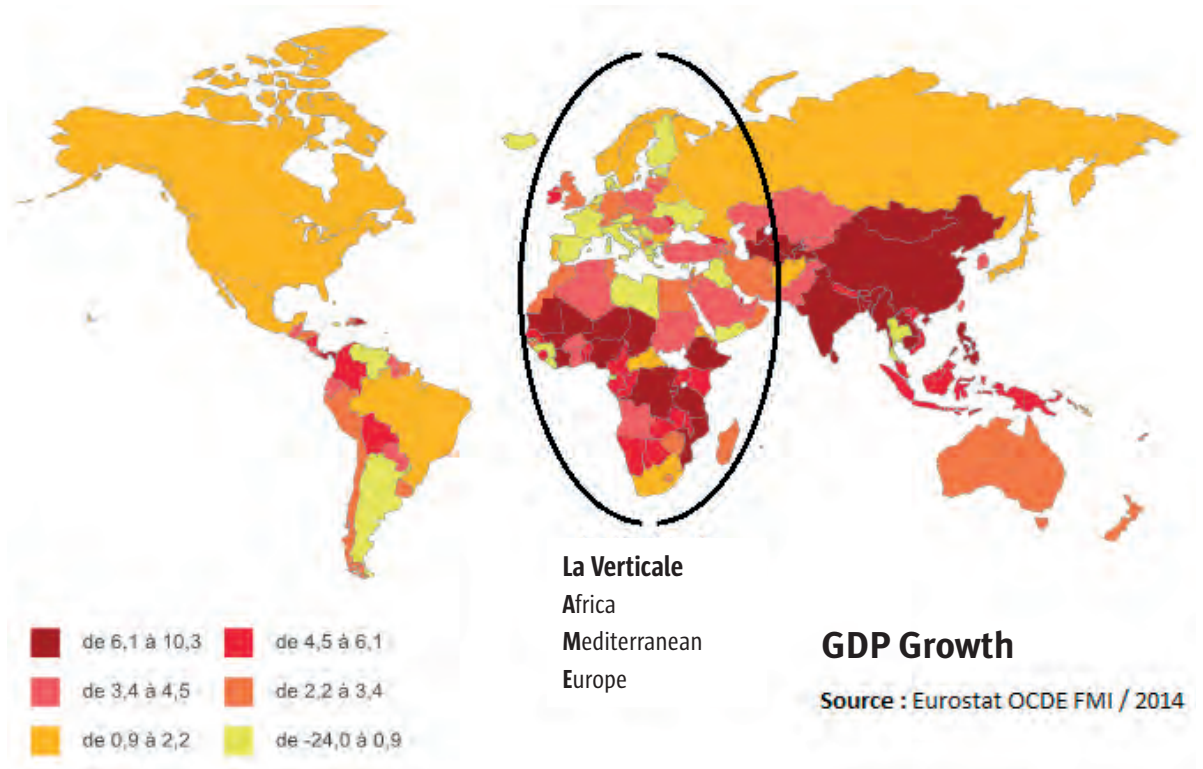
Our region is dominated by chaos at the borders of Europe (Syria, Libya, etc.), in Africa (Mali, Central African Republic), while the Arab Springs are struggling to ensure the political and economic transitions. In this context, La Verticale Africa-Mediterranean-Europe can foster peace and development. In spite of violence, positive forces moving towards regional convergence can be observed. The very forces on which La Verticale is based. Time has come to look for peace and work to rebuild southern countries, revive European economies and show a collective will to integrate our common region via a productive, sustainable and solidarity-based cooperation. Of course, this is an ambitious project. But ambition is what the region needs.

This great region Africa-Mediterranean-Europe remains to be built

- It is in the interest of Africa to get closer to its northern neighbours to promote a productive, sustainable, inclusive and shared growth;
- It is in the interest of Europe to “go South” to face 21st century’s challenges;
- It is in the interest of southern and eastern Mediterranean countries (SEMCs) in transition to integrate a zone of stability and regulation;
- It is in the interest of Middle Eastern and Gulf countries to diversify their partnerships by joining this great region;
- In this regard, the Mediterranean must play a central role of interface between Europe, the Middle East and Africa. From a “marginal” region (1990’s), the Mediterranean is becoming “central” again.

The time of “centre-periphery” relations is over

At a time of knowledge-driven economy, resources are increasingly coproduced by partners rather than supplied by “peripheries”. At a time of energy transition, the resources of Africa, the Mediterranean and the Middle East can become the foundation of a new sustainable development project, implementing COP21 directives. At a time of digital revolution, regional integration must be based on trust and on the shared management of common resources.



This Verticale of 3 billion inhabitants in 2040 - nearly a third of the planet - can be compared to the areas formed by the reunion of Americas (1.5 billion in 2040) and in Asia by China, Japan and ASEAN countries (3.5 billion in 2040).

The European Commission and the Presidents of the Arab League and the African Union support this vision of the great region Africa-Mediterranean-Europe.

THE FOUNDATION LA VERTICALE: A DURABLE TOOL AT THE SERVICE OF THIS NEW VISION

A necessary tool to think and define the great region Africa-Mediterranean-Europe (AME)

Although Europe, southern and eastern Mediterranean countries, Middle Eastern and African countries share a common future, the economic sector is the only sector to grasp its importance.

This is why, just like Americas benefit from a globally recognised think tank: - The ECLA (Economic Commission for Latin America) - and like Asians created their own think tank - the ERIA (Economic Research Institute for Asean and East Asia) - the great region (to be created) Africa-Mediterranean-Europe must create a powerful think tank: La Verticale. Just like in the ECLA in America, in the ERIA in Asia and in the European Union:

- economy will be favoured in order to promote regional integration;
- regional regulation policies will be proposed to Member States;
- the prospective and sectoral approach will be favoured, especially on priority sectors (energy, water, agriculture, transport, etc.).

IPEMED will have a new role:

To encourage reflections and build action plans, the Foundation will firstly rely on an intellectual production organisation, IPEMED, the role of which will be renewed. When IPEMED was created in 2006, ongoing historical transformations in the Mediterranean were only starting. The scope of the transition initiated with the Arab Spring, the new economic interactions between North and Sub-Saharan Africa and the assertion that North-South relations will never be the same again call for adjustments.

With La Verticale, IPEMED will develop further:

- by transforming the Mediterranean from an outlying region to a central one;
- by ensuring durable long-term funding besides annual contributions.

What remains unchanged:

- principles: general interest, North-South parity;
- objectives: regional integration via a productive, sustainable and solidarity-based economy, coproduction and decentralised cooperation;
- work method: prospective, decompartmentalisation of professional circles, bottom-up approach, transformation of ideas into projects and their promotion with political decision makers.

Until La Verticale is created and benefits from sufficient funds, IPEMED will remain the key think tank of the great region Africa-Mediterranean-Europe. During this transition phase, IPEMED will increasingly take Sub-Saharan countries into account:

- African people will become members of governance bodies;
- studies will go beyond the Mediterranean framework to include Sub-Saharan countries;
- cooperation will be developed with African institutes, with the African Development Bank which, just like the EIB, is working on major programmes regarding electricity, transport corridors, etc.

La Verticale will rely on other think tanks specialised in Sub-Saharan Africa, like the FERDI, the University Paris-Dauphine, the German institution EMA, and all the Euro-African networks, such as the GID, an international association created in 2007 by 10 South-European and African academies.

THE FOUNDATION LA VERTICALE HAS TWO OBJECTIVES ENHANCING PROXIMITY, COMPLEMENTARITY AND SOLIDARITY:

- Accelerating the economic transition in SEMCs and Sub-Saharan countries;
- Promoting the regional integration Africa - Mediterranean (Gulf States included) - Europe.

By doing so, the Foundation La Verticale will become, just like the ECLA, the intellectual cluster for economic and political reflection of southern countries.

This foundation will perform five functions:

- think tank to bridge the knowledge gap on this region and produce new future-oriented ideas;
- leading a business manager movement in order to focus this regional integration on development projects regarding energy, agri-food industry, digital sector, etc.
- mediation and influence with international institutions and governments;
- mingling of northern and southern decision makers, from public, private and non-profit sectors, via high-level seminars, in order to share experiences;
- integration and sharing of strategic information where the Foundation will gather, synthesise and put into perspective the economic evolutions of the great region AME (especially via the implementation of a unique web portal).

La Verticale will have three sources of revenues:

- Private and public donations;
- Company memberships, of which that of IPEMED founding members, with target agreements;
- Recurring institutional contributions, of which an alleged contribution of the European Commission.

A shared, ethical and network-based governance:

The Foundation La Verticale will be the cluster of a common North-South and South-North reflection, in a spirit of sharing, participation and partnership.

This is why (like ECLA in America and ERIA in Asia), La Verticale will have to create offices in North Africa, the Middle East and Sub-Saharan Africa and work as a network.

The ethical principles of La Verticale apply to founding members and all staff and network members. These principles include the respect of decision parity and differences; the defence of the general interest; the adherence to a long-term prospective vision; the assertion of a common future.

SUPPORT OF IPEMED POLITICAL STEERING COMMITTEE (PSC)

“For a vertical partnership Africa-Mediterranean-Europe: Let us create a foundation.”

We, members of IPEMED’s Political Steering Committee (PSC), in the face of an irreversible globalisation process, wish to get together to reinforce peace, prosperity and security in our mutual geographic and historic space.

Relations between Africa, the Mediterranean and Europe have not always been relations we can be proud of. Nevertheless, we share common values and wish to build together our common future.

The partnership La Verticale Africa-Mediterranean-Europe is a realistic ambition, a real 21st century project. It is about highlighting geographic proximity, complementarity and solidarity. Companies and capital are already working to reinforce this bond.

At the crossroads of interests and challenges, the Mediterranean is a binding region which, on the one hand, suffers from southern pressure with its political, economic, social and environmental crises, and on the other hand is rejected by the North, by a “fortress Europe” irresponsibly closing its borders, thinking it can thrive on its own in this globalised world. The solution is simple: a new geopolitical space must be created: La Verticale.

To do so, the Foundation La Verticale is necessary. This foundation must boost our actions and accelerate History. In ten years, interconnections between Africa, the Mediterranean and Europe should be numerous and varied. The foundation must train new elites.

It is necessary to change behaviour. Undeniable behavioural changes in the South must be accompanied by simultaneous behavioural changes in the North. The conquest and superiority approach must give way to a sharing approach, to the listening of others and to an increased interest in SEMCs modern and ancient history, be it political, literary, economic or social. We must recognise the richness of their civilisations and the relevance of their messages in the current situation. This would enable to reform basic principles and policies carried out by the European Union towards its southern neighbours. Development aid and “donations” to southern Mediterranean countries and Africa, too often considered by the South as hand-outs, must give way to educational and productive investment and to common development policies.

Three essential tools must be favoured: A think tank, a bank and a new coproduction model making integration easier. Following the example of Americas and Asian countries, Europe must favour these three tools:

- **A think tank** gathering the intellectual skills of all the region’s countries that would be the intellectual and political cluster of this great global region. Through a few action programmes, this body could promote the region, produce new future-oriented ideas and centralise strategic knowledge. This think tank would have a function of mediation and influence with international institutions and governments, and would help mingle northern and southern high-potential actors from the public, private and non-profit sectors, via high-level seminars.

- **An (intercontinental) Bank** capable of financing regional major development projects necessary to regional integration and of financing the development of the private sector. This bank would be the alternative Mediterranean and African countries have been expecting to currently development funds and banks that control financial powers and often serve as channels of influence. It will be a tool at the service of nation development. It would bring financial and technical support in keeping with infrastructure and development needs. It is in this spirit that we, members of the PSC, sign this letter of support for the adoption and implementation of this Foundation La Verticale.
- **Integration via coproduction** (rather than trade), a new integration model. This partnership coproduction process with sharing of added value and technology transfer is perfectly suited to relations between close countries with major discrepancies (geographic, development levels, etc.). It ensures job creation in the North and in the South and follows the logic of a space expansion of value chains, in search of the best skills to produce quality products.

Miguel-Angel MORATINOS, President of IPEMED PSC
Aicha BELARBI, Vice-president

Members of IPEMED PSC supporting the project La VERTICALE

AZOULAY André, BITTERLICH Joachim, BONINO Emma, CORM Georges, DERSIS Kemal, EL SHOBAKY Amr, GHARBI Iqbal, GUIGOU Elisabeth, JOMAA Mehdi, JUPPE Alain, LANDABURU Eneko, MACSHANE Denis, MALLEY Robert, OUALALOU Fathallah, PIQUE Josep, PRODI Romano, RAFFARIN Jean-Pierre, ROMERO LOPEZ Carmen, ROUMELIOTIS Panagiotis.

SUPPORT OF IPEMED SUPERVISORY COMMITTEE (SC)

“A long-term vision to invest and build the region Africa-Mediterranean-Europe”

Globalisation is entering a new phase. The third industrial revolution is emerging through three changes: energy transition towards renewable energies and short production cycles; digital revolution and multiplication of interconnections (connected objects); extension of collective goods with the economy facing the limits of nature, increasingly collaborative economy, based on coproduction and common resource management. It is not about zero growth of global degrowth. It is about producing while saving and sharing resources, reducing the share of material goods and favouring qualitative services (education, health, awareness, etc.).

For our La Verticale Africa-Mediterranean-Europe, the issue is simple:

- Either European public authorities and more specifically heads of States settle long-term objectives, in that case, company managers will be able to support this movement and invest in the present to build the future.
- Or policy-makers keep implementing short-term policies and do not define future prospects, in that case, companies will keep focusing on short-term activities and will not invest in long-term projects. The balance of economic powers will keep evolving in favour of China, the United-States and great emerging countries.

This issue is of significant importance for the region: if the current dominating “short-termism” lingers, the technology gap in Europe and its historic and geographic neighbours (neighbourhoods, Africa) will keep increasing. Yet together, they have all the necessary resources to drive the third industrial revolution. They can also manage common goods (water, energy, scarce resources, environment) linked to their geographic proximity. This is why the building of the great region Africa-Mediterranean-Europe requires that each country takes responsibility for its actions.

Only the political power can define a global vision of the future

It is urgent to reintroduce long-term public policies and to leave short-term adjustment to the market. The State must fix long-term objectives as a people does not move forward if they do not know where they’re going. People need a common long-term vision in order to work towards a better future. France and Europe suffer from a lack of foresight. They do not know where they are going and politicians are obsessed by structural stakes. At best they are reactive, but never pro-active.

Nevertheless, the great region Africa-Mediterranean-Europe is increasingly being formed following a geographic logic (importance of proximity, short production cycles, cultural proximity) and an economic logic (partnerships, cooperation, sharing of added value). Politicians must anticipate these evolutions and show their will to build this Verticale AME by catalysing the efforts of all actors.

Following the integration example of Americas and East Asia, time has come to invest in the Africa-Mediterranean-Europe space to make it the third global great region in view of a qualitative and solidarity-based development. In Europe, heads of States and governments are increasingly aware of the strategic importance of Neighbourhoods such as Ukraine, Russia, southern and eastern Mediterranean countries, Sub-Saharan Africa. The new European team, represented by the new Commission and Parliament, should settle this cooperation with southern countries.

Simultaneously, companies investing in the South will have to change their behaviour

Once the vision and the political objective have been clearly defined, company managers will have to change their behaviour. New economic relations with southern Mediterranean countries will have to respect the following principles:

- Shift from trade to coproduction, that is the end of short-term vision. In the long term, exchange would be replaced by investment, to build the solid foundations of an industrial strategy. Long-term regional integration via coproduction would go beyond trade growth towards an inclusive and multi-dimension development.
- From the exploitation of raw materials - resulting in a loss of added value - to on-site transformation and sharing of added value, northern and southern countries of our common region would shift towards a coproduction strategy based on their complementarities. This would enable North-South technology transfers and the mobilisation of quality local elite. This movement towards regional integration, in favour of the general interest, has already started with a few companies but needs to be supported and intensified.
- These transformations of North-South relations would transform clients into partners. In an inclusive economy based on regional integration, this partnership could tie sustainable bonds between northern and southern decision makers, while encouraging their social responsibility. All this would favour institutional convergence and common governance.

This is how co-development in the great Africa- Mediterranean-Europe region could start, based on solidarity. The future of Europe lies in the South. Conversely, the development of southern countries requires an integration in Europe. Without a new partnership, these three pillars of La Verticale would remain separated, at the cost of their economic and cultural power in globalisation.

Xavier BEULIN, President of IPEMED SC

President of Avril Group and FNSEA

Isidro FAINE, Vice-president,

CEO of Caixa Bank

Neemat FREM, Vice-president

President of INDEVCO group and of the Association of Lebanese Industrialists

IPEMED founding members supporting the project La Verticale

Khater ABI-HABIB, President of Kafalat, **Saad AZHARI**, President of Blom Bank, **François BASSIL**, President of Byblos Bank, **Abdessalem BEN AYED**, CEO of Al Badr Group, **Ridha CHARFEDDINE**, CEO of Unimed group, **Jean-Louis CHAUSSADE**, Managing Director of SUEZ ENVIRONNEMENT, **Khalil DAOU**, CEO of LibanPost, **Elias DOUMET**, President of Matelec group, **Pierre-René LEMAS**, Managing Director of Caisse des Dépôts, **Dominique MAILLARD**, Chairman of the Executive Board of RTE, **Gérard MESTRALLET**, President of GDF SUEZ, **Anne PAUGAM**, Managing Director of AFD, **Guillaume PEPY**, President of SNCF, **Stéphane RICHARD**, CEO of Orange, **Tarik SIJILMASSI**, Chairman of the Executive Board of Crédit Agricole du Maroc, **Philippe WAHL**, President of La Poste group, **Jay NIRSIMLOO**, President of KPMG.

SUPPORT OF THE AFRICAN UNION, THE ARAB LEAGUE AND THE EUROPEAN COMMISSION

Geography has outweighed history. Currently, geographic proximity has become significant in the organisation and development of peoples. Close peoples no longer fight and try to make the most of their complementarities in order to be stronger, together, in globalisation. The “Neighbour” has changed: from an hereditary enemy fighting for access to scarce resources, it became an essential partner for the coproduction of resources.

In 1951, France and Germany were the first enemies to become faithful partners by promoting the European Community. Starting with six countries, it was the first example of regional cooperation. Thanks to geographic proximity, countries kept integrating the community with Portugal, Spain, Greece, the alliance with Turkey, and at the beginning of the century, the entry of Central and Eastern European countries.

It is now the turn of Arab peoples, represented by the President of the Arab League, of African peoples, represented by the President of the African Union, and of the European Commission, represented by the Secretary General of the European External Action Service (EEAS), to see beyond current wars and difficulties. Beyond structural difficulties, they support the project, in the three attached letters, of a historical rapprochement in a great regional ensemble La Verticale Africa-Mediterranean-Europe.

They allude to economic integration, technology transfers, the end of the Israeli-Palestinian war, the necessity to rebuild, to fight, together, against the effects of climate change in the Mediterranean, to solve the issue of immigration, etc.

Most importantly, the policy-makers of the Arab League, the African Union and the European Commission see the necessity to revive hope and offer an integrated vision of the future. To quote François Mitterrand in its book published in 1957 *Présence française et abandon*, [French Presence and Withdrawal], “*There will be no French history in the 21st century without Africa*” (Plon, p 237). For the authors of these three letters, this means that without Africa, there will be no powerful Europe, and conversely, without Europe, there will be no powerful African or Arab States in the 21st century.

For Africans, Mediterranean and Europeans, the geographic, cultural, historic and linguistic proximity is obvious. This is why these three letters of support to La Verticale are the best testimony of revenge on geography over history: “*sharing, partnership and participation finally bring down the spirit of conquest*” confirms Constant Némalé, CEO of Africa 24.

In this sharing spirit, the Foundation La Verticale AME will necessarily have four branches: one in Europe, one in the South of the Mediterranean, one in the Middle East and one in a Sub-Saharan country.

République Islamique de Mauritanie

Le Président



Honneur - Fraternité - Justice

Nouakchott, le 04 GEN 2014

Monsieur Jean-Louis Guigou
Délégué Général IPAMED
104 Boulevard du Montparnasse
75014 Paris

Monsieur le Délégué Général,

Votre projet de Fondation « La Verticale Europe-Méditerranée-Afrique » est un projet ambitieux, qui correspond aux priorités qui devront imprimer les relations économiques et géopolitiques entre l'Afrique sub-saharienne, les pays méditerranéens et l'Europe.

Vous avez raison d'insister sur la dimension entrepreneuriale et sur l'importance qu'il faut accorder à la proximité géographique : l'Europe a besoin de l'Afrique et réciproquement l'Afrique a besoin de l'Europe.

Nous avons, Africains et Européens, des complémentarités trop peu exploitées et des défis communs à relever notamment la transition énergétique, le réchauffement climatique, l'immigration, le chômage qui méritent un partenariat renoué.

Voilà pourquoi votre projet de Fondation « La Verticale Europe-Méditerranée-Afrique », centrée sur l'économie, intéresse l'Union Africaine.

Afin de progresser rapidement dans la mise en place de cet outil, je vous invite à compléter votre rapport préliminaire afin de disposer d'un dossier complet.

Votre projet sera présenté aux instances compétentes de l'Union Africaine pour examen.

Je vous prie d'agréer, Monsieur le Délégué Général, l'expression de mes sentiments distingués.

Mohamed OUD ABDEL AZIZ



*League of Arab States
The Secretary General*

12 February 2015

Dear Miguel

I received with pleasure your letter concerning your sincere endeavors through the Institut de Prospective Economique du Monde Méditerranéen (IPEMed) towards the creation of Foundation "La Verticale" to foster greater economic and political integration between Europe, the Mediterranean and Africa.

Your letter comes in an important juncture where the League of Arab States is focusing on ending the long Israeli occupation to Palestinian and Arab territories together with fighting terrorism, promoting good governance and solidifying its partnership with Europe and Africa. Our European partners remain essential to achieving these Arab priorities.

I share your same conviction that this important developmental project has the potential to be beneficial and contribute to technology transfer and boost trade and investment between Arab world, Africa and European Mediterranean states. I therefore assure you that the League will consider your important initiative.

Please accept the assurances of my highest consideration.

Dr. Nabil Elaraby

A handwritten signature in blue ink that reads "Nabil".

The Secretary General

*To:
H.E. Miguel Angel Moratinos
Institut de Prospective Economique du Monde
Méditerranéen (IPEMed)*

SERVICE EUROPÉEN POUR L'ACTION EXTÉRIEURE



Le Secrétaire général

Bruxelles, le **28 AVR. 2015**
eeas.sg.1(2015)1923513

Monsieur le Délégué Général,

J'ai pris connaissance de votre projet de Fondation "La Verticale" Europe - Méditerranée - Afrique. C'est un projet ambitieux, qui correspond aux priorités que nous comptons donner aux relations économiques et géopolitiques entre l'Europe, les pays méditerranéens et l'Afrique sub-saharienne.

Vous avez raison d'insister sur la dimension entrepreneuriale et sur l'importance qu'il faut accorder à la proximité géographique : l'Europe a besoin de l'Afrique et réciproquement l'Afrique a besoin de l'Europe.

L'Europe doit sortir de la stagnation économique, lutter contre la désindustrialisation et retrouver les chemins de la croissance. Au sud de la Méditerranée, pour faciliter les transitions politiques, il faut, ensemble, accélérer la transition économique et technologique. Nous avons, Européens et Africains, ensemble, des complémentarités (démographie, énergie, agriculture...) trop peu exploitées et des défis communs à relever (transition énergétique, réchauffement climatique, immigration, chômage), qui méritent un partenariat rénové.

C'est pourquoi votre projet de Fondation "La Verticale" Europe - Méditerranée - Afrique, centrée sur l'économie, nous intéresse vivement, particulièrement alors que les migrations prennent une telle intensité.

Je vous propose de compléter votre rapport préliminaire et de nous tenir informés de l'évolution du projet que nous suivrons avec attention.

Je vous prie d'agréer, Monsieur le Délégué Général, l'assurance de ma haute considération.

Alain Le Roy

Monsieur Jean-Louis Guigou
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Bureau: 06/244. Téléphone: ligne directe (32-2) 584 3036.

NORTH-SOUTH REGIONALISATION TAKING ACTION IN THE WORLD

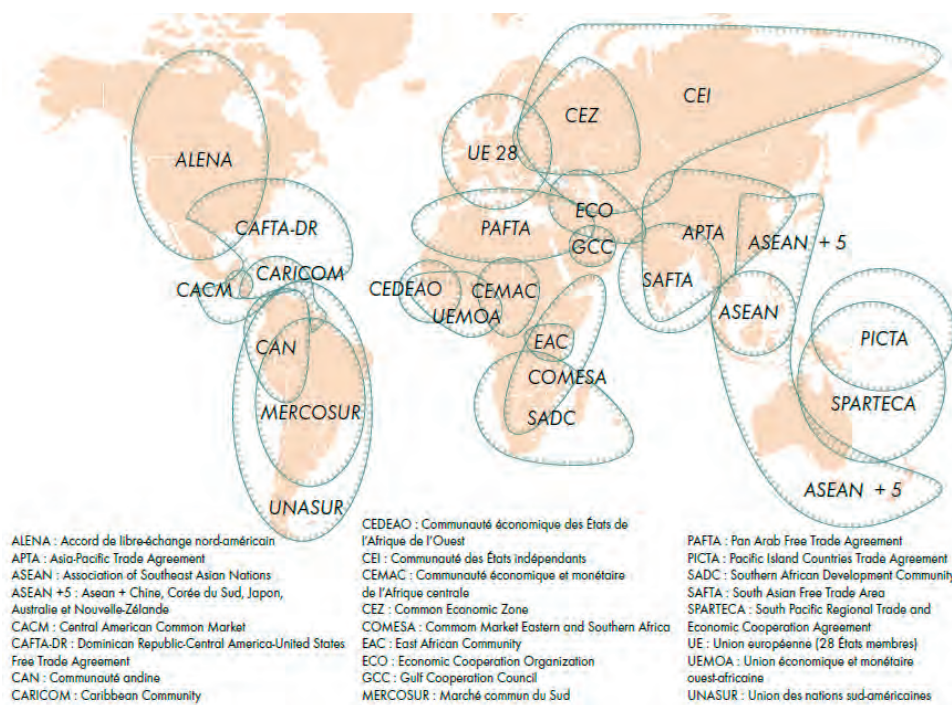
The regulation of globalisation is not sufficient because the interests represented are too different - especially among northern and southern countries - and because institutions in charge of this regulation represent either too many countries (UN, WTO) or too little (G8, G20). This explains the recurring failures of the Doha Round carried out by the WTO, the failure of the Copenhagen Climate Agreement (2009), and the difficulty to regulate international finance since the subprime crisis. Shall we stop hoping for a regulation of globalisation? Shall we stop hoping for peaceful North-South relations, making easier the convergence of development levels?

1.1- Failures of global regulation, rise of regional integrations

1.1.1- The regionalisation of the world economy is a heavy trend...

While we were too focused on globalisation, we did not take into account the second form of exchange internationalisation: the shaping of great regions, of which the European Union was the first example¹. These great regional ensembles (Europe, East Asia, Mercosur, Nafta, etc.) are more economically integrated today than thirty years ago. This means that international trade has progressed faster within these regions than between their countries and the rest of the world. Since the beginning of the 1990's, the number of Regional Trade Agreements went up and these agreements no longer concern only trade. They opened up to investment, energy, the environment, recognition of diplomas and movement of persons, health, civil protection, etc.

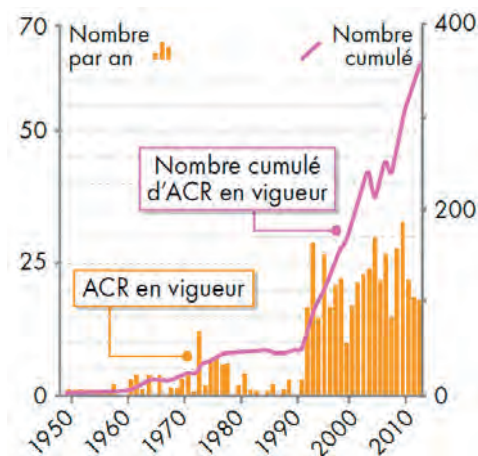
MAP I. MAIN ECONOMIC INTEGRATIONS IN THE WORLD



Source: Beckouche and Richard [2013]

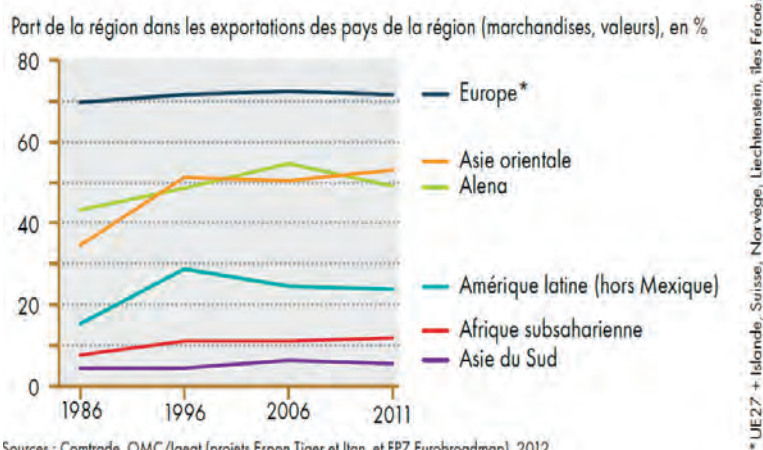
¹ Beckouche P. and Richard Y., *Atlas de la grande Europe : économie, culture, politique* [Europe Atlas: economics, culture, politics], Autrement éditions, Paris, 2013.

FIGURE I. REGIONAL TRADE AGREEMENTS HAVE BEEN INCREASING FOR TWENTY-FIVE YEARS



Source: WTO 2012, Beckouche and Richard [2013]

FIGURE 2. INTERNATIONAL TRADE: IN THE LONG TERM, REGIONAL INTEGRATION IS INCREASING EVERYWHERE



Sources : Comtrade, OMC/Iqeat (projets Espon Tiger et Itan, et FP7 Eurobroadmap), 2012.

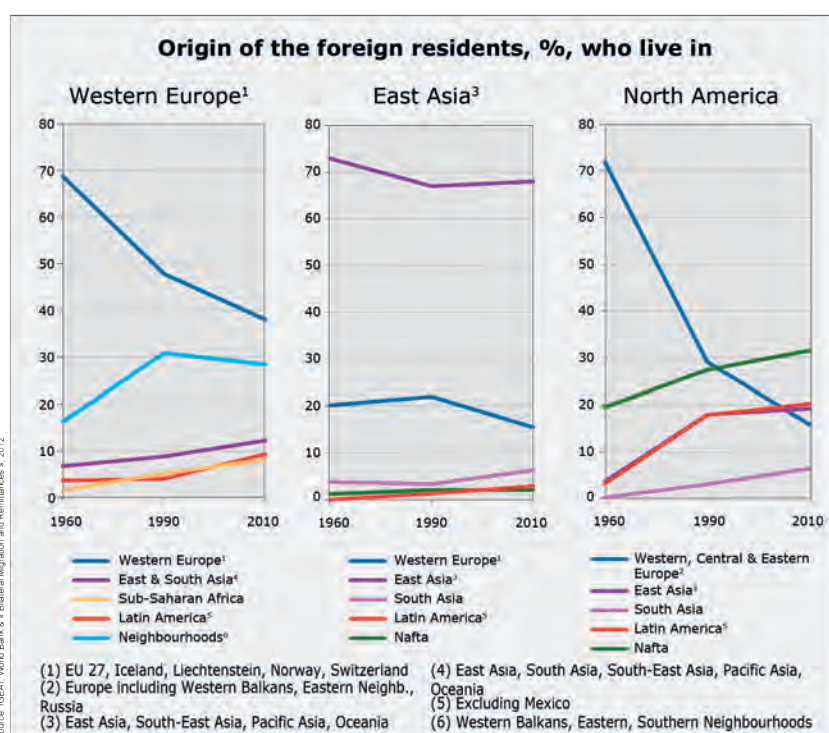
Source: Beckouche and Richard [2013]

* UE 27 + Islande, Suisse, Norvège, Liechtenstein, îles Féroé.

The international mobility of people today gives an idea of the international exchanges of tomorrow. Even though migrations have become global, most foreigners living in western Europe, in East Asia or in North America come from their own region (see FIGURE 3, and in particular the striking americanisation of migrants origins in North America). Young people in these families, increasingly socially integrated, will be open to the world but more specifically to their parents' country of origin. Diasporas will become actors of an increased regional integration.

What is the situation in Europe? Two thirds of foreigners living in western Europe come from Europe and its neighbourhoods, especially southern Mediterranean countries. This proportion reaches three thirds if we take into account foreigners from Gulf States and Africa. Of the three North-South world regions, table 1 shows that the region Europe-Mediterranean-Africa is the most obvious. Foreigners living in Europe no longer come from Eastern and Central Europe (new EU member States). Historically, the iron curtain had reduced these flows. When it went down, after a first phase of massive migrations towards Western Europe, the perspective of entering the EU reduced these migrations. This shows that when mobility is possible, permanent migrations decrease. Migrants no longer want to "migrate" to Europe, they want to access it easily, for economic, family-related or cultural reasons. The current situation of massive migrations and human tragedies in the Mediterranean is temporary and does not reflect long-term trends.

FIGURE 3. INTERNATIONAL MIGRATIONS REMAIN REGIONAL
Origin (%) of foreigners living in western Europe, East Asia and North America



Source: ESPON "ITAN" [2014]

TABLE I. AME IS THE MOST OBVIOUS REGION
Measure of integration of the three great regions through trade, direct foreign investment and migrations

	Africa - Mediterranean - Europe	Americas	East Asia
Share of the region:	(a)	(b)	(c)
in the destination of exportations (% , 2011)	77,4	55,9	53,2
in the destination of direct foreign investments (% , average 2006-2008))	74,5	30,7	44,6
in the origin of foreigners living there (% , 2010)	79,7	54,0	68,0

Notes :

(a) Western Europe, new EU member States of 2004 and 2007, eastern neighbourhoods (western Balkans and Russia included), southern and eastern Mediterranean countries (Israel and Turkey included), Sub-Saharan Africa.

(b) North America and Latin America .

(c) East Asia, South-East Asia, Asia-Pacific and Oceania.

1.1.2 - ... and it should remain so in spite of China's ascension

In the balance between globalisation and regionalisation of the economy, the last decade seems to favour the former. Indeed, the introduction of China into foreign exchanges favoured globalisation, as the country became a major partner for each State in the world, whatever the region.

Yet, five arguments show that regionalisation will remain strong. The first one regards economics. Within their regions, companies find the partnerships they need to produce quality and face an increasingly competitive globalisation. In the knowledge-driven economy, an increasing share of resources is not only withdrawn, but also produced and even coproduced by various actors (scientific knowledge, technology, organisational expertise, governance...). Of course, we can coproduce resources with partners from all over the world, but it is easier to do so with partners from the same region, **especially if we go for top-of-the range productions requiring frequent quality control**. The neighbour, who used to be a hereditary enemy fighting for access to scarce resources, became an essential economic partner.

The second argument in favour of regionalisation regards the environment. At the time of energy transition, short production cycles are promoted at the local and regional scales. Higher energy prices and the fight against greenhouse gas emissions will penalise intercontinental transports. The boom of recycling and of locally-generated renewable energies will reduce the massive importations that led to globalisation.

The third argument concerns culture. Collective preferences have often more in common at the regional scale than at the global scale, be it in terms of consumer protection, development philosophy (precautionary principle, time-perception stronger in Europe and Arab-Muslim countries than in America for example), or in terms of social norms (see current debates on the way to protect the European social model in the face of Asian importations).

The fourth argument regards politics. It is about the necessary return of international regulation at a more realistic scale than that of nations and that of the world. In order to fight against marine pollution, do we need unique global regulations or do we also need regulations for each sea and the countries polluting them? Given the excesses of uncontrolled free trade, it is easier to impose common regulations to twenty or thirty countries than to two hundred. The regulation of international relations at the regional scale not only substitutes but also complements global regulations.

The last argument concerns geopolitics. Regionalisation is the only way to impose polycentrism to the United States and China. Without strong regions, this “G2” will settle the rules and the agenda. International relations will be determined by a balance of power among nations rather than by regional sharing based on negotiation among nations. Besides, these regions combining industrial countries to emerging ones are an incubator of new North-South relations. As Jean-Louis Guigou said [2007] (cf. Appendix 1), these “North-South crescents” are getting organised, their decision-makers meet frequently, negotiate regional agreements, hold regular summits, mobilise their business men and diasporas. Regional development banks and their consultancy firms contribute to this new form of international relations beyond the old North-South balance of power.

1.1.3 - Asymmetrical international political understandings are no longer appropriate

Can the Trilateral associating the three great world region (North America, Europe, Asia-Pacific) regulate these regions? It cannot, because it mostly represents northern countries. Apart from Norway, the European group boils down to the EU and does not give any seat to his neighbourhoods. North America gives 7 seats to Mexico, against 85 to the United States and 15 to Canada. As for the Asian group, originally only represented by Japan, it opened up to Asia-Pacific in the 2000's, but gave seats to Australia, New Zealand and South Korea and only a handful to Asean. The rise of emerging countries and the new North-South relations cannot develop within this kind of institutions of a bygone era.

1.2 - Americas: the unequal success of Nafta and Mercosur

1.2.1 - America is now playing by regional rules

MAP 2. COMPETITION OF TRADE AGREEMENTS IN THE AMERICAS



Source : Beckouche and Richard [2013]

The multiplication of trade agreements among American countries hides the opposition between two main logics: on the one hand, that of the United States with Nafta and its southern extension through the Free Trade Area of the Americas, and on the other hand that of Brazil with Mercosur and its opening to all Latin America with the Union of South American Nations (Unasur). Uncertainties remain: Mexico does not seem keen to share with other Latin American countries the advantages it gets from Nafta; for the last ten years, the United States have favoured China over Mexico, while tangible realisations of Mercosur and Unasur remain behind. Nevertheless, it is certain that American geo-economics and geopolitics are now playing by regional rules.

The recent summit of American heads of States in Panama on 10 and 11 April 2015 saw the media reconciliation between Raul Castro and President Obama, but also the assertion of a North-South solidarity-based co-development. The powerful ECLA (Economic Commission for Latin America, cf Appendix 2) is at the origin of the integration of American economies. This economy-centred think tank has become a political and intellectual cluster where elites - mostly from southern countries but also from North America - gather to develop together common integration strategies.

1.2.2 - **Taking advantage of development differences: third generation maquiladoras²**

Development discrepancies between North and South of the USA-Mexico border remain strong. The Mexican industrial sector has long been a cheap workforce pool for Northern companies, destined to carry out low-added-value tasks in manufacturing plants, the maquiladoras. Since the signature of Nafta, American companies develop higher added-value activities and mobilise the local workforce's new skills. This upgrade of the third generation maquiladoras shows a strong coproduction strategy based on North-South proximity and complementarity.

1.2.3 - **East Asia is no longer the only place for global production**

From North to South, American elites are now bi-cultural (English-Spanish or English-Portuguese), national economic systems are much closer than twenty years ago. Nevertheless, the rise of East Asia made a difference. The United States closed some Mexican maquiladoras to cooperate more with China. This encouraged Chinese exportations in Nafta, progressing in the textile industry as well as in key sectors like electronics or the car industry.

For Mexico, since the signature of Nafta, growth was mainly driven by exportations. The agreement substituted a sustainable national economic policy, diversifying its markets, which would have been based on workforce training all over the country, rather than only in a few cities exporting towards the United States.

For the United States, the Chinese strategy is no longer adapted. Not only does it jeopardise regional integration, but it is also less profitable as Chinese wages are rising. A survey by the Boston Consulting Group with executives working in big companies shows that producing in the United States is no longer an utopia: **54% of interrogated people are thinking about industrial relocation in the United States**³. Besides wage costs, **the arguments concern production quality, short distribution channels**, evolution of exchange rate and a dramatic fall of energy cost in the United States. Two thirds of interrogated companies say they are more tempted to relocate in the United States than abroad. East Asia is no longer the only place for global production.

² Weigert M., 2014, "La coproduction dans l'ALENA : l'exemple des nouvelles générations de maquiladora", [Coproduction in NAFTA: the example of new generation maquiladoras] Etudes et Analyses d'IPMED, October 2014

³ Le Figaro 25 October 2014

1.3 - East Asia: powerful but little known integration

1.3.1 - For fifteen years, Japan and China have been developing regional integration

In East Asia, historic tensions - especially that of the 1930's, the Second World War and the Cold War - remain sharp. But beyond conflicts, the regionalisation of the economy is strengthening. East-Asian integration is the most powerful regional phenomenon of the last fifteen years and most probably the most estimated.

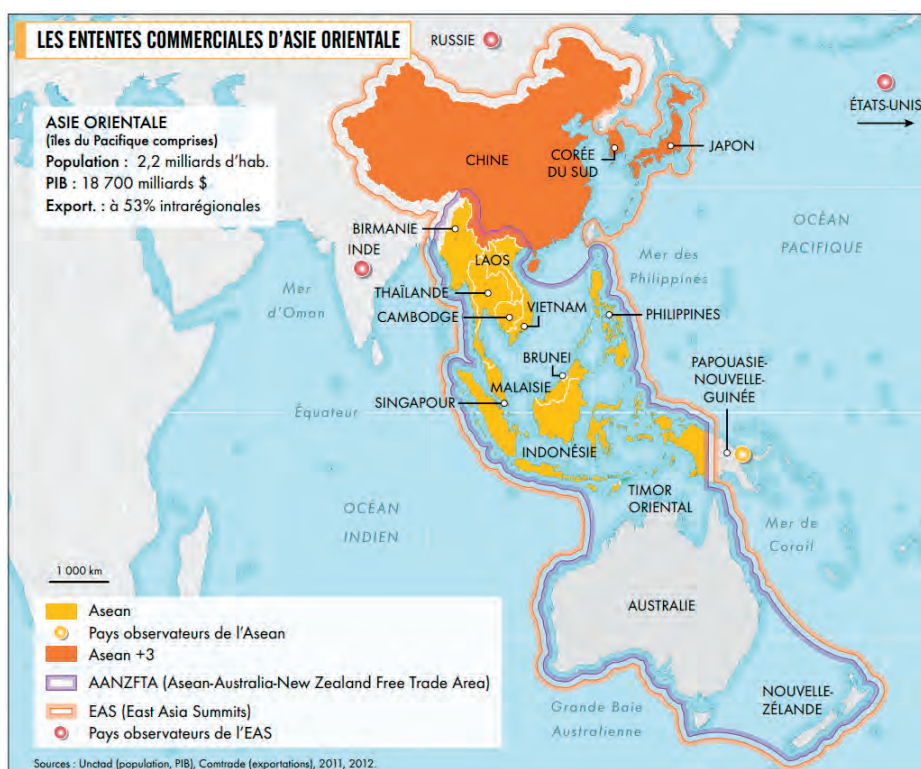
It started in the 1960's with investments made by Japan in what later became the Dragons. The latter then invested in the region's developing countries. Although they do not have institutions equivalent to the European Commission, all these countries increasingly cooperate in the commercial, industrial, environmental, security and migratory sectors (migrations are booming with tourist and student flows).

The Asean (Association of South East Asian Nations) was created in 1967 in order to resist communist regimes, starting with five States: Indonesia, Malaysia, Philippines, Singapore and Thailand. The first enlargements took place between 1995 and 1999. In 2000, Asean+3 integrated Japan, South Korea and China, followed in the same year by the Chiang-Mai Initiative in the field of financial cooperation. This highlights the sudden change in Japanese economic diplomacy in favour of East Asia and the Chinese involvement in regional integration. Since the 1990's, the modernisation of the Chinese economy went with a complete change in its neighbourhood strategy.

China understood that, rather than politically weakening its neighbours, it had to be economically accepted in the region to be stronger at the global scale. The process launched in 2002 that came into force in 2010 enabled to remove custom barriers between Beijing and most Asean countries (Indonesia, Philippines, Thailand, Malaysia, Singapore and Brunei), for 90% of trade. This Asian free-trade zone concerns nearly two billion people and covers thirteen million square kilometres. While word is spreading on Asean+5 including Australia and New Zealand, a sixth country is strengthening its economic bonds with Asia-Pacific. Indeed, since 2010, India has a free-trade treaty with Asean.

The competition between China and Japan to lead the region is intensifying politically, militarily and economically. With the support of India and most countries in the region, China launched at the end of 2014 the Asian Infrastructure Investment Bank, of which it is, before India, the main contributor. The headquarters are in Beijing. South Korea, Australia and Japan - which still presides the Asian Development Bank of which it is the main shareholder - did not take part in the Chinese competition. But beyond this competition, this new regional bank means extra capitals to finance development in East Asia.

MAP 3. EAST ASIA: COMPLEX REGIONAL AGREEMENTS BUT A POWERFUL PRODUCTIVE INTEGRATION



Source : Beckouche and Richard [2013]

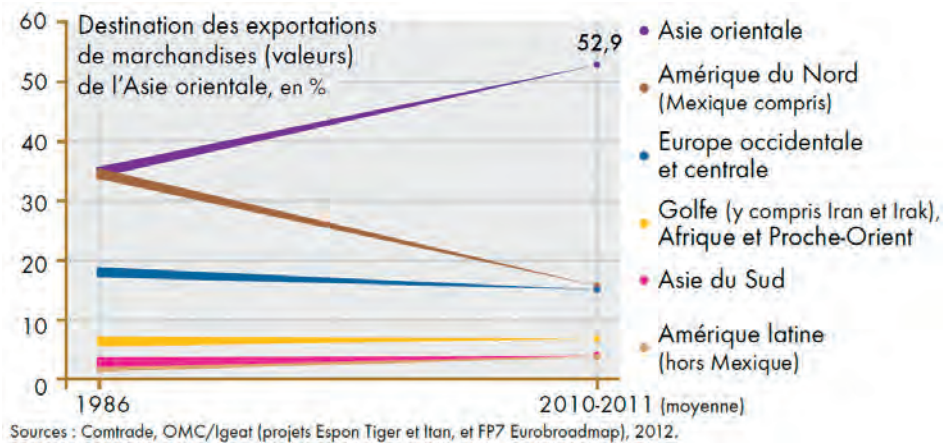
1.3.2 - Asia alone ?

Before the Asian financial crisis of 1997-1998, the commercial integration rate of the region rose from 35% in 1986 to 51% in 1996. It kept increasing, but slower (53% in 2011), with the globalisation of Chinese exchanges in the 2000's. North America, which received 35% of East Asian exportations in 1986, only receives 16% today. The concept of "Asia alone", centred on its own economic and technological development is starting to develop.

"Since the early days of the crisis, some have started to believe, and want to believe, that China and the wider Asian production base can return to growth without the United States. More and more, Asians are beginning to consider whether their region can grow on its own, and go its own way. (...) Anti-Americanism grew, even in societies that were once staunchly pro-American. An Asian regional identity—separate if not antagonistic—has grown".

Simon Tay [2010]

FIGURE 4. THE IMPRESSIVE EAST ASIAN COMMERCIAL INTEGRATION OVER THE LAST THIRTY YEARS



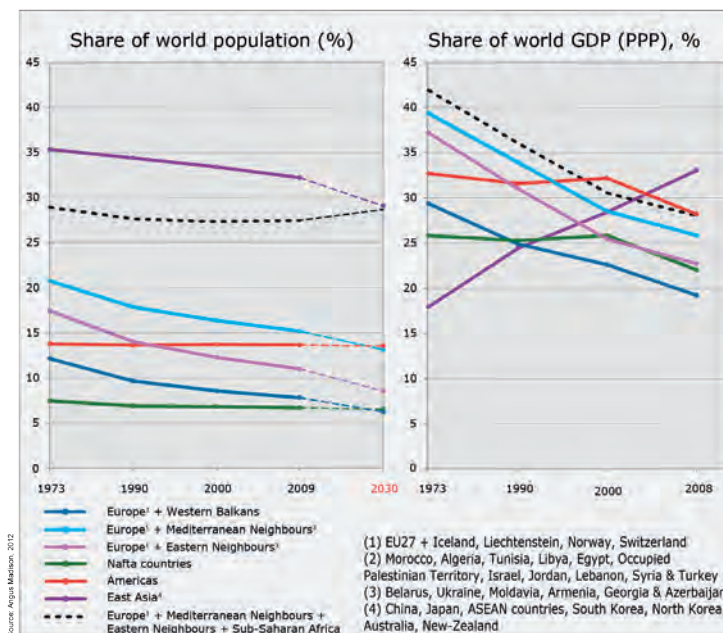
Source : Beckouche and Richard [2013]

1.4 - Europe and its neighbours: an unfinished great region

1.4.1 - A declining region in the world

The region formed by the European Union and its neighbouring countries accounts for 40% of exportations (including internal EU exportations), 28% of GDP and 28% of the world's population. But the relative importance of this region is declining; in 1990 these figures were significantly higher: 54%, 41% and 20%. Figure 5 shows that the reason is, mostly, the impressive dynamism of East Asia. It also shows that without its close and distant neighbours (the Mediterranean and Africa) the role of Europe in the world would be weak.

FIGURE 5. WITHOUT THE MEDITERRANEAN AND AFRICA, EUROPE CANNOT FACE THE RISE OF EAST ASIA
Share (%) in the population and global GDP



Source: ESPON «ITAN» [2014]

1.4.2 - European regional integration is struggling in the East and in the South

Europe enlargement to the South has been struggling for thirty years with the accession of Turkey. The EU is about to welcome western Balkans (ex-Yugoslavia) and expanded in the East with Central and Eastern European countries (CEECs). But it is struggling with Russia, which is recreating its own influence zone with the Eurasian Economic Union.

The European Neighbourhood Policy (ENP) would not have succeeded in implementing a transmediterranean productive system like Japan did with its developing neighbours. At the end of the 2000's, South East Asian emerging and developing countries attracted 21% of Japan's foreign direct investments (FDIs). 10% of United States FDIs go towards South America and 11% of that of western Europe go towards its neighbourhoods, of which 6% to CEECs, 3% to eastern neighbourhoods and less than 2% to Mediterranean and Gulf neighbourhoods. Africa also holds a marginal place for European investors (map 4).

Besides, table 2 shows that European Commission funding is mostly dedicated to new Member States (€261/inhabitant), to central and eastern European countries (€145/inhabitant), while southern neighbourhoods only get €13/inhabitant, Russia €18/inhabitant and central Asia €10/inhabitant.

TABLE 2. EUROPEAN FUNDING FOR THE DEVELOPMENT OF MEDITERRANEAN NEIGHBOURHOODS IS LOW AND LIMITED TO BUDGETARY SUPPORT. UE financial assistance (subsidiaries and loans) for development, 2009 (Euro per inhabitant)

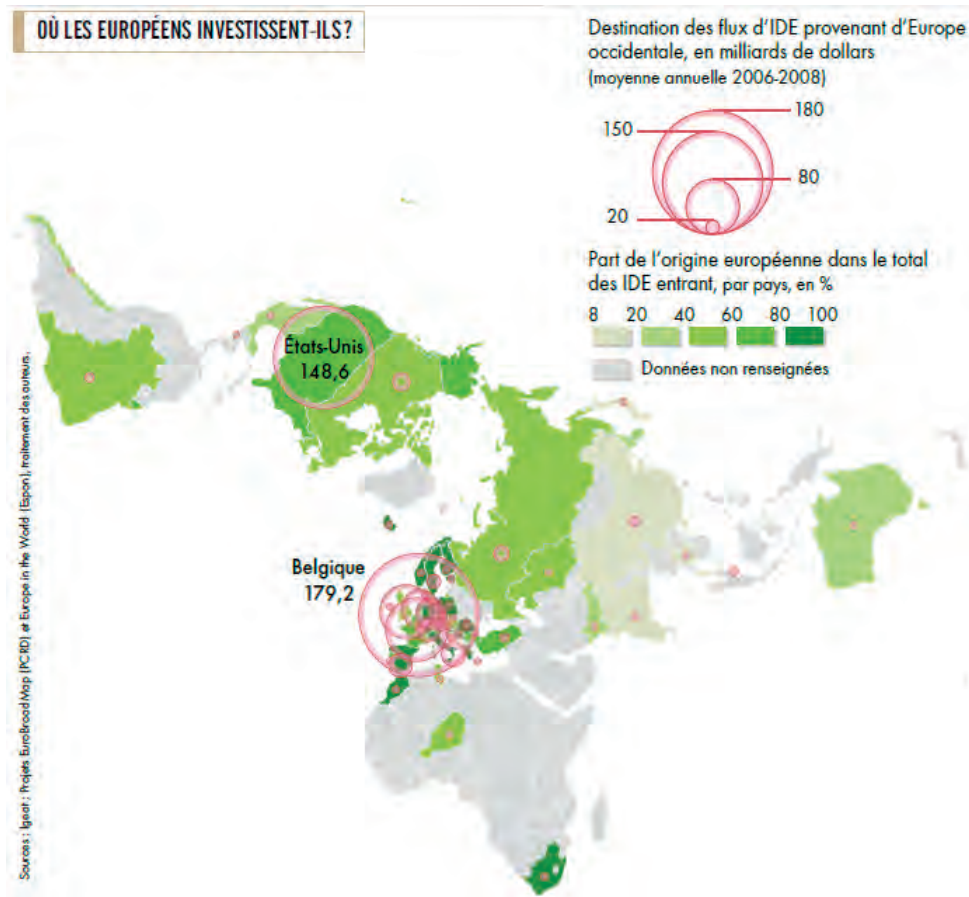
	Nouveaux Etats membres	ex Yougoslavie ^a et Albanie	Turquie	Voisinage est	Russie	Asie centrale	Voisinage sud	Voisinage Sud hors Palestine
<i>€ / habitant :</i>								
solde budgétaire opérationnel UE ^b	106	0	0	0	0	0	0	0
APD ^c - commission européenne	0	30	8	5	0	1	5	3
dont IEVP (paiements)	0	0	0	6	0	0	5	3
Berd	23	42	2	19	17	9	0	0
BEI	131	73	35	1	1	0	7	8
Σ UE	261	145	45	26	18	10	13	11

Notes.

^a: hors Slovénie. ^b: 2008 (ajustement britannique compris). ^c: Aide publique au développement.

Sources : OCDE-CAD pour l'APD ; rapport financier du Budget de l'UE 2008 pour le solde budgétaire opérationnel ; rapports d'activité de la Berd et de la BEI. Source : Beckouche [2011]

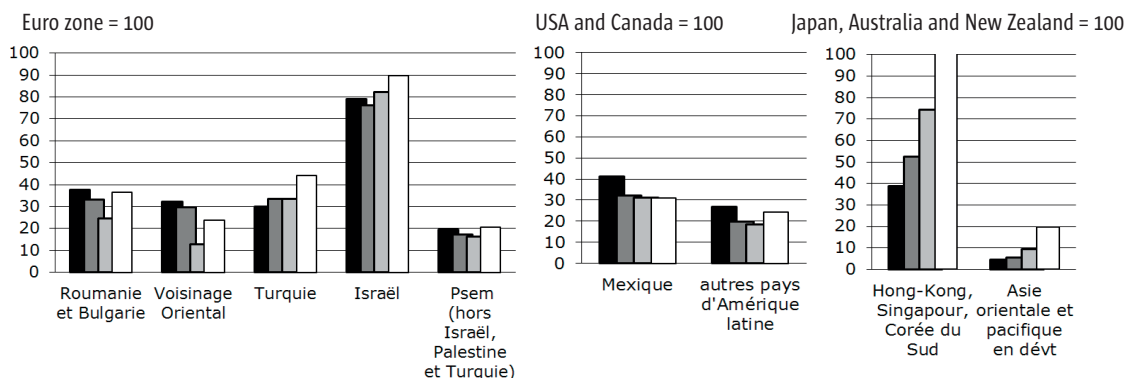
MAP 4. EUROPEANS INVEST NEITHER IN AFRICA NOR IN THE MEDITERRANEAN



Source: Beckouche and Richard [2013]

The European Neighbourhood Policy did not manage to stabilise its neighbours politically, as show wars in Arab countries and Ukraine. In the East, Europe lacks a sustainable partnership with Russia, mostly because they do not have a common energy policy. Likewise, the ENP did not manage to ensure convergence among its neighbours, as shows FIGURE 6. Therefore, Arab neighbouring countries will remain unstable and Russia will keep getting closer to China. In the current Ukrainian crisis, there are three losers: Ukraine, Europe and Russia; and one winner: China.

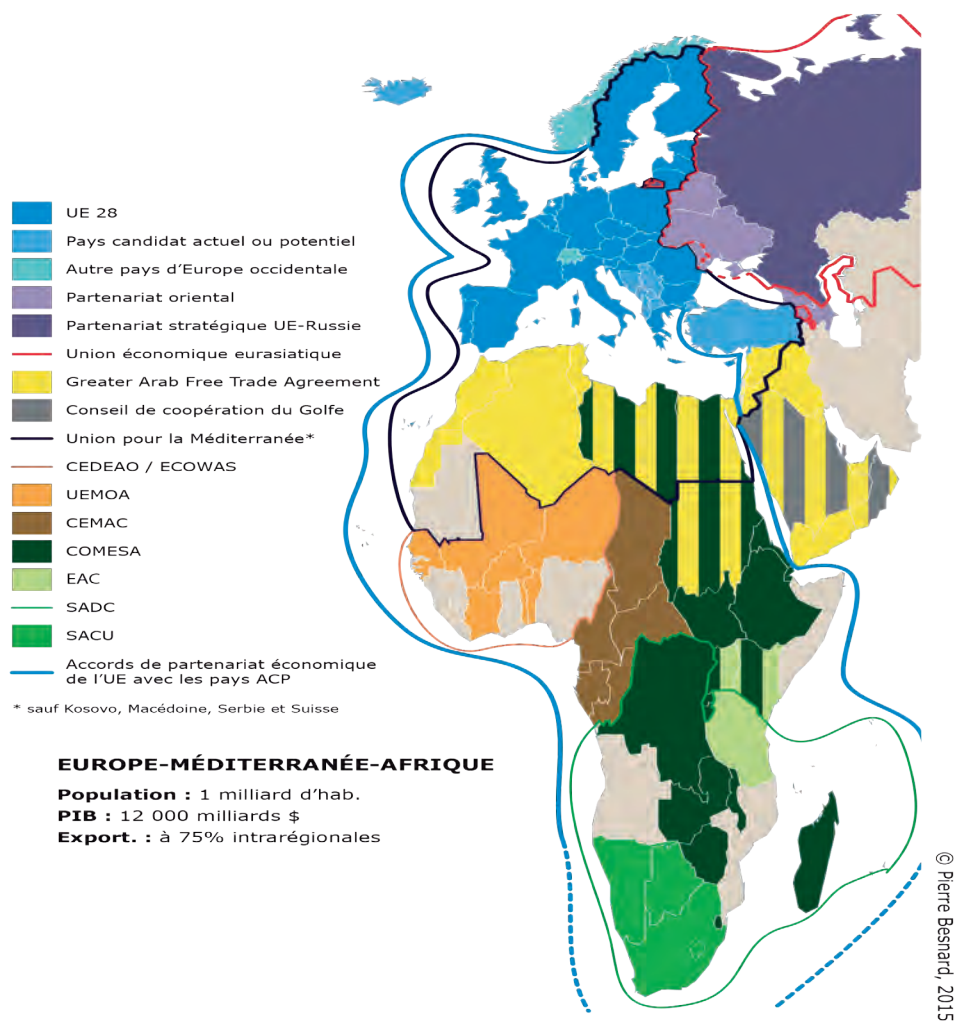
FIGURE 6. DEVELOPMENT DIFFERENCES BETWEEN EUROPE AND ITS NEIGHBOURHOOD REMAIN HIGH GDP per inhabitant (in purchasing power parity), 1980-2011



1.4.3 - Heading South

Even with the integration of Western Balkans in the EU and stable relations with eastern neighbours, Europe's real growth opportunities lie in the Mediterranean and in Africa, where the foundations of a sustainable development seem to get stronger. If Europe does not cooperate with southern countries by interest and by duty, if Africa is perpetually plundered and if migration causes multiply (global warming, wars, massive unemployment), Houari Boumediene would have been right when he predicted in his 1974 UN speech: "One day, millions of people will leave the southern hemisphere to go to the northern hemisphere"⁴.

MAP 5. REGIONAL INTEGRATIONS IN "LA VERTICALE AFRICA - MEDITERRANEAN - EUROPE"



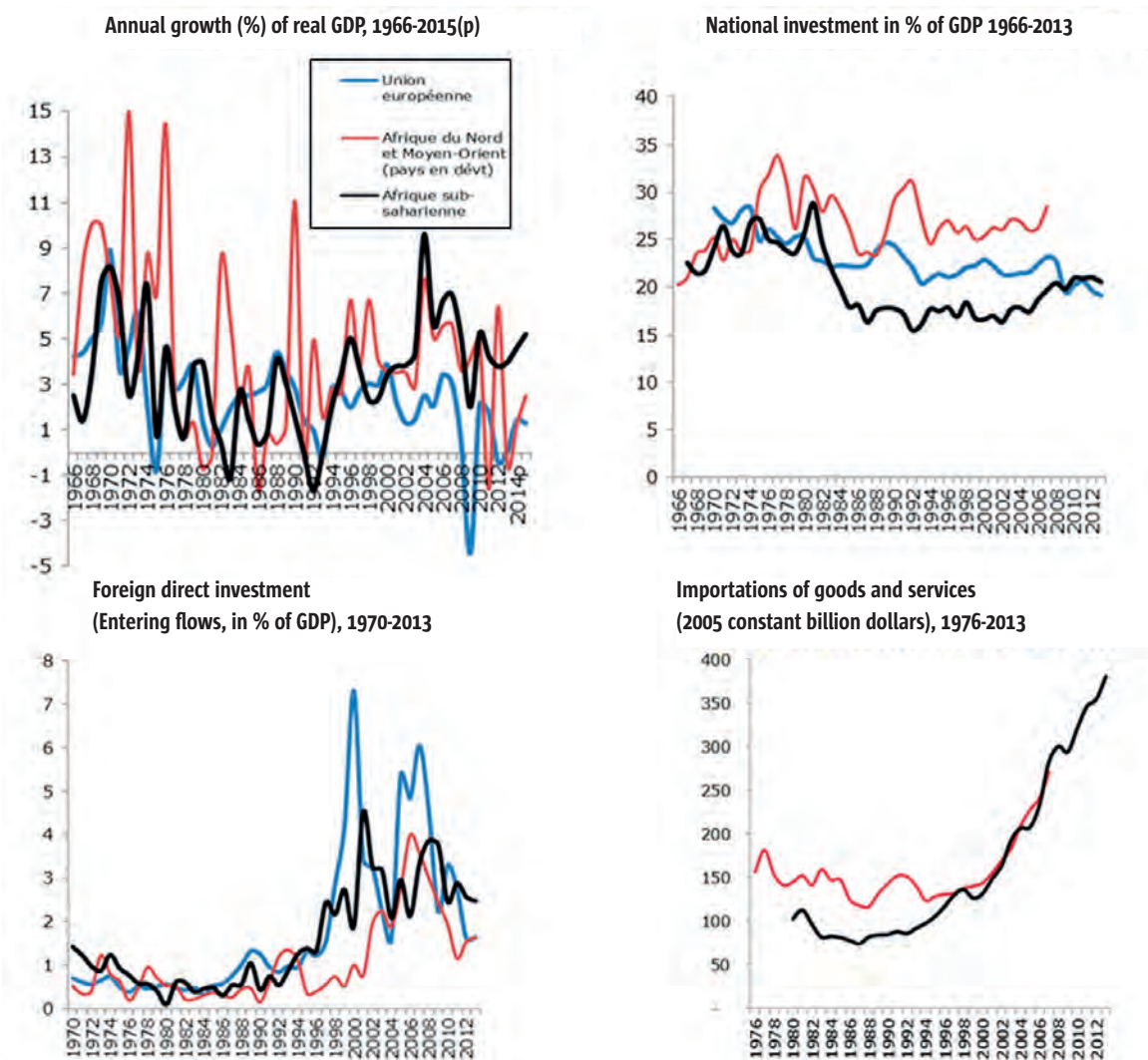
4 Speech of the Algerian president at the UN on 10 April 1974

1.5 - Africa's messy start

1.5.1 - Economic growth, investment, trade: Africa is setting in motion

After decades of desperation, Africa is setting in motion. Africa remains the poorest continent in the world, the only one which - mostly for political reasons - does not manage to feed its population and where people still die of infectious and parasitic diseases. Yet optimism is rising. Among the countries having undergone a 6% growth in 2013, nearly half were Sub-Saharan countries. Figure 7 shows that since the beginning of the 2000's, Africa's growth rate has been progressing while that of Europe has been decreasing. Africa's booming trade is impressive and exportations are no longer limited to natural resources. Sub-Saharan Africa still has little influence in global trade but over the last few years, exportations towards this part of the world have been growing quickly.

FIGURE 7. GDP GROWTH, INVESTMENTS AND FDI ARE NOW HIGHER IN THE MEDITERRANEAN AND IN AFRICA THAN IN EUROPE



Source : World Bank online

A 150-million-people educated and dynamic middle-class is coming together. It will double in one generation. Europeans fail to grasp this transformation. Very often, they see in Africa a continent doomed to wars, under-development and corruption. Yet it is now attracting investors. The amount of foreign investment has tripled over the last ten years and its rate compared to GDP is now much higher than in Europe.

Although situations are heterogeneous, development can also be measured in terms of health (life expectancy increases of five months each year) and education (though still insufficient - the enrolment in secondary education increased by half in ten years). Banking services are progressing quickly. One African out of four has a mobile phone, which is very useful to make farmers' access to market easier.

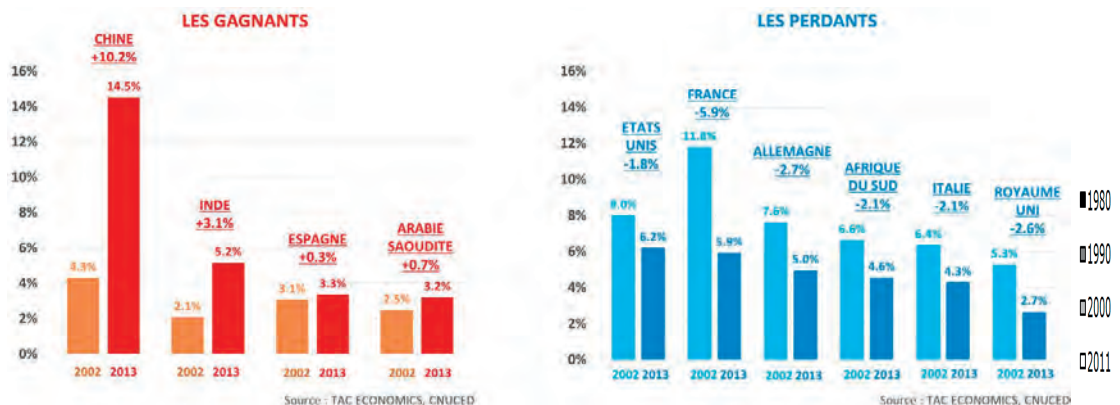
1.5.2 - But European market shares declined

Southern Mediterranean countries (especially Morocco) and East Asia are intensifying exportations towards Africa. China is increasingly interested in Africa, supported by great public banks such as Exim Bank and China Development Bank – either directly or via development loans facilitating deals with Chinese partners. The Chinese trade (exchanges with Africa multiplied by ten since 2002) and invest not only in raw materials or mines, they also wish to control all the sectors they are interested in. In comparison, European exportations towards Africa are not progressing much: Is Europe going to lose its African markets in spite of its favourable proximity?

In Africa, France remains the main holder of FDIs stock. And yet, even in this field the influence of France and Europe is declining (FIG.9). Finally, Europe remains the main source of public support, but the share of the United States is increasing (FIG. 10, OECD countries only, China non-included).

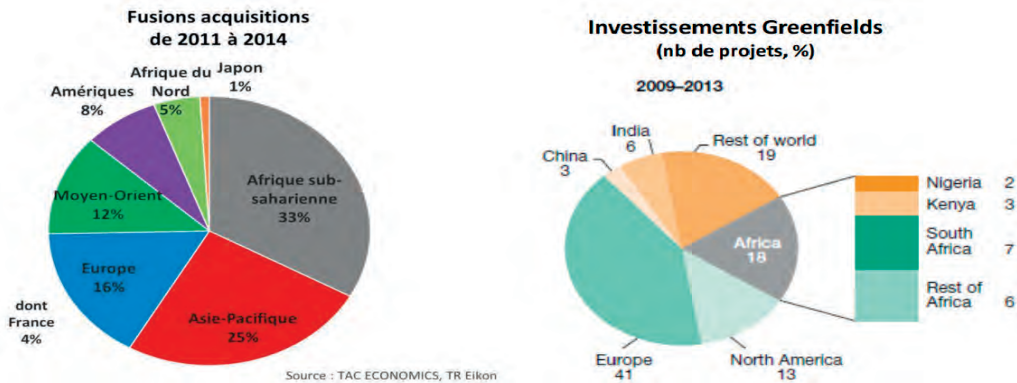
China, Brazil and India are ready to take legal or fiscal risks in a business environment which, generally speaking, is improving. Thanks to the influence of this watchful middle-class on the use of public funds and political alternation, the time of predation and shady calls for bids is over. Young African leaders, after having studied in North America, Paris or London and having started their career in international organisations or companies, are willing to discard the former colonial and neo-colonial system - starting with the Franco-African relation [Le Moci 2015].

FIGURE 8. EXPORTERS IN AFRICA: CHINA IS WINNING, FRANCE AND EUROPE ARE LOSING
Market shares 2002-2013



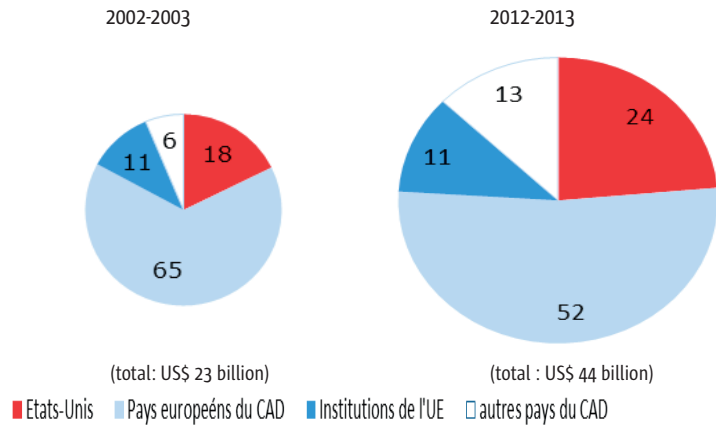
Source : Moci, CIAN, CCI Paris-Ile de France, 2015

FIGURE 9. INVESTORS IN AFRICA: EUROPE IS NOW A MINORITY



Source : Moci, CIAN, CCI Paris-Ile de France, 2015

FIGURE 10. SUB-SAHARAN AFRICA: CIVIL HELP TO DEVELOPMENT INCREASINGLY COMES FROM AmericaShare (%) of the United States, European countries and the EU in OECD development assistance



Note. 100% = countries of the Development Assistance Committee + EU institutions (other multilateral institutions non-included).
Source: OCDE

1.5.3 - The renewed interest in Africa must come with a new vision of its development

This economic boom is accompanied by numerous initiatives showing the renewed interest in the African continent. The francophone press, for instance, dedicates more and more articles to Africa: *Jeune Afrique*, *Le Magazine de l'Afrique*, *African Business*, *Forbes Afrique*, the *Observateur du Maroc et de l'Afrique*, but also *Echanges Internationaux*, the MOCI, *Le Monde-Afrique*, *Le Point-Afrique*, etc.

In France, conferences and forums are booming: French Council of Foreign Investors in Africa (CIAN), Foundation Africa-France, symposium “What can France do in Sub-Saharan Africa” of the Foundation Res Publica of 15 December 2014, Franco-African forum for common growth of 6 February 2015 (French Ministry of Finance and International Medef), etc. Foundations are intensifying their actions: launching, in 2014, of the Franco-African foundation for growth, launching, in 2015, of the Foundation for Energy in Africa by Jean-Louis Borloo, etc.

The various reports agree (2013 report of the Ministry of Economy and Finance “A partnership for the future, fifteen proposals for a new economic dynamic between France and Africa”, 2015 report of the CIAN, etc.): now is Africa’s moment and Europe must grab this opportunity.

Yet taking action will require a behavioural change:

- Europeans, former colonisers, must stop supporting authoritarian governments and embezzlement towards extravagant investments in Europe. Africans, and especially the young generation, often regret that France and Europe are not building anything, while China is building infrastructures, roads, hospitals, dams. France and Europe cannot find a balance between political and humanitarian hand-out diplomacy and an economic diplomacy that remains too close to mere trade.
- Africans must carry on with their economic and political transition. They must contemplate their development through regional integration. During the last annual conference on energy in Africa, the general director of the South African Ministry of Energy reminded that “most countries cannot develop their electrical capacities alone. They must put resources in common and create partnerships with neighbouring countries”⁵.

A real cultural revolution remains to be undertaken, as shows the example of Mr Tidjane Thiam, major decision-maker, who had to leave France for the United Kingdom: “*I was tired of hitting my head on an invisible but very real glass ceiling*”⁶.

⁵ W. Barnard, at Africa Energy Indaba 2015

⁶ *Le Monde* 11 March 2015

WHY BETTER INTEGRATE THE REGION AFRICA - MEDITERRANEAN - EUROPE ?

Africa, the Mediterranean and Europe must take advantage of globalisation regionalisation. This implies to highlight our proximity and complementarity. We can learn from the positive aspects of American and Asian regional integrations. Yet the Africa-Mediterranean-Europe integration will have to be specific, as our collective preferences differ from that of Asians and Americans. The integration of La Verticale AME will be successful by asserting its preferences.

2.1 - Conditions to succeed

2.1.1 - Placing the Mediterranean at the centre of the project, implementing a successful integration via the economy and companies

The region Africa-Mediterranean-Europe, presents a great geographic, historic and cultural proximity.

The first condition consists in shifting from virtual proximity towards a real physical proximity, by interconnecting the networks of these three spaces. This means:

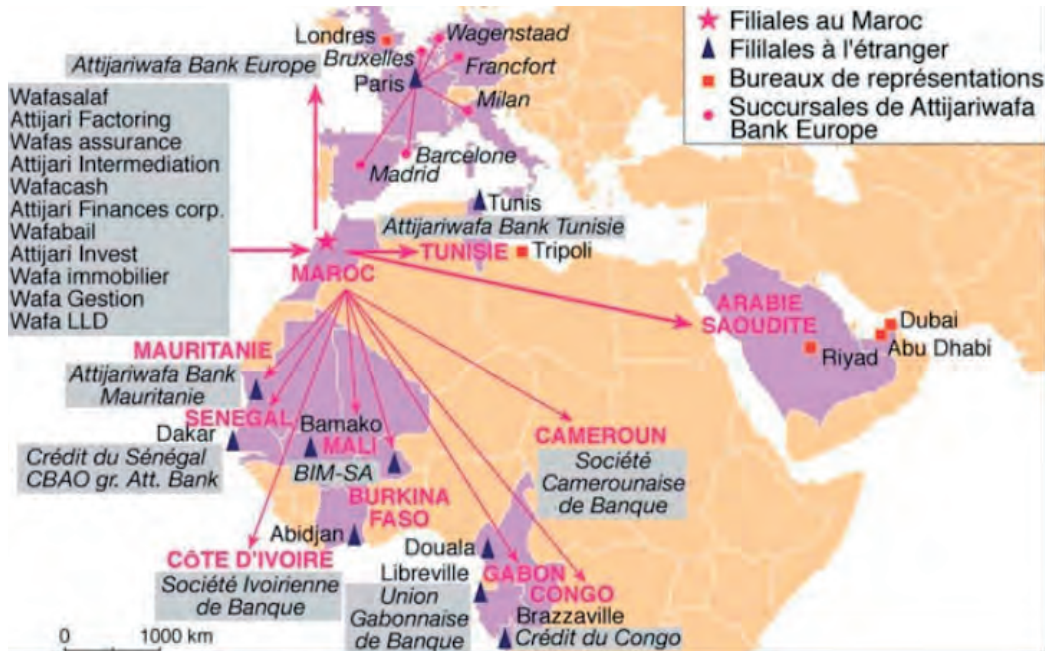
- great international infrastructure programmes (transport, telecommunications, energy). These programmes are starting to connect Europe to the southern Mediterranean and must now be extended to Africa;
- mobility of men in this great global region;
- security, both military and police security, but also general human security: protection of human rights, access to essential services

The second condition is to place the Mediterranean at the centre of the project. Southern and eastern Mediterranean countries can no longer be considered as mere “neighbours”, which gives them a status of European periphery. On the contrary, they must be considered as a hub for relations between Africa and Europe. This is what can be observed in the recent trends: Gulf countries are increasingly interested in Africa - especially given the political chaos in the Middle East; over the last ten years, North African countries started to conquer Sub-Saharan markets (see Royal Air Maroc or Attijariwafa bank strategies, MAP 6). As Fernand Braudel puts it, the Mediterranean lies at a crossroads between three continents only separated by the Straits of Gibraltar, the Bosphorus and the Suez Canal. No territory in the world can act as such an interface capable of mobilising so many economic, cultural and political bonds. If we do not want the Mediterranean to remain this East-West transit corridor for Asian products sold in Europe, it is necessary to foster development in Africa. Therefore, the Mediterranean must have two great hinterlands: Europe and Africa. This is how it will become again the central sea it has been for centuries. From a marginal territory, the Mediterranean must become a central one.

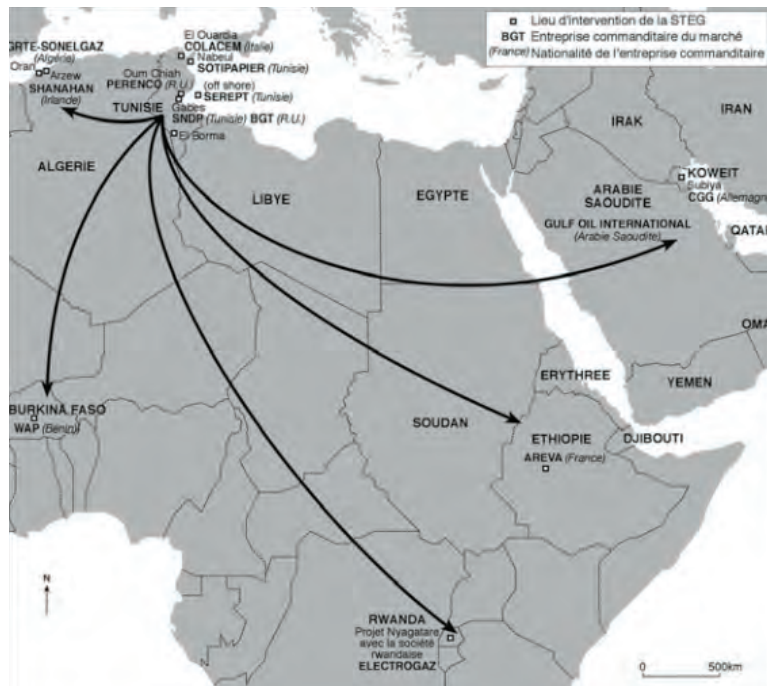
The third condition is to carry out the project with all its actors of course - public actors, NGOs, users, citizens, companies - but by giving the latter a driving role. What worked in North-American and East-Asian integrations is the dynamic brought by companies that succeeded in building North-South cross-border productive systems. Europeans barely manage in the Mediterranean. This is what we must highlight now in order for the African integration to succeed.

The two joint examples (MAPS 6 and 7) illustrate this dynamic brought by North-African companies multiplying all over the African continent.

MAP 6. ESTABLISHMENT OF THE MOROCCAN BANKING AND FINANCIAL GROUP ATTIJARIWABA BANK



MAP 7. LOCALISATION OF THE TUNISIAN COMPANY OF ELECTRICITY AND GAS'S MARKETS (STEG services)



Source: STEG – Conception S. Daviet – réalisation P. Pentsch [Daviet 2014]

2.1.2 - **Asserting our collective preferences for a regulated, solidarity-based and sustainable productive system**

If we want to avoid the centre-periphery model (which remains the model within NAFTA), if we want to regulate international exchanges rather than leaving them to power balances (dominating in East Asia), Africa, the Mediterranean and Europe must assert their common collective preferences. First, we must give priority to coproduction and sharing of resources rather than to predation. Shifting towards the knowledge-driven economy is one of the aspects of the general economic change characterised by the coproduction of resources, the sharing of their use, inclusive development and participation. It must become the action principle of La Verticale. It is not about negating the realities of competitiveness, but about insisting more on the virtues of sharing.

One must then build our Africa-Mediterranean-Europe partnership on a **regulated, solidarity-based and sustainable productive system while respecting cultures and human rights**.

- A productive system: Africa, the Mediterranean and Europe have all the necessary resources and expertise to associate with North America in the digital revolution currently dominated by the GAFA (Google, Apple, Facebook, Amazon) – as well as Cisco, eBay and Netflix. Africa, the Mediterranean and Europe have at their disposal huge potential and actual markets that we must reinforce by a productive and competitive system.
- A solidarity-based and regulated programme: the driving function of companies and the importance of economy in the new international relations must respect strong regulations as well as human rights. In the face of short-termism and ultra-liberalism, we must defend together the values of precaution, social control, public policies in favour of the most in need.
- A sustainable programme: our common economic strategy must be based on the energy transition, short production cycles, a digital revolution enabling the promotion of a model preserving natural resources, and a socially inclusive growth. Africa, which is evolving towards the mobile-phone revolution in order to offer remote banking or computer administrative services, understands this. Likewise, the continent will have to develop decentralised networks powered by a solar production distributed on territories.

The transformation of this economic model will enable Europe, the Mediterranean and Africa to develop projects, standardise their norms, and broaden their partnerships to cultural and social issues. Carrying out a deep regional integration takes longer than focusing on a superficial integration limited to trade. But we will not build our common region with punctual actions, driven by commercial opportunities or access to resources.

La Verticale AME will only become the first global region via a new development model and new North-South relations.

2.2 - **Regionalisation of globalisation: taking advantage of proximity**

2.2.1 - **Geographic proximity**

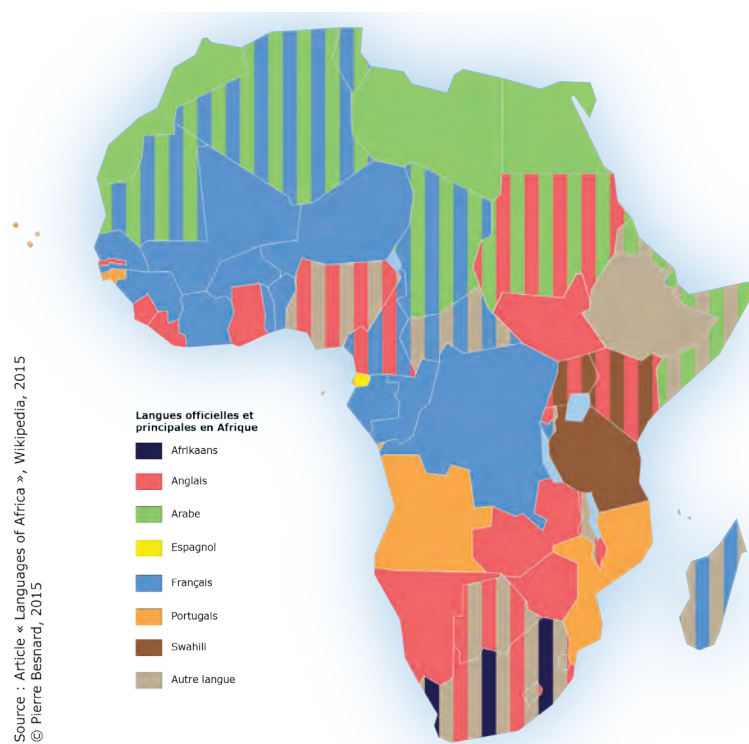
Globalisation led us to think that we could produce anything, anywhere, with anyone, and that the notion of distance no longer existed. In fact, geography prevails upon history. Today, proximity is becoming again a safe bet, a comparative advantage and a virtue. With expensive oil and climate change, long-distance transports are less interesting. Time has come to stop shipping cheap and bad quality products over long distances. At a time of knowledge-driven economy, the coproduction of resources is easier between geographically and culturally close countries. At a time of deregulation, short production cycles ensure the best quality and solidarity.

This is why many companies relocated in China are disappointed and trying to relocate. This movement started in the United States. It must be encouraged in Europe but also in the Mediterranean and in Africa with renewable energies, cheap cost of life and proximity with Europe.

2.2.2 - Historic proximity

In Africa, in 1914, only two countries out of 56 were independent (Liberia and Ethiopia which was occupied by Italy in 1936). Europeans left their mark on African territories. Europe has a - positive and negative - fertile ground, a common future with Africans. The environment is favourable, it is not artificial since law, culture and language are already a common ground. La Verticale must work in order to transform the submissive past into a stable future.

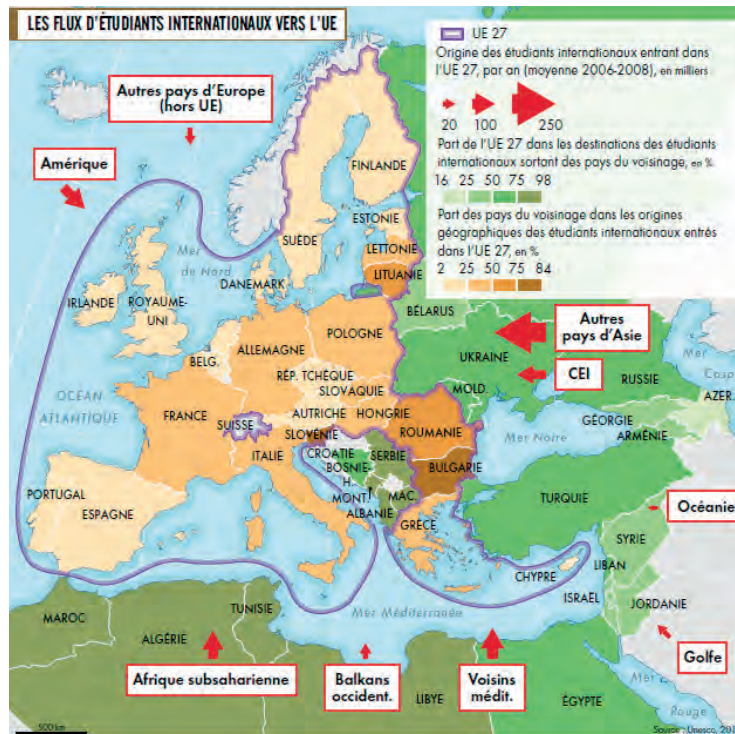
MAP 8. OFFICIAL LANGUAGES IN AFRICA ARE OFTEN EUROPEAN LANGUAGES



2.2.3 - Cultural and linguistic proximity

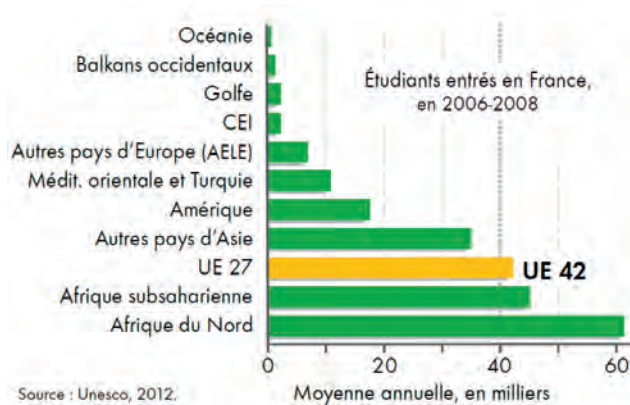
The importance of European languages in the Mediterranean and Africa is a real geographic data. It explains the constant flow of African students in the old continent. Generally speaking, most African and South Mediterranean students speak at least one European language, which favours their mobility. Of course, North America increasingly attracts African and Mediterranean graduates. Nevertheless, Europe boasts much superior assets to highlight its proximity.

FIGURE II-A. EUROPE, THE CHOSEN LAND OF AFRICAN AND MEDITERRANEAN STUDENTS



Source: Beckouche and Richard [2013]

FIGURE II-B. MOST FOREIGN STUDENTS IN FRANCE COME FROM THE MEDITERRANEAN AND AFRICA



Source: Beckouche and Richard [2013]

Most of La Verticale AME fits in four time zones, its inhabitants live at the same rhythm. This makes easier economic, cultural and media exchanges. In France for instance, news radios and TV channels are followed by a large audience outside the Mediterranean. Since 2010, France 24 has tripled its audience in North Africa. In Tunisia, it even became the 4th most watched channel, before the popular Al Arabiya. In Ivory Coast, France 24 is the most watched international news channel; 68% of the country's population and 75% of its managing executives watch it. In Mali, TV5 Monde gathers every day 45% of the capital's inhabitants; it ranks third among the channels watched in the country⁷. Finally, the channel Africa 24, led by Constant Nemalé, is breaking through. This Pan-African media covering 20 countries (of which France, Belgium and Switzerland) is the first global news channel on Africa⁸, the only one in continuous information and offering varied programmes (of which JT Financia, the first daily financial journal on Africa). As for the radio, 29% of Abidjan people listen to RFI every day, 44% for executives and directors.

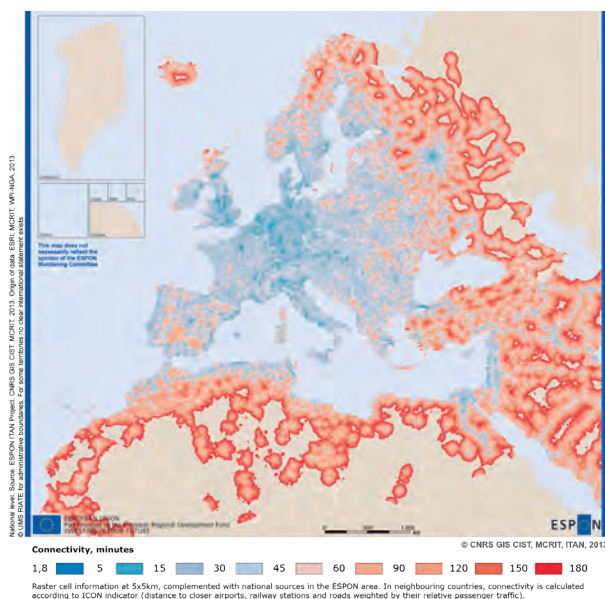
7 Study TNS Sofres/ Africascope, 2013
8 Ibid

2.2.4 - From proximity to connection

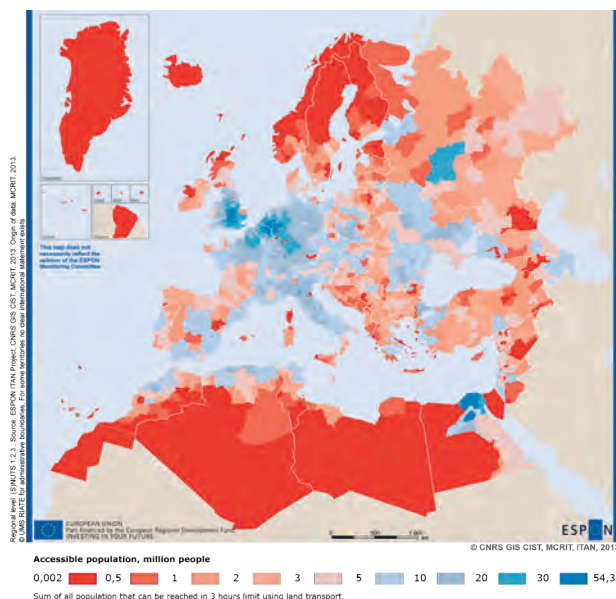
This proximity can only be real if this great global region is actually connected. At the moment, southern Mediterranean territories remain poorly connected to Europe, and transport liaisons with Sub-Saharan Africa are quite backwards. Yet, to take advantage of La Verticale's critical volume, markets must be physically connected. Likewise, the electrical connection between northern and southern Mediterranean countries, which has already started ("Mediterranean ring"), will be necessary to any partnership in this field.

MAP 9. SOUTH-MEDITERRANEAN TERRITORIES REMAIN POORLY CONNECTED

Access time of each territory to the transport network



Number of people accessible at three hours of transport



Source: ESPON «ITAN» [2014]

Infrastructures must also enable the e-connection of La Verticale. The computerisation of societies and economies is a major transformation which can be compared with the 19th century industrialisation. Of course, digital exchanges are globalised, but much remains to be done in order for computer connection to favour the regional integration from Europe to Africa, by relying on a trustworthy North-South partnership: definition of a common use chart in terms of ICTs favouring the standardisation of practices, creation of an investment fund dedicated to ICTs, creation of an AME Cloud computing that would not be led by North-American leaders.

A connected region **also** means to **shift from an administrative approach of migrations towards an economic approach of mobility and skills**. One cannot tell peoples that we are working on a project of regional integration but that everyone should stay at home.

Together, along with Africa, we must achieve what northern and southern Mediterranean failed to do - starting by the professional mobility of company managers, skills, artists, etc.

Finally, security is obviously necessary to an effective connection. The necessary security policy must come with a major development policy. In Sahel for instance, military interventions are not sufficient. La Verticale must help Sahel inhabitants recapture their social and economic rights, especially via infrastructures: railway linking oases, trans-Saharan motorways, etc. Security can be a major issue for La Verticale AME, but only if it is broadened to **general human security**: electricity supply, access to water and sanitation, health and training, food safety, access to reliable medicines, and of course safety of goods and people. As shows the map below, the daily tragic deaths of migrants in the Mediterranean Sea is an unbearable human waste, a failure of regional cooperation and development.

2.3 - New North-South relations: taking advantage of complementarity

2.3.1 - Beyond neighbourhood and centre-periphery relations

The South is not the only region that must build a productive, solidarity-based and sustainable economy. Europe must also adopt a growth model less driven by financial objectives, more sustainable and more socially inclusive. This is a historic opportunity to achieve change together. In the North like in the South, it is about favouring people creating value rather than income holders of all types, such as:

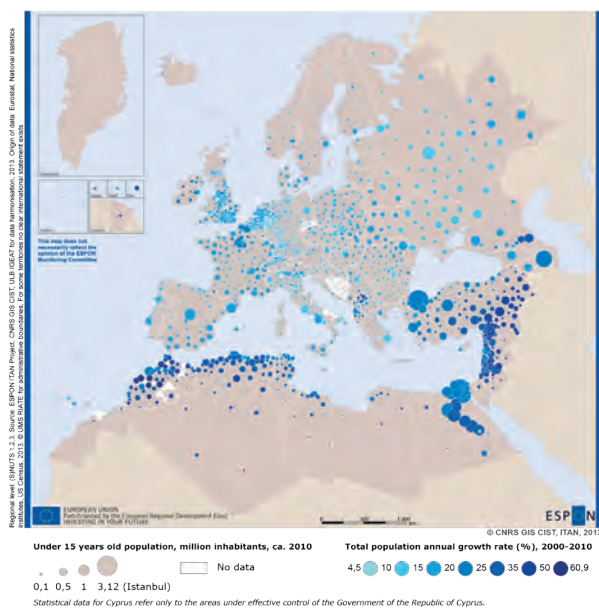
- neo-colonial : European position over its southern neighbours;
- social : social groups taking advantage of their position in globalisation to maintain their advantage over their countries' middle classes;
- technological : western lead in terms of patents and especially North-American lead in the digital revolution;
- military : United States leading position;
- monetary and financial : in favour of China;
- natural : energy resources in the hands of a few countries' oligarchs;
- commercial and customs : European Union's protectionism towards African and Mediterranean products instead of promoting a common commercial preference.

With these conditions, northern and southern countries of La Verticale will be able to take advantage of their complementarity to favour equal exchanges. European countries can find what they need in southern countries (youth, labour force, new markets, investment potential, energy resources). While southern countries can find what they needs in Europe (institutional stability, technology, modern governance). The complementarity between countries with different development levels is not an obstacle to regional integration but rather the key to its success.

2.3.2 - For Europeans, the Mediterranean and Africa are sources of growth

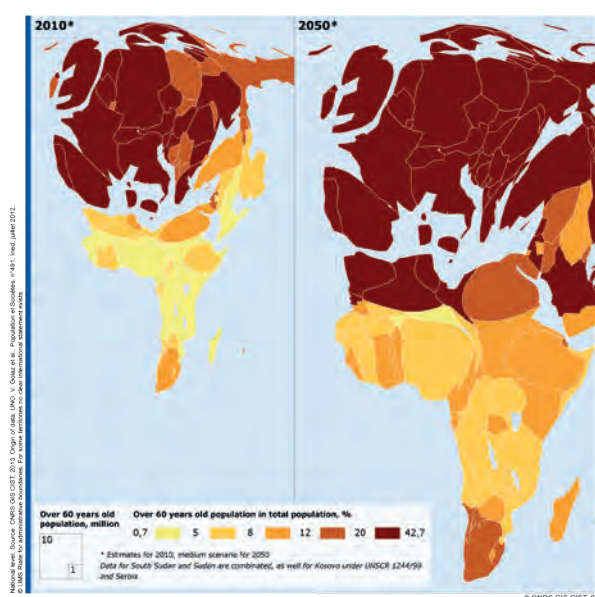
The Mediterranean and Africa have a great demographic potential. This doesn't mean a migration potential but rather a mobility potential as well as huge future markets in the South. By 2040, Western Europe and CEECs will see their population rise from 517 to 532 million inhabitants; while Western Balkans will see their population drop from 24 to 22 million because of a demographic transition accelerated by the recent wars; eastern Neighbourhoods, Russia included, will also see their population diminish, from 218 to 198 million. Only the South will significantly progress: the population in southern and eastern Mediterranean countries will rise from 285 to 377 million and the Arabian peninsula (and Iraq) from 102 to 187 million. This great region, with a billion inhabitants today, will have 185 million more thanks to Arab countries. If we add Sub-Saharan Africa, La Verticale will include three million inhabitants by 2040, a third of the planet's population. It is quite a turnaround: in 1950 there were two Europeans for one African. One century later, there will be at least three Africans for one European.

MAP II. YOUTH IS IN THE SOUTH
Youth under fifteen in Europe and the Mediterranean.



Source: ESPON «ITAN» [2014]

MAP I2. DEMOGRAPHIC TRANSITION AT WORK
Today in the Mediterranean and tomorrow in Africa
Share (%) of people over 60 in the population, 2010 and 2050

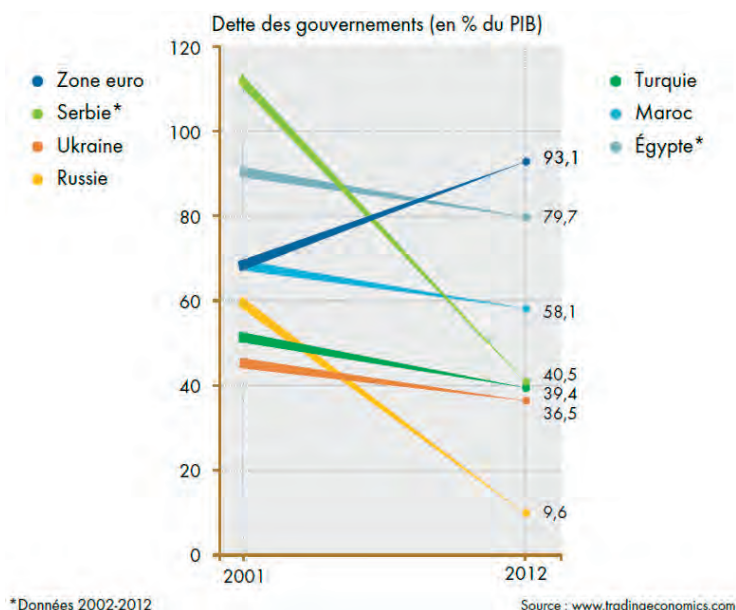


They also **drive economic growth**. For over two decades, SEMCs have got out of an almost economic autarky and succeeded a remarkable macroeconomic stabilisation. While Europe went the other way - which limits its growth potential - all these countries paid off their debts, apart from Egypt, Tunisia and Lebanon. In spite of budget deficits, SEMCs found ways to reimburse their debts. Over the last two decades, the differential between their economic growth rates and that of Europe has not stopped increasing.

Potential markets are even greater in Africa, which remains under-equipped: water or electricity service interruptions are frequent, paved roads are scarce. These are opportunities for European companies to work in partnership with equipment and infrastructure African companies. According to the World Bank, Africa should spend 500 billion dollars on this sector over the next ten years. While the continent is rich in energy resources, 620 million Africans - that is two thirds of the population - still do not have access to electricity. This means that electricity production will have to be multiplied by ten by 2040 or 2050. Over the next two decades, over €30 billion a year will be necessary to finance electrical infrastructures in Africa. As for the consumption of electronic, food or cosmetic products, the market is estimated at \$1,000 billion per year by 2020⁹.

If Europe manages to contribute to their political and economic transition, and if it does more than only exporting its products, the Mediterranean and Africa could become the Dragons of the future global economy.

FIGURE I2. DEBT IN EUROPE, DEBT RELIEF IN NEIGHBOURHOODS



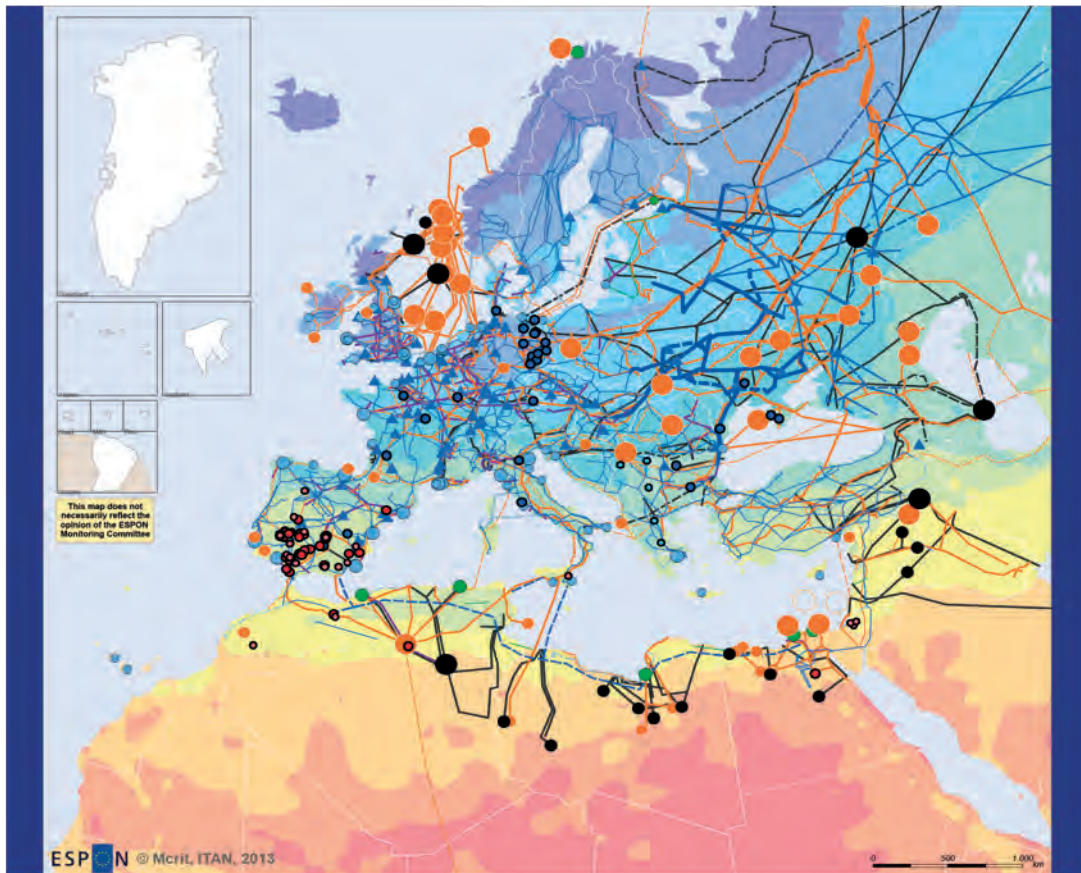
Source: Beckouche and Richard [2013]

Finally, Africa and the Mediterranean are **a source of energy**. Energy is the most strategic field regarding the interdependence of Euro-Mediterranean countries: a third of gas and a quarter of oil consumed in Europe come from North Africa, not to mention the share coming from Turkey. 70% of oil exportations and 90% of gas exportations in North Africa are sent to Europe.

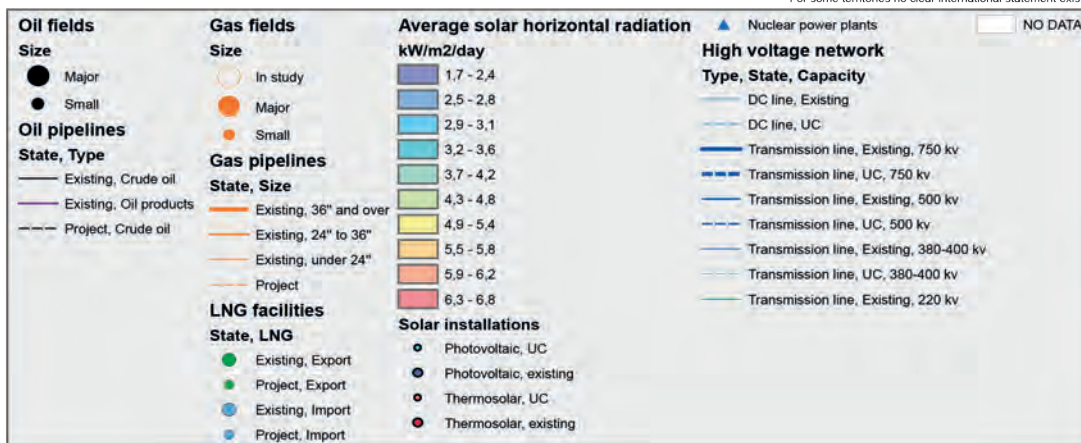
Crises in Eastern Europe: Georgia and Ukraine insist on the fact that Europe must balance its supply sources and reinforce Mediterranean and African supplies. Energy is also the field in which the deepest cooperation can be observed, with the decision to create electricity and gas Euro-Mediterranean markets, the creation of the Mediterranean electric ring or the launching of the Mediterranean Solar Plan. Nevertheless, major commercial contracts do not lead to industrial agreements; there is, still, a mistrust between producer countries and consumer countries. Much remains to be done for Europe to enjoy the energy resources of its Arab partners. Besides, the increasing energy demand, which could triple in SEMCs by 2030, also calls for the implementation of major electricity production infrastructures. European, Mediterranean and African investors and company managers could benefit from this situation. By 2030, investments between 310 and 350 billion dollars will be necessary to build new energy production infrastructures in SEMCs [IPEMED 2013].

The potential of Sub-Saharan Africa is even greater. Rich in oil and natural gas, it could become a bigger exporter than Russia - which will enable the EU to diversify its supply sources. Finally, like SEMCs, Africa could become a major producer of renewable energies which could, according to the International Energy Agency, cover 45% of the African electricity mix by 2040.

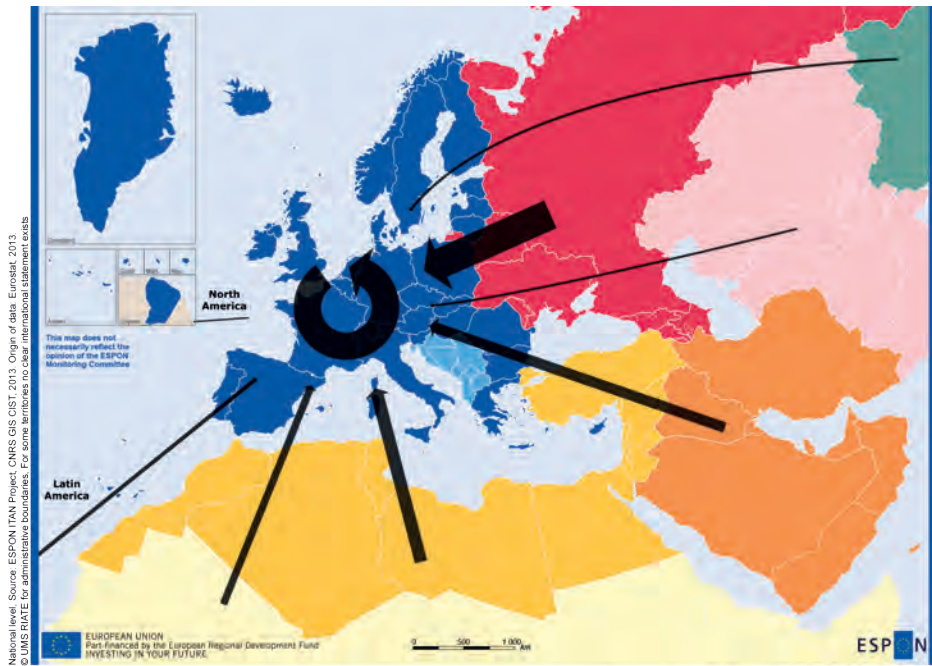
MAP 13. REGIONAL INTEGRATION THROUGH ENERGY
Solar potential and energy networks in the Europe - Mediterranean region



Regional level: NUTS 2010 & SNUTS V1
Source: ESPON Database, ESPON ITAN, Mcrit.
Origin of data: ENTSO-E, Concawe, GIE, NASA SSE, MCRIIT 2013 ITAN Database
© UMS RIATE for administrative boundaries
For some territories no clear international statement exists

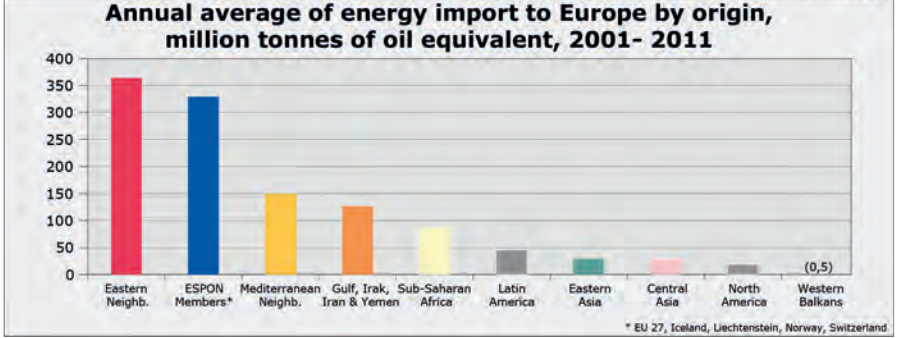


MAP 14. EUROPE IMPORTS MORE AND MORE ENERGY FROM ITS NEIGHBOURHOODS
Annual importations (tep, 2001-2011)

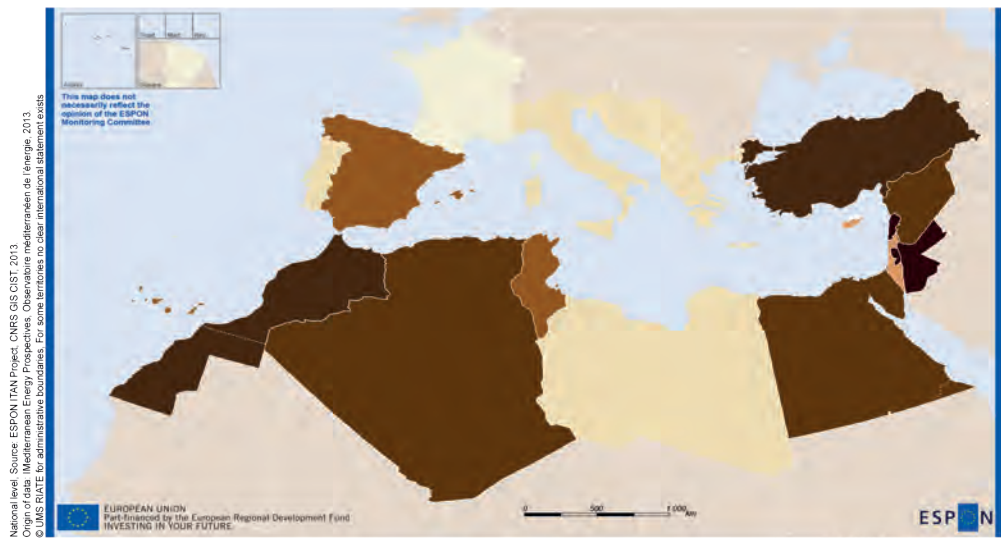


National level. Source: ESPON ITAN Project, CNRS GIS CIST 2013. Copy of data. February 2013.
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This map does not necessarily reflect the opinion of the ESPON Monitoring Committee.

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MAP 15. ELECTRICITY PRODUCTION WILL MOSTLY DEVELOP IN THE SOUTH
Expected annual growth (% , 2010-2030) according to the WEO



National level. Source: ESPON ITAN Project, CNRS GIS CIST 2013.
Copy of data. Mediterranean Energy Prospectives. Observatoire méditerranéen de l'énergie, 2013.
© UMS IRATE for administrative boundaries. For some territories no clear international statement exists.
This map does not necessarily reflect the opinion of the ESPON Monitoring Committee.

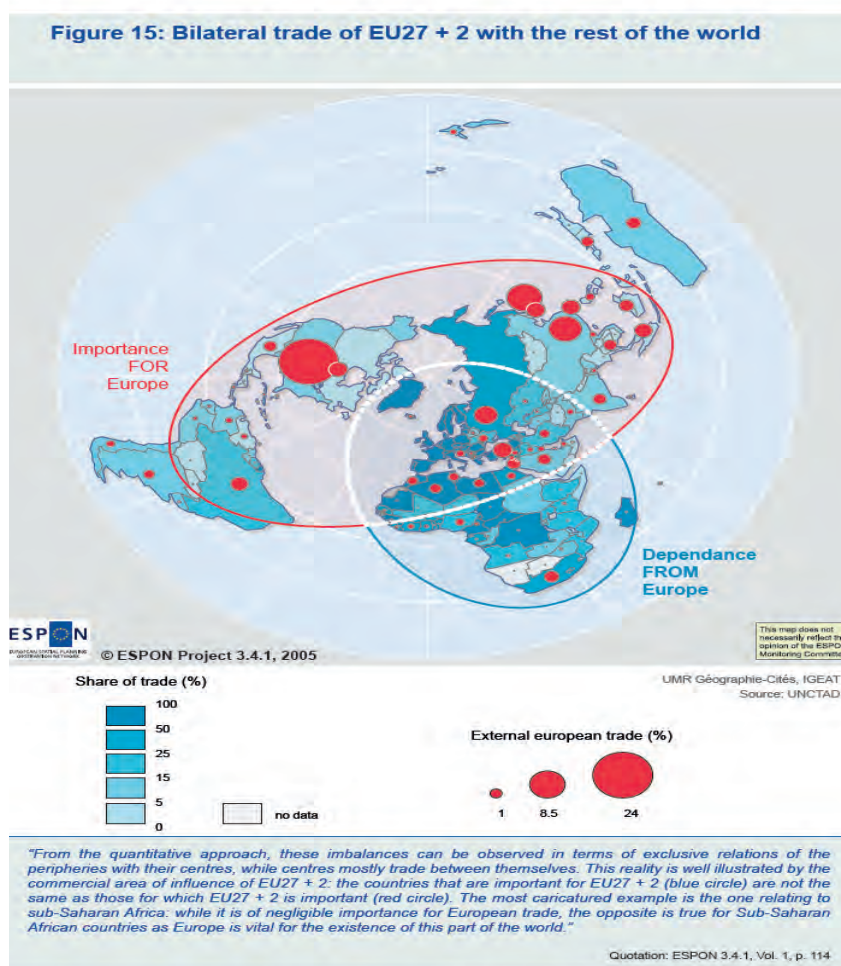
EUROPEAN UNION Part-financed by the European Regional Development Fund INVESTING IN YOUR FUTURE. © CNRS GIS CIST, ITAN, 2013

Average annual growth rate of electricity production, %, 2010-2030*
0 1 2 3 4 5 6 7 No data
* conservative scenario
Western Balkans : average value for Former Yugoslavia countries (except Solvenia) + Albania

2.3.3 - For Mediterraneans and Africans, Europe is the key partner to their development

Firstly, Europe represents a **great market**. Southern and eastern Mediterranean countries highly depend on Western Europe markets, but the trend is declining: 60% in the 1980's, 44% today. This is a heavy trend that the Barcelona convention did not manage to change. SEMCs find new opportunities among themselves, in Sub-Saharan Africa, in the Gulf, but also in Asia and America. The Gulf and the Middle East also dedicate less of their exportations to Europe. This is also the case for Africa: 59% of its exportations were destined to Europe in 1986, but only 26% in 2011. All close or distant neighbourhoods export less to Europe. This shows that these countries are integrating better in global exchanges and that their products are better paid for elsewhere than on traditional European markets. This is also proof that Europe is languid and that its polarising effect is declining.

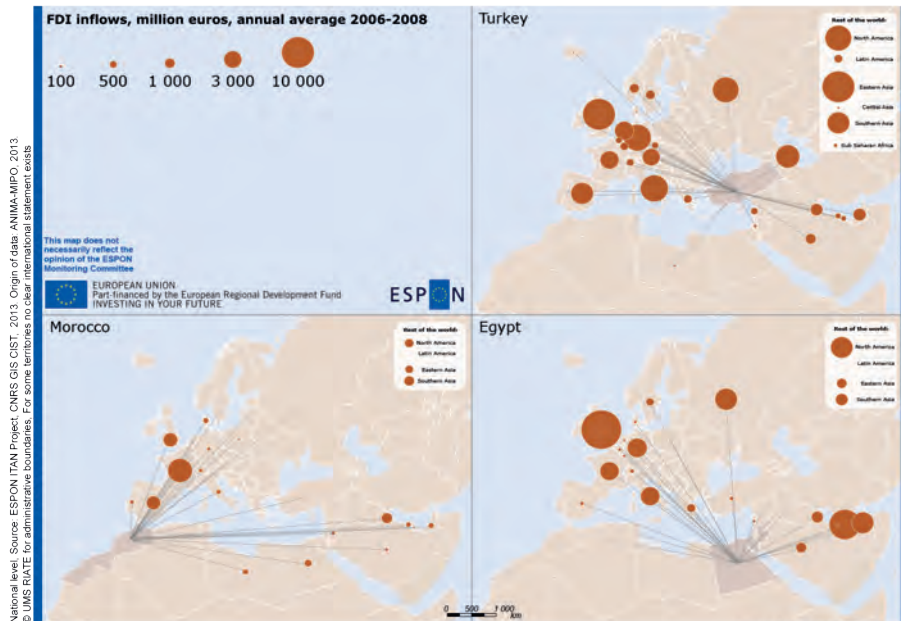
MAP 16. MEDITERRANEAN AND AFRICAN MARKETS ARE INDEPENDENT FROM THE EUROPEAN MARKET
Importance of the European market for exporters (blue) and destination of European exportations (red)



Source: Grassland and Didelon [2006]

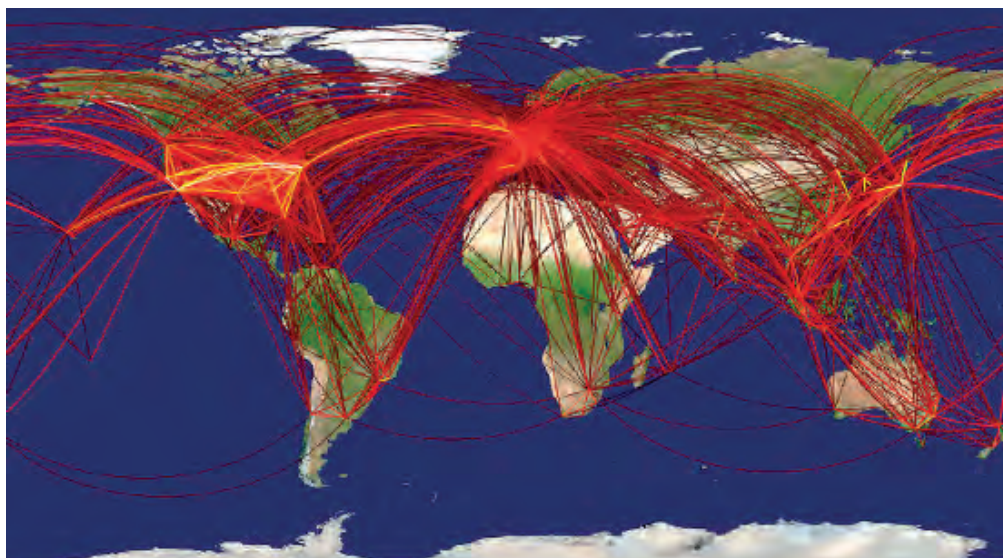
Europe is a source of investment and, via its FDIs, of connection to the global economy. FDIs are often criticised. They do not create enough jobs, are limited to a small number of beneficiary territories and have a low impact on local economies. This is true, but less and less so. The problem lies elsewhere: Europeans are taking some time to realise that their future lies in the South, while the United States and the Japanese have understood this issue already. Yet, and in spite of the low volume of European investments, Mediterranean and African partner countries still heavily rely on Europe to attract FDIs (MAP 17), even though European market shares are declining.

MAP 17. FOREIGN INVESTMENTS: SOUTHERN MEDITERRANEAN COUNTRIES REMAIN UNDER EUROPEAN INFLUENCE - BUT TO A LESSER EXTENT
Origin of FDIs entering Turkey, Morocco and Egypt (2006 to 2008)



Source: ESPON «ITAN» [2014]

MAP 18. THE INTERNATIONAL CONNECTION OF AFRICA MOSTLY HAPPENS THROUGH EUROPE
The case of air transport (main airlines)



Source : Frankfurter Allgemeine Zeitung

Finally, Europe represents a **source of standards and technologies**, as well as a **democratic governance model**. So long as North-South relations do not go back to neo-colonial misguided ways, European democratic values and expertise are valued in the Mediterranean and Africa. The reluctance of Europeans to change their vision of their South is a source of disappointment and rancour. Nevertheless, the demand of Europe remains significant. It is the key partner to shift, together, towards the new productive, sustainable and solidarity-based economy required by digital and energy transitions.

2.4 - A new development model: facing the issues of tomorrow

2.4.1 - A productive economic partnership...

Europeans, Mediterraneans and Africans must **shift from relocations to collocation and coproduction**. By moving on to collocations (one foot in the North, one foot in the South, sharing of added value, technology transfer), companies can take advantage of the development level complementarity. The public sector is already supporting this North-South productive integration by securing investments and decentralising cooperation (local authorities, universities, hospitals...).

They must also **make of agriculture a modern and solidarity-based productive sector**. Europe bears a special responsibility: growth of global food demand, competition for arable lands with bioenergies, speculative investments on foodstuffs since 2006 and food riots triggering, in the South, the recent surge in world food prices. Southern Mediterranean and Africa are the greatest food importers in the world. But rather than taking advantage of this situation to sell its products, Europe must develop industries, inter-company cooperation, cross exchanges and secure food supplies.

This will not be easy. It is getting accepted that agricultural products are goods like any others, that it would be good to buy cheap and globalised generic brands - which will open the way to massive purchase of genetically modified products coming from the Americas. But not everyone agrees with that. As the French FNSEA president says: *“We must promote great global regions with a shared vision of agricultural, food and water issues, in order to support developing countries and find synergies”*¹⁰. Europe must not only share production with its South and transfer the rural development method which proved efficient with the Common Agricultural Policy. It must also work towards standardisation. Climate change already has an impact on agricultural productiveness in the Mediterranean and Sahelian Africa. Water resources are deteriorating, biodiversity is declining, soils are less fertile. Besides, the mobility revolution accelerates the transmission of pathogenic agents (multiplication of “biological invasions”). In a few years, health and environmental protection of agri-food production has become one of Europeans’ explicit common preferences. This concern must be extended to the Mediterranean and Africa.

Given the central role of energy in development, and given the strategic complementarity between Europe and its South in terms of resources, **energy can become the first integrated productive sector of La Verticale**. To do so, Europe must not consider the South as a simple producer of raw materials. The South can ensure the production of energy equipment, especially oil and gas pipelines, the production of power plants and solar equipment and the transformation of petroleum products (petrochemical industry). The Germans understood the strategic interest of a productive energy partnership with North Africa and Sub-Saharan Africa. Even though it did not start well, the Désertec project is proof. In its 2014 report on the new African policy, the German government said: Africa is a *“future-oriented continent full of opportunities”* with whom we can work on a new partnership model, in all fields but

10 Xavier Beulin at the FNSEA Congress of March 2011

especially in the economic sector, to face Chinese competition¹¹. Germany is willing to develop a new cooperation model with Africa while following France's positions. This cooperation will happen within the framework of a new Europe-Africa cooperation, breaking away from the neighbourhood and the traditional power of the North over the South.

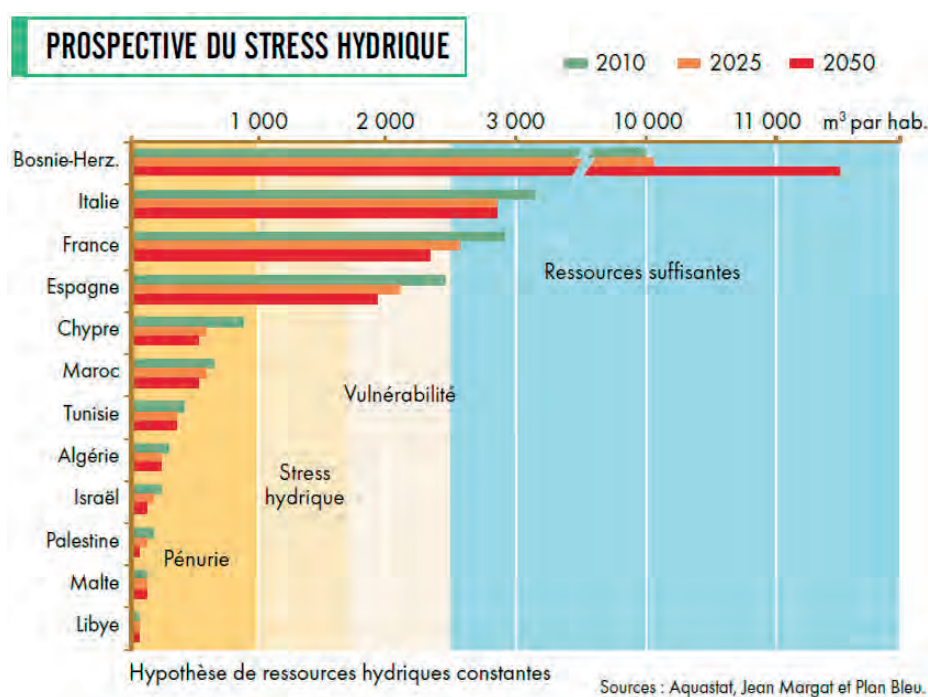
2.4.2 - ...based on sustainability

Besides renewable energies, water and sanitation are one of the great environmental issues of our international cooperation. Water is difficult to transport and linked to the way local actors manage it, therefore it does not seem a matter of international relations at a regional scale. And yet it is a cornerstone of these relations. Some water resources are cross-border resources requiring peaceful international relations. Besides skill transfers can make of water a sector of common excellency. Finally, water is crucial for the strategic sectors of energy and agriculture.

Without taking into account the worsening situation lined to booming demand and severe climate change, 180 million people in the Mediterranean are already in a water stress situation; 20 million do not have access to drinking water and 47 million do not have access to an adapted sanitation system. In Sub-Saharan Africa, 300 million people do not have access to drinking water, and more people do not have access to sanitation. Solutions can be found in a better management of demand and a governance clarifying the role of States, operators, local authorities and users. Europeans can share their expertise in this field and therefore contribute to the creation of quality projects that will then get funded [Ipemed- Orjebin-Yousfaoui 2014].

The three sectors of water, energy and agriculture are strategic priority matters and must be treated simultaneously as they are interdependent.

FIGURE 13. WATER STRESS IN THE MEDITERRANEAN BY 2050



Source: Beckouche and Richard [2013]

11 Source: "Die neue Afrika-Politik des BMZ : Afrika auf dem Weg vom Krisen- zum Chancenkontinent" - Bonn: Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung, 2014 - 13 S., Kt.

Since the beginning of the 21st century, the Mediterranean has been considered as a hot-spot of global warming in the world, especially because of decreasing rainfalls. As regards climate, Sahelian Africa is already one of the most vulnerable zone in the world. According to the journal Science, Southern Africa - along with Southern Asia - is the world's region where agricultural productions will be the most affected by climate change by 2030. Therefore, La Verticale Africa-Mediterranean-Europe must focus on **adapting to climate change, sustainable rural and town planning, energy transition and developing resource-efficient economic sector.**

2.4.3 - ...and solidarity

At the national scale, solidarity means putting emphasis on the collective sector: social and solidarity economy, cooperatives, public goods, municipal facilities... The collective ownership of resources and their participatory management can no longer be considered as archaic heritages meant to wind up in the market. On the contrary, alongside the public and private sectors, the collective sector is becoming a major element of a society based on modern economy, made more collective by the digital revolution [Rifkin 2014]. In the health sector, this means promoting universal welfare cover rather than private cover.

At the national scale, this means that northern and southern countries must be on an equal footing - which the United States, China and Japan have not been able to do in their region. The experience of European integration is significant, as nowhere in the world the experience of international integration has been carried out so completely. Europeans, who have the most significant regional experience in the world, can extend this partnership approach to the Mediterranean and Africa.

France must play a driving role in this new relation with Africa, but it must do so in a multilateral rather than bilateral approach. Like in the Mediterranean, Europeans can only convince their southern partners if they do not act in a unilateral and strictly national way. The Germans are increasingly present in the Mediterranean and in Africa, especially through foundations and companies. Twenty years after having done so in CEECs, they are now deploying their industry in the second circle of their neighbourhoods, especially in Tunisia [Ipemed - Weigert 2012]. The United Kingdom also left strong positions in the Mediterranean and in Africa. The European Commission is multiplying its stands on southern Mediterranean countries and is hoping to make of Africa Europe's "energy battery" (see meeting of Ministers of Energy in Rome on 19 November 2014). Europeans will only build an integrated region by fostering, together, a new partnership with their South.

2.5 - Conclusion : four reasons to integrate our common region AME

The integration of Africa-Mediterranean-Europe has four objectives:

1°) Relying on a structuring trend: the regionalisation of globalisation

While Europe was the pioneer of regional integration, it is now lagging behind in this field, as it did not succeed in integrating its emerging neighbours. As for the Arab world, it remains little integrated. In order not to be a victim of globalisation, it needs a strategic partnership with Europe in which to play a central role in La Verticale AME. Finally, Sub-Saharan Africa, in spite of encouraging regional integrations, is increasingly submitted to centrifugal exterior influences.

2°) “Going South” following the capital and conversely letting the South “go North”

More and more large European companies follow the regional division Africa-Mediterranean-Europe. In Asia, in America and fortunately also in Europe, they understand the benefits they can draw from a cooperation with the South rather than from predation. The Northern capital is at work and politics must follow. Conversely, southern Mediterranean and Sub-Saharan African industrials are starting to find an interest in coproducing in Europe to take advantage of the great market, international standards and the scientific expertise of research centres. Over the next few years, we will have to deal with the North-South and South-North interdependency and ensure capital security as well as the mobility of skills and workers.

3°) Following the example of Americans and Asians to prepare the world of tomorrow

Americas and East Asia are one step ahead both in global economic relations and in the creation of great North-South regions. If Europe, the Mediterranean and Africa want to play a significant role in the world, we must build together this great space regulating the flow of capital, goods, information and people.

4°) Promoting a new development model and new North-South relations

Proximity and complementarity are not sufficient. La Verticale AME rests upon our capacity to fit into the new collaborative economy driven by the digital revolution, the energy transition and the rise of the collective sector. One must build a solidarity-based and sustainable regional productive system based on these new foundations.

Europeans must change their behaviour and favour sharing, partnership and participation.

HOW? THE FOUNDATION LA VERTICALE AME, VECTOR OF REGIONAL INTEGRATION

Since the 1990's, great North-South regions have implemented decision-making, financial or research institutions. Nafta relies on several Commissions (environment, free trade, work), on about thirty work groups and committees created to facilitate trade, investment, cross-border mobility of business people or dispute settlements. Besides, in 2006 the three countries created a consultation body for the business world and policy-makers: the North American Competitiveness Council. Many think tanks and research centres are working on American regional integration. **The Inter-American Development Bank (IDB)** is present in every American country. With its headquarters in Washington, it is dedicated to Latin America. One of the five UN regional commissions, the Economic Commission for Latin America (ECLA), is dedicated to the development and regional integration of Latin America. **The ECLA is an intellectual and political cluster where southern elites (in priority) and northern ones meet to develop common integration strategies.** The hemisphere's States are gathered into the Organisation of American States. Since 1994, the Summits of the Americas gather, every three years, the 35 countries of North, Central and South America.

The last summit, held on 10 and 11 April 2015 in Panama, was widely publicised with the reconciliation between Cuba and the United States. Nevertheless, regional economic integration remained the main topic.

In East Asia, States have several institutions dedicated to regional integration: Asean, of course (created in 1967), but also Asean Regional Forum (ARF, gathering Asean countries and their neighbours since 1994), Asean+3 (China, South Korea and Japan, since 1997) and East Asian Summits (EAS, since 2005). These gatherings of heads of States and governments have at their disposal commissions working on economic questions, starting with the Chiang Mai Initiative (CMI, launched in 2000 in the field of financial cooperation). The region now has two regional development banks, the Asian Development Bank and the Asian Infrastructure Investment Bank (AIIB, created in October 2014), as well as a United Nations regional commission (Economic and Social Commission for Asia and the Pacific – ESCAP). Just like in America, a large number of study and research centres analyse regional integration. Their main think tank is ERIA (Economic Research Institute for ASEAN and East Asia).

As for the great region AME, there is no institutional research body gathering all States in the region. There are many study centres on the Mediterranean, others on Africa and others on relations between such European country and the Mediterranean or Africa. For instance, the Inter-Academic Group for Development (GID) is an international association created in 2007 by ten South European and African academies. However, it does not gather all the countries in the region and it is purely academic. One can also mention the CERDI (Centre for Studies and Research on International Development), of which professor Patrick Guillaumont created the FERDI foundation in 2003, recognised as a reference in terms of research on Sub-Saharan Africa. As for the CIAN (French Council of Investors in Africa), it is dedicated to B2B relations with African entrepreneurs. However, it is an exclusively French council. Such is also the case of other initiatives on Franco-African economic relations, like the Foundation Afrique France for shared growth. Other European countries have their own think tanks dedicated to the Mediterranean and Africa. **Nevertheless, there is no study centre to analyse long term economic trends in Europe, the Mediterranean and Africa - which is, historically, the most integrated North-South region.**

3.1 - La Verticale Foundation: objectives and added value

3.1.1 - Objectives

La Verticale has two objectives:

1°) **Accelerating the economic transition of SEMCs and Sub-Saharan countries**, especially by proposing useful projects to southern populations. One way to accelerate the economic and political transition in the South is to implement a productive, sustainable and solidarity-based shared development.

2°) **Promoting the AME regional integration by implementing public policies and creating a regional environment favourable to the mobility of goods, services, people, capitals and information**, and favourable to coproduction and development, by using the Mediterranean as a bridge between Europe and Africa.

La Verticale must become the political and economic reflection cluster of the great region Africa-Mediterranean-Europe.

Firstly, to show that European economic development cannot happen without integrating its South and that, conversely, the future of the Mediterranean and Africa lies in Europe. Secondly, to shift from vision to action.

3.1.2 - Added Value

Six characteristics will convey a real added value to the Foundation in respect to other think tanks:

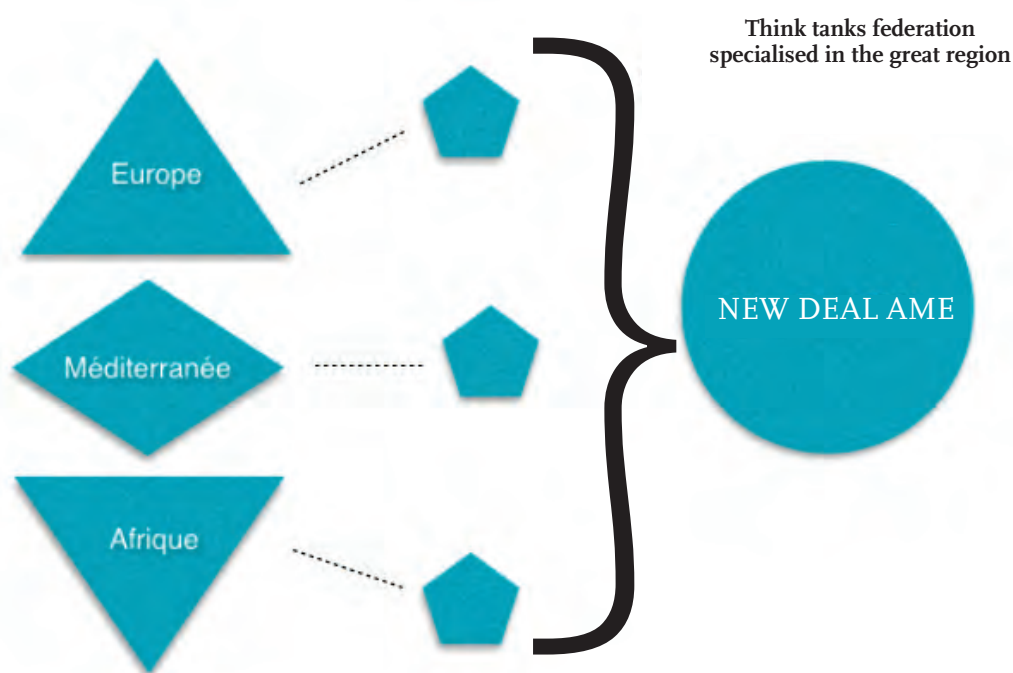
- **geographic relevance**, the Foundation covering this great global region;
- **the central place given to the Mediterranean**, insisting on the role of countries such as Morocco, Algeria and Tunisia, but also Egypt and Turkey, given their political and economic role in Africa and Europe, as well as Gulf countries given their increasingly important role in the development of the region's countries;
- **the general interest of the AME integration** imparting to the Foundation more influence than private actors;
- **the prospective approach**, consisting in anticipating and acting in the present to build the future and favouring long-term over short-term. This approach has proved efficient in the Mediterranean with IPEMED. It must now be extended to the regional scale;
- **the entrepreneurial dimension**. Priority economic sectors will be taken into account in order to organise integrated sectors and promote public policies on the region's major economic issues such as energy, water, transports, ICTs, finance, health, etc.;
- the Foundation's **North-South equal international management and organisation** by always promoting North-South equality in bodies and decisions.

3.1.3 - The Foundation will work as a network

La Verticale will work as a network with local intermediaries and in partnership with other specialised reflection centres, which will remain fully independent. **The complementarity between these reflection centres will enable to offer overall elements of the New Deal AME.** These centres could be, among others:

- **For Europe:** Notre Europe, Europartenaires, Confrontations Europe, Euro-Mediterran-Arabischer Landverrein (EMA), etc.
- **For the Mediterranean:** IPEMED, Femise, IEMed, the Secretary General of UfM, etc.
- **For Africa:** the CERDI, Club Effcience, the Foundation Afrique France pour la croissance partagée, German Institute of Global and Area Studies (GIGA) - Institute of African Affairs, etc.

FIGURE I4. CONDITIONS FOR THE EMERGENCE OF A NEW DEAL AME AND FEDERATING ROLE OF THE FOUNDATION LA VERTICALE



3.2 - Action programmes

There are five action programmes:

- leading of a **think tank** on the integration of the region Africa-Mediterranean-Europe, in order to increase knowledge (multiple data, quantitative and qualitative data, cartography, creation of databases, prospective scenarios) to highlight current heavy trends in favour of integration. This think tank will have four centres: one in Europe, one in the Mediterranean, one in the Near East and one in Sub-Saharan Africa;
- leading of a **transnational movement of business leaders** having adopted or planning to adopt the AME regionalisation in their activity, to identify and overcome obstacles to development and carry their messages to decision-makers;
- mediation and influence in favour of the great region AME in order for political decisions to be taken in favour of a deeper integration among the three spaces;
- “**intermingling**” of public, private and associative **decision-makers** in order to identify high-potential actors via high-level thematic seminars and to create a network of trust in the region;
- **sharing of strategic information**, with a reference platform where the most relevant information on the region will be gathered and treated.

Three prerequisites are necessary to these five programmes:

- Identification of partners sharing the idea that the AME region is a region in the making;
- Agreement on the sharing of strategic information based on North-South equality;
- Implementation of a tripartite coordination to define common work rules by taking advantage of each partner’s specificities.

3.2.1 - Leading of a think tank on the integration of the region Africa-Mediterranean-Europe

The aim of the Foundation is to show that the economic integration of the great region AME is possible. The Foundation’s think tank:

- **will identify the issues, new structuring trends and breaking points** showing that the North-South regionalisation is improving in the long term;
- **will propose public policies and industrial strategies** (sectors) to accelerate the North-South integration;
- will be organised into a network comprising four centres: the initial headquarters in Europe, one centre in a North-African country, one in the Middle East and one in Sub-Saharan Africa, in order to be close to the needs, new ideas and important actors. A standing bureau in Brussels will keep permanent contact with the European Commission and the Parliament.

To do so, the think tank will create **international thematic work groups** associating researchers, experts, business leaders and representatives of European, Mediterranean and African administrations in order to carry on joint analyses and propose common projects to decision-makers.

These issues and propositions will be developed in works on sectoral activities and transversal topics. Besides, this think tank will study examples of policies that improved regional integration in other global regions in order to identify the good practices useful to the region AME.

To do so, the think tank will have to:

- define priority topics to favour sustainable and solidarity-based growth in the region, such as energy, water, agriculture, transports, logistics, ICTs, health, social and solidarity economy, public-private partnerships, standardisation of legislations, mobility, company funding, education and training, etc.;
- make of “overall security” a transversal objective developed according to the sectors;
- complete the sectoral analysis by a territorial analysis in order to better connect and favour a greater decentralised cooperation among the region’s territories, promote common territorial action to create efficient and solidarity-based communities;
- propose regional public policies to facilitate project implementation in priority sectors and accelerate regional integration;
- define the editorial policy as well as the format and contents of the periodic publications of “Think and Act” works. The publications will inform and help decision-making to deepen integration in the region.

3.2.2 - Leading a transnational movement of business leaders

The experiences of other great North-South regions show that the involvement of the private sector is key to a successful integration. In Nafta, thanks to the North American Competitiveness Council, business leaders were able to speak with one voice to the Presidents of the United States, Canada and Mexico by meeting regularly with the executives of the three countries. The NACC makes them recommendations in terms of trade facilitation, standardisation of norms and regulations, or energy integration. As regards relations with Latin America, the ECLA is the main economic institution.

In East Asia, company managers initiated the productive integration between Japan and the Dragons, followed by the Tigers and then China. This productive integration now includes meetings with the region’s executives in order to define the broad strokes of financial and monetary cooperation, the standardisation of production norms or the security of energy supply and maritime transport. ERIA is the privileged think tank for economic matters.

It is necessary to implement a similar movement for the region AME. The EMACF movement (**Euro-Middle East-Africa Competitiveness Forum**) will enable business leaders to gather and expound their vision of regional integration as well as their propositions to policy-makers. It will equally gather a large number of European, Mediterranean and African company managers sharing on the one hand the belief that the future of the region AME needs a common productive, regulated, solidarity-based and sustainable development model, and on the other hand the same ethical vision of corporate social and environmental responsibility.

EMACF will be organised into priority sectors chosen by the Foundation’s think tank. Therefore one will see, for instance, the creation of **La Verticale of Energy**, gathering company managers and experts interested in these questions, **La Verticale of Health**, **La Verticale of Water**, **La Verticale of Transports**. **La Verticale of the Digital Sector** is already being implemented.

The EMAC Forum, alternatively held in one of the three spaces of the region every year, will be an opportunity to:

- deepen strategic reflections between business leaders around North-South, South-South and industrial coproduction issues;
- reinforce the notions of general interest and of common goods shared management (water quality, adaptation to climate change, shared prosperity...);

- organise productive sectors and promote socio-professional networks;
- find project funding;
- promote investment security in favour of regional integration;
- multiply partnerships and strategic alliances between the region’s companies;
- make recommendations by sectors, spaces or countries in order to accelerate the reforms in favour of North-South and South-South regional integration.

3.2.3 - **Mediation and influence in favour of the region AME**

A New Deal AME requires a vision carried by recognised political figures in the three spaces. These figures will be gathered in an equal body (North-South, men-women). IPEMED Political Steering Committee will perform this function until the creation of La Verticale. It will gather former heads of States and Prime Ministers willing to cooperate in order to influence administrations and political circles of the region’s countries as well as European, African, Mediterranean and international institutions.

Its main functions will be to:

- define the New Deal AME in relation with the EMAC Forum movement, relying on the Foundation’s think tank works;
- carry out an influence strategy towards decision-makers and political bodies of the three spaces;
- focus efforts on flagship projects in the region’s key economic sectors (energy, agriculture, water);
- supervise the production of an annual report on “The State of integration in the region AME” and on the implementation of the New Deal;
- hold two annual work sessions to guide the Foundation’s think tank and debate on the issues according to the regional and international political agenda;
- take part in EMAC Forum sessions to share the New Deal political propositions with business leaders;
- gather policy-makers, business leaders and experts who contributed to the region’s integration in the framework of a yearly event: the PSC annual meeting, which could be held alternatively in one of the three spaces.

3.2.4 - **“Intermingling” the region’s decision-makers**

Regional integration in Americas and East Asia was made possible by decision makers, through modernisation (Mexican and emerging East Asian elites now come from modern productive sectors rather than rent-driven sectors) and their capacity to share a converging vision between northern and southern countries.

Stronger bonds between young political and economic decision-makers in the region AME will foster the idea of a common future. **The Foundation will implement a programme for the intermingling of decision-makers in the region through high-level seminars**, capitalising on IPEMED’s experience in this field. Indeed, IPEMED showed the relevance of intermingling rising elites in the Mediterranean World Seminars.

The intermingling of decision-makers will have two functions:

- **identifying emerging decision-makers**, who will have responsibilities in the public, private or collective business sector and who are willing to work in a cooperative international environment;
- organising and leading high-level seminars on priority economic topics (water, energy, etc.).

These seminars have four objectives:

- providing opportunities for decision-makers in the corporate world, in local and central public administration and in university to meet, in order to break down the barriers between professional circles;
- sharing positive experiences (good practices, success stories) in the region;
- transforming interpersonal trusted networks into tangible cooperation projects;
- coordinating the best research, study and training organisms in the region.

In the framework of this programme, three types of seminars will be developed:

- **Thematic seminars** will gather, for three days, about thirty decision-makers coming from different countries in the region; each month, one seminar will be dedicated to one of the great sectoral issues in the region;
- **Decentralised seminars** will take place in requesting countries in order to ensure the diffusion of common projects with the greatest number of decision-makers in the country;
- A great **annual seminar** will gather, for two days each month over a year, about fifty high-level decision-makers to create interpersonal trust relations and share common interest projects.

Seminars will be designed as a reference programme gathering the expertise of organisms specialised in main sectoral issues and regional integration issues regarding the three spaces of the AME region.

3.2.5 - Sharing of strategic information

The objective of La Verticale is to **become the reference web portal for the economic integration of the region Africa-Mediterranean-Europe**. This includes to identify and bring to the attention of decision-makers:

- the **main operational and study centres dedicated to the region's economic integration** and to the economy of each space, and to facilitate the access to resources of these organisms. The key is to establish a partnership with these organisms, so that they can exchange information with La Verticale (SEO, RSS flow, etc.).
- **reference reports of international institutions** dedicated to the region's economy and to that of other great North-South regions. Many organisms produce works or carry out development operations favouring economic regional integration (World Bank, Ebrd, ADB, WTO, UN, etc.), nevertheless none of them produces any overall vision or synthesis. The same goes for the works carried out by national cooperation Foundations or Agencies, in spite of the recent attempts to better federate their action at the international level. A device would be necessary to draw the list of the main works and the survey of essential texts;
- the works of the **main research centres on the economic integration of the region**, its North-South relations and its development model;
- the **professional networks** organised on a Euro-African North-South transnational basis and implementing coproduction.

Besides, the portal will display the **main results of the Foundation's work**:

- that of its think tank, especially the main productions of its international work groups and its economic prospective works on the region;
- that of the Euro-Middle East-Africa Competitiveness Forum;
- that of its Political Steering Committee;
- that of high-level seminars gathering the emerging elites of the region's three spaces.

Part of the information produced by the Foundation cannot be circulated publicly. The third part of this work will be to put the most strategic information at the disposal of public, private and associative decision-makers committing into La Verticale. This circulation of strategic information:

- must build trust between decision-makers and show the usefulness of the Foundation to bring closer the European, Mediterranean and African worlds and break down the barriers between professional worlds;
- must benefit La Verticale funders.

3.3 - **Foundation funding sources**

There are three types of funding sources:

Public or private subscribers donating capital to the Foundation

They will be coming from Sub-Saharan Africa, southern Mediterranean countries, the near and Middle East and Europe (a list can be found in Volume 2 Strategic elements). The aim is to mobilize at least one hundred million Euro by 2020. Major donors in each country will benefit from particular services. Besides, these donors will be able to demand the continued presence of an administrator or researcher of their country in the Verticale team based in Paris. La Verticale will necessarily have an international dimension through its funding and personnel. Therefore, donating members will find compensations to their contributions.

Companies having signed target agreements with the Foundation

Each year, European, southern Mediterranean, Middle-Eastern and African companies will have to ensure two million study contracts.

Financial institutions and international organisations

Institutions such as the European Commission, the EIB, the UN, the IBRD, the ADB, etc. will contribute to the foundation's financial balance in 2020. As regards the European Commission, it already funds two foundations: the Anna Lindh Foundation and the European Endowment for Democracy (created on 20 December 2011 in order to promote democracy in eastern and southern European countries).

Financial and international institutions can bring either capital contributions or annual subventions. A second confidential strategic report (Volume 2 Strategic elements) provides further details on status, governance and subscriptions.

IT IS THE RIGHT MOMENT TO CREATE LA VERTICALE

It is the right moment to create La Verticale as heavy trends are developing.

- **North-South regionalisation is making progress**

In the North with Nafta and in the South with Mercosur, America is creating a great economic region of 950 million inhabitants controlling this region, with a 56% rate of integration through trade. China, allied with Japan and Asean countries built a great region of 2.2 billion inhabitants and of 10,000 km² from North to South, increasingly integrating Australia and New Zealand. Europe must also “go South” so that, along with SEMCs, it can play its role in globalisation.

- **The Mediterranean region in motion**

Arab upheavals must be understood as the beginning of a political and economic transition. They should lead to systems opened to the world and looking for proximity with Europe in order to meet populations’ needs, mostly economic.

- **A new collaborative economic paradigm is necessary**

On the one hand, distant relocations, motivated by low labour costs, are no longer a solution. On the other hand, free-trade agreements are no longer a panacea as dissymmetrical exchanges penalise developing countries. A new collaborative economic model is being implemented via coproduction, with one foot in the North and one foot in the South. In this regard, relocation and re-industrialisation could benefit Europe, its Mediterranean neighbourhood and Sub-Saharan Africa.

- **The third industrial revolution establishing the regionalisation of Africa-Mediterranean-Europe**

The third industrial revolution, based on the digitalisation of the economy and renewable energies, gives this region stimulating perspectives. Together, these three spaces have all the expertise, resources and markets necessary to face this revolution.

President Hollande recently declared: *“Africa is our future. It is our future because it is the continent with the highest demographic progress. It is our future because it is the continent experiencing the highest growth over the last few years. It is our future because it is the continent with the highest potential (not only resources) to ensure its development”* (Franco-African Forum for a shared growth, Paris 6 February 2015).

French Prime Minister Manuel Valls declared that *“Acting in favour of growth means exploiting growth everywhere it is. In new growth zone, in emerging countries, in continents of the future - and especially Africa and this Europe/Mediterranean/Africa growth vertical region with a huge potential (...). This is why I call for a general mobilisation for an international development offensive strategy.”* (Ambassadors conference of 28 and 29 August 2014 - Extract from Manuel Valls’ speech).

Beyond France, three key institutions for the region support La Verticale:

- **for the Arab League**, its Excellency Mr D Nabil El Arabi, Secretary General of the Arab League;
- **for the African Union**, Mr Mohammed Ould Abdel Aziz, President of the Islamic Republic of Mauritania and President of the African Union.
- **for the European Commission**, Mr Alain Leroy, Secretary General of the European External Action Service.

The Project La Verticale showed the limits of the ENP and highlighted the heavy trends in favour of the regional integration Africa-Mediterranean-Europe, based on the mobility of goods, services, information, capitals and people. We must accelerate this necessary integration.

La Verticale will also a deeply reshape North-South relations, especially through the shift from conquest to sharing. La Verticale is the catalyst of productive, solidarity-based and sustainable regional integration. One can consider taking action thanks to five work programmes, already tested at the Euro-Mediterranean scale.

A more operational document exposes the status, governance and funding modalities of La Verticale as well as subscribers’ rights and expectations.

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Note: Chapters 1 and 2 are based on the works of Pr Pierre Beckouche, who IPEMED thanks.

Appendix 1

Le Monde.fr*Point de vue***Les "quartiers d'orange" Nord-Sud, par Jean-Louis Guigou**

LE MONDE | 20.03.07 |

Depuis la chute du mur de Berlin, les relations internationales se sont transformées. Avec l'échec des négociations de Doha en juillet 2006, cette évolution s'est accélérée. Dès 1990, les Etats-Unis ont compris la régionalisation de la mondialisation : plutôt que des délocalisations sauvages lointaines, ils ont préféré que ça se passe dans leur jardin, au Sud. Ainsi fut créé, en 1994, l'Alena, une zone de libre-échange et de régulations multiples, qui associe le Canada, les Etats-Unis et le Mexique. Presque simultanément, en 1991, les Etats de l'Amérique du Sud ont créé le Mercosur. Ces deux structures légères, Alena et Mercosur, se concurrencent, mais il est admis par tous que c'est dans un cadre régional que le développement américain se fait désormais. Les Etats-Unis l'ont compris, qui consacrent à l'Amérique latine 18 % de leurs investissements directs à l'étranger (IDE).

Dans le même temps, le Japon, menacé de vieillissement et refusant toute immigration, s'est lancé dans une vaste opération de redistribution de son appareil de production en investissant en Chine, en Corée du Sud et dans les dragons du Sud-Est asiatique. Ainsi s'est constituée une deuxième reconnexion Nord-Sud puissante, puisque le Japon consacre lui aussi 18 % de ses IDE à cette zone.

Ainsi naissent des "quartiers d'orange", des blocs de systèmes industriels, commerciaux et financiers intégrés Nord-Sud qui avancent à la même heure, insérés entre deux ou trois fuseaux horaires.

Le monde des années 1950 n'associait (OCDE) ou n'opposait (conflit Est-Ouest) que les pays du Nord. Ce monde est bien fini. Depuis, l'Europe a fait la moitié du chemin et poursuivi son élargissement de 6 à 27 Etats membres. Il lui faut maintenant se tourner vers son Sud, vers les pays arabes et ceux d'Afrique.

L'avenir de l'Europe, du monde arabe, d'Israël et de la Turquie se joue en Méditerranée. La proximité géographique et la complémentarité jouent dans les deux sens : l'Europe a besoin du dynamisme démographique et des marchés émergents de la rive méridionale ; le Sud a besoin du savoir-faire de l'Europe et d'une Europe solidaire pour affronter le choc de l'ouverture commerciale, le défi des emplois à créer et des réformes politiques et sociétales que la modernité exige. L'alternative pour les deux rives est claire : s'associer et devenir une des régions majeures du globe, ou être éclatées, donc marginalisées.

La proximité géographique, en réduisant les coûts de transport, explique que les trois quarts des échanges se font avec les voisins. Elle joue aussi un rôle déterminant pour l'apprentissage de l'internationalisation des PME-PMI qui ne peuvent affronter les marchés lointains comme les grandes entreprises. A l'évidence, les PME algériennes, africaines, marocaines, mais aussi françaises ou danoises ont besoin d'un espace régional régulé pour ne pas laisser la Chine devenir la seule usine du monde, le Brésil la seule ferme du monde et les Etats-Unis le seul quartier général.

Le deuxième argument de la régionalisation est celui de la régulation de la mondialisation. A l'échelle de ces quartiers d'orange Nord-Sud, il est plus réaliste qu'à l'échelle mondiale d'établir des accords commerciaux pour enclencher le développement ; plus facile, aussi, de surveiller les normes environnementales, d'aborder les questions de protection des travailleurs, d'assurer la reconnaissance mutuelle des diplômes pour faciliter les mobilités de la main-d'oeuvre. Les quartiers d'orange régulés, maîtrisés, peuvent ainsi devenir de vrais districts industriels, où la solidarité et le destin commun imposent des règles de protection vis-à-vis de l'extérieur, des circuits courts, traçables, de qualité, une gestion équilibrée entre sécurité et mobilités.

Sur le plan politique, enfin, il est temps de donner, à l'échelle régionale, une solution internationale aux conflits violents (Israël-Palestine) ou latents (Chypre, Sahara occidental...) que connaît le monde

Méditerranéen. Cela placerait l'Europe devant les Etats-Unis pour mener les négociations difficiles qui s'imposent. Tout comme la France et l'Allemagne naguère, tout comme de nombreux autres pays européens qui se sont affrontés pendant des siècles, il est temps en Méditerranée de retrouver les chemins de la confiance. Une telle reconnexion méditerranéenne serait déterminante pour envisager ensuite la nécessaire reconnexion entre l'Europe et l'Afrique.

Certes, il y a le conflit du Moyen-Orient qui jette les populations arabes dans la rue... Certes, il y a les richesses naturelles qui focalisent les énergies au Nord comme au Sud et alimentent des comportements prédateurs qui détruisent la confiance des peuples. Certes, il y a l'instrumentalisation des religions voulue par les néoconservateurs américains et les intégristes islamistes. Certes, la Chine et les Etats-Unis investissent ces voisinages de l'Europe et contrecarrent cette reconnexion Nord-Sud en Méditerranée.

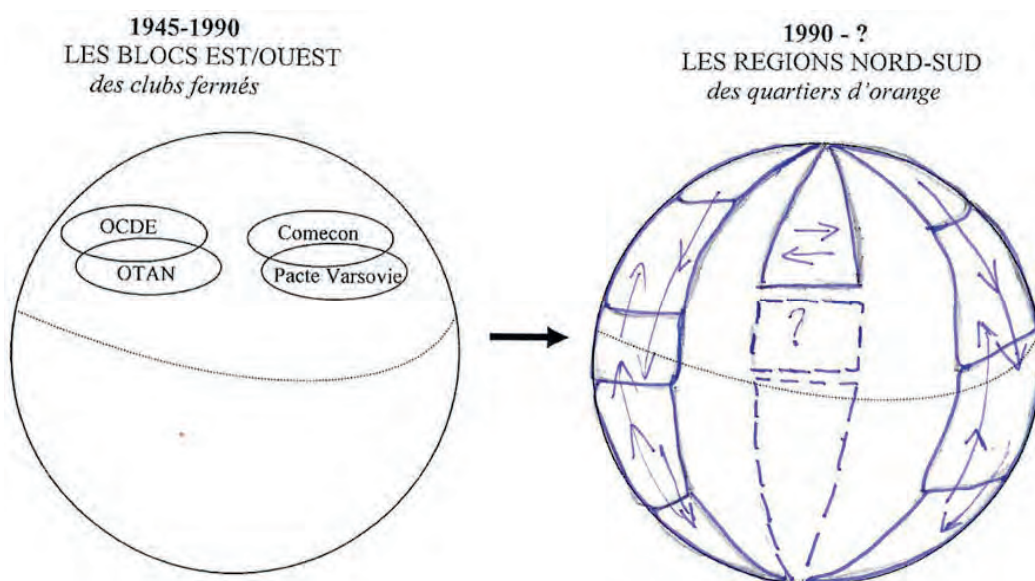
Mais un nouveau regard des Européens sur les pays arabes et des Arabes sur les Européens est en train de changer le cours de l'Histoire. Des courants nombreux et divers convergent vers des propositions audacieuses et nécessaires : une Communauté méditerranéenne dans le cadre de la coopération renforcée permise par le traité de Nice, et à laquelle adhéreraient ceux des pays de la rive Nord et de la rive Sud convaincus de la nécessité d'un ancrage réciproque ; des institutions spécifiques (un "G Med", un secrétariat politique) et un budget propre ; des politiques communes (énergie, espace financier, agriculture et développement rural, eau, santé, éducation et mobilités...) pour trouver des solutions à des problèmes qui dépassent désormais l'échelle nationale. Une telle Communauté, dont la France devrait prendre l'initiative, pourrait compter sur la mobilisation de la société civile et notamment des entreprises, afin d'envisager des financements croisés entre les deux rives.

"La terre est bleue comme une orange", disait André Breton. Les quartiers qui s'y dessinent prennent la forme de grandes régions. L'Europe doit très vite comprendre que la région qui est la sienne comprend tout le monde méditerranéen. Les pays européens, qui ont su transformer leurs peurs (peur de la guerre, peur du communisme) par la construction européenne, doivent pouvoir transformer la peur du conflit Occident-Orient en une nouvelle utopie mobilisatrice : celle d'une Communauté méditerranéenne, véritable prototype des relations Nord-Sud qui, associant des hommes de richesse, de culture ou de religion différentes, doit s'appuyer sur les valeurs de dignité, de respect et d'échange pour créer ce qui pourrait devenir la plus grande région du monde.

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Article paru dans l'édition du 20.03.07

http://www.lemonde.fr/web/article/0,1-0@2-3232_36-884959_0.html



NORTH-SOUTH “CRESCENTS”

by Jean-Louis Guigou, in *Le Monde.fr*, Point de vue - 20.03.2007

Since the fall of the Berlin Wall, international relations have changed. This evolution accelerated with the failure of 2006 Doha negotiations. As early as the 1990's, the United States understood the regionalisation of globalisation. Rather than relocating their industries in remote countries, they preferred to relocate in their own South. This led to the creation, in 1994, of Nafta, a free-trade zone with multiple regulations associating Canada, the United States and Mexico. Almost simultaneously, in 1991, South American States created Mercosur. These two flexible structures, Alena and Mercosur, are in competition but both agree on the fact that American development must be carried out at the regional level. The United States understood this and dedicate 18% of their foreign direct investments to Latin America.

In the meantime, Japan - an ageing anti-immigration country - started redistributing its production industry by investing in China, South Korea and in East Asian dragons. A second powerful North-South region was built, as Japan also dedicates 18% of its FDIs to this region.

This is how “crescents” formed. Blocks of North-South integrated industrial, commercial and financial systems living at the same rhythm, within two or three time zones.

In the 1950's, the World only associated (OECD) or opposed (East-West conflict) northern countries. This is over. Since then, Europe carried on on the path of integration and expanded from 6 to 27 Member States. The continent should now turn towards its South, towards Arab and African countries.

The future of Europe, the Arab World, Israel and Turkey lies in the Mediterranean. Geographic proximity and complementarity can benefit both parties. Indeed, Europe needs the demographic dynamism and the emerging markets of the southern shore. While the South needs European expertise and assistance to face the shock of trade liberalisation, the challenge of job creation and the political and social reforms necessary to modernisation. For both shores, there are two choices: cooperating and becoming one of the world's great regions or being divided and marginalised.

By reducing transport costs, geographic proximity is the reason why three quarters of exchanges happen between neighbours. Geographic proximity is also significant for the internationalisation of SMBs and SMIs which cannot settle in remote markets the way large companies do. Obviously, Algerian, African, Moroccan but also French or Danish SMBs need a regulated regional space. Otherwise, China will become the only manufacturing country in the world, Brazil the only agricultural country and the United States the only decision-maker.

The second argument in favour of regionalisation is that of regulation of globalisation. At the scale of these North-South crescents, it is easier to establish trade agreements to foster development, easier to monitor environmental standards, to tackle the issues of workers social protection, to ensure mutual recognition of diplomas to facilitate workforce mobility. Regulated and controlled crescents can become real industrial districts where solidarity and the ideal of a common future establish protection rules regarding foreign countries, short traceable and quality production cycles and a balanced management between security and mobility.

Finally, at the political level, it is time to settle the current violent (Israel-Palestine) or latent conflicts (Cyprus, western Sahara, etc.) wreaking havoc in the Mediterranean world. Europe could then take over from the United States to carry out the difficult but necessary negotiations. As France and Germany in the past, as many European countries which fought for centuries, it is time for the Mediterranean to restore peace. Such a Mediterranean reconnection would be crucial to start the reconnection between Europe and Africa.

Of course, conflicts in the Middle East are throwing Arab people on the streets. Of course, natural resources are at the centre of northern and southern attention and foster predatory behaviours destroying peoples' trust. Of course, American neo-conservatives and Islamist fundamentalists use religion for destructive purposes. Of course, China and the United States invest in European neighbourhoods and oppose North-South reconnection in the Mediterranean.

Nevertheless a new vision of Europeans on Arab countries and of Arabs on Europeans is changing the course of History. Many ideas converge towards audacious and necessary propositions: a Mediterranean community as a reinforced cooperation enabled by the Treaty of Nice, joined by northern and southern countries convinced of the necessity of cooperation; specific institutions (a "G Med", a political secretariat) with a dedicated budget; common policies (energy, finance, agriculture and rural development, water, health, education and mobility, etc.) to find solutions to issues beyond the national framework. Such a community, that France should initiate, could rely on the civil society and especially companies in order to consider cross-funding between the two shores.

André Breton said "*The earth is blue like an orange*". Crescents are taking shape and forming great regions. Europe must understand that its region comprises the Mediterranean world. European countries managed to transform their fears (fear of war, fear of communism) through European construction. They must now transform their fear of the West-East conflict into a new utopia: a Mediterranean community, a real prototype of North-South relations which, by associating people of different wealth, culture and religion, must rely on dignity, respect and exchange to create what could become the greatest region in the world.

Appendix 2: Fact sheet

ECLAC ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

Origin

The Economic Commission for Latin America and the Caribbean was created in 1948 by resolution of the UN 106 Economic and Social Council to accelerate the reconstruction and the economic and political transition of South American countries. Its headquarters are in Santiago, Chile. The ECLA was a place of resistance during the dictatorships and revolutions periods that disrupted Latin America. Acting as a “laboratory” of Latino-American policies, it regularly publishes economic reports and influences South American governments. In July 1984, it included the Caribbean countries and took the name ECLAC.

Organisation

The ECLAC is one of the five United Nations regional commissions. It comprises 700 researchers, most of whom are economists, with a budget of 40 million dollars/year. Besides its headquarters in Santiago, it has five regional centres, offices in Buenos Aires, Brasilia, Montevideo, Bogotá as well as a liaison office in Washington. It represents the 33 countries of the South American sub-continent. It progressively expanded to 11 associated countries, among which the United States, Canada and some European States.

Innovative ideas

In this regard, one can cite the theory of self-sustained development associated to protectionism; the questioning of international work division between centre and periphery, the promotion of intra-regional trade based on complementarity and proximity, the policy of industrial development and import substitution, the policy of export diversification, the interest in industrial research and the prospective approach.

All these concepts ensured the promotion of a Keynesian economy as opposed to free trade extolled by North America.

Political and intellectual cluster

The ECLAC was a place for the gathering and intermingling of the new economic elites of the South American continent, strong characters were researchers there and conducted seminars, such as Raul Prebisch, who was the first ECLAC director and first governor of the Argentinian central bank, or Celso Furtado, the Brazilian Minister of Planning.

The commission trains executives for the administrations of all South American countries. It is a place of resistance to dictatorships, coups and to the hegemonic and liberal will of the United States. For its director, Mrs Alicia Barcena, the ECLAC is a “civilisation centre”.

ECLAC's missions

With quite diversified missions, ECLAC:

- mostly produces transversal economic studies (development, regional integration, trade, production, social development, planning, etc.);
- specialises in prospective and future-oriented works;
- produces each year statistic comparison tools of the 35 South American States;
- plays a central role in the development of a South American continental conscience;
- enables the intermingling of public and private elites;
- advises governments with great influence;
- works in collaboration with the Inter-American Development Bank.

Appendix 3: Fact sheet

ERIA

ECONOMIC RESEARCH INSTITUTE FOR ASEAN AND EAST ASIA

Origin

The Economic Research Institute for ASEAN and East Asia is an international organisation inaugurated in May 2008 - following a proposition by Japan during the ASEAN summit in Cebu (December 2006-January 2007) and a ratification by 16 States during the Singapore summit in November 2007. Toshihiro Nikai, Japan's Minister of Economy, expressed the idea of creating a think tank that could become the equivalent of the OECD.

The United States firstly opposed this project of economic partnership covering the whole area and of which it would not be part, hence its support to the APEC.

Settled in the ASEAN Secretariat in Jakarta, the ERIA examines the Japanese project of an extended economic partnership in East Asia¹².

Organisation

Apart from its main governance body, the major decision centre, ERIA comprises international experts, mostly economists.

Its governance bodies feature the Academic Advisory Council (AAC), which comprises experts from the whole region as well as academics, representatives of research institutions, of the public sector, international and non-governmental organisations. They provide advice and support to the executive regarding the annual work programme, the assessment of research work and researchers performance. Their first meeting took place in 2009.

Innovative ideas

One of ERIA's main objectives is to build and reinforce policies linked to research and development in the less developed countries of the Asian region. ERIA's researches cover various fields such as trade and investments, globalisation, sustainable development, social and human development, infrastructure development and energy-oriented issues.

Political and intellectual cluster

In order to spread its works and ideas, as well as to find funding, ERIA organises seminars in the large Asian region. This also enables to provide a sense of belonging to a unique regional community.

ERIA publishes reports, debate reports and policy briefs presenting its main ideas and recommendations. The ERIA bi-monthly Newsletter follows the evolution of research topics and other activities.

ERIA lies at the centre of a network of Research Institutes (RIN) which, since 2009, gathers all East Asian research centres. This network is considered as the key to success for research works covering the whole area, enabling to collect information on the concerned countries and to share strategic information destined to the region's elites and decision-makers.

¹² Comprehensive Economic Partnership in East-Asia (CEPEA) : its aim is to associate 16 countries of the East Asian community (Asean 10 + Australia, China, South Korea, India, Japan and New Zealand) .

The main ERIA offices¹³ are in:

<i>Brunei Darussalam Brunei</i>	<i>Darussalam Institute of Policy & Strategic Studies (BDIPSS)</i>
<i>Cambodia</i>	<i>Cambodian Institute for Cooperation and Peace (CICP)</i>
<i>Indonesia</i>	<i>Centre for Strategic and International Studies (CSIS)</i>
<i>Lao PDR</i>	<i>National Economic Research Institute (NERI)</i>
<i>Malaysia</i>	<i>Malaysian Institute of Economic Research (MIER)</i>
<i>Myanmar</i>	<i>Yangon Institute of Economics (YIE)</i>
<i>Philippines</i>	<i>Philippine Institute for Development Studies (PIDS)</i>
<i>Singapore</i>	<i>Singapore Institute of International Affairs (SIIA)</i>
<i>Thailand</i>	<i>Thailand Development Research Institute (TDRI)</i>
<i>Viet Nam</i>	<i>Central Institute for Economic Management (CIEM)</i>
<i>Australia</i>	<i>Australian National University (ANU)</i>
<i>China</i>	<i>Chinese Academy of Social Sciences (CASS)</i>
<i>India</i>	<i>Research and Information System for Developing Countries (RIS)</i>
<i>Japan</i>	<i>Institute of Developing Economies (IDE/JETRO)</i>
<i>Rep. of Korea</i>	<i>Korea Institute for International Economic Policy (KIEP)</i>
<i>New Zealand</i>	<i>New Zealand Institute of Economic Research (NZIER)</i>

Missions

The programme is led by Japan, but it now associates the researches of most Asian institutes on this topic. It is them, for instance, who defined the outlines of ASEAN's connectivity plan.

The Asean summit states gave mandate to ERIA to make recommendations to the region's decision-makers and Ministers regarding economic development, regional integration and reinforcement of partnerships of ASEAN and East Asian countries.

ERIA conducted a series of projects as part of the Comprehensive Asia Development Plan (CADP), a consistent plan that should help coordinating the expansion and development of initiatives and partnerships in the region and encourage the participation of the private sector in this field (public/private partnerships).

It is invested with four missions:

- reinforcing regional integration by supporting ASEAN;
- reducing development gaps;
- shifting towards the sustainable development of the great region;
- developing the sense of belonging to a unique East Asian community.

¹³ Source : www.eria.org

Appendix 4: Fact sheet

LA VERTICALE AFRICA-MEDITERRANEAN-EUROPE

Origin

The idea of La Verticale appeared in an article by Jean-Louis Guigou called “Les Quartiers d’orange” [Crescents] (cf. Appendix 1) published in *Le Monde* in 2007. The concept of North-South and South-North integration has always been the foundation of IPEMED’s work. The concept was acknowledged by the Board of Directors Meeting on 6 May 2015. As early as the beginning of 2015, this project received the support of the President of the African Union, of the President of the Arab League and of the Secretary-General of the European External Action Service (EEAS).

Organisation

IPEMED’s team currently ensures its promotion and development. Once settled, in a few years, it will comprise four centres:

- the original headquarters in Paris;
- a centre in North Africa;
- a centre in the Middle East;
- a centre in Sub-Saharan Africa.

Since the support of the European Commission is required to carry out this project, a liaison office in Brussels will be necessary. La Verticale needs the (political and financial) support of institutions but also of private actors, and especially of companies.

The headquarters, with multiple functions, will be granted an annual budget of 10 million. An extra 10-million budget will have to be created to ensure the operation of the three centres. Once stable (in 2020), La Verticale should have a budget of 20 million, which is well below other international think tanks (ECLAC and ERIA).

Innovative ideas

The scientific approach of the Foundation will be based on prospective. Economic issues will be tackled in a thematic manner (energy, water, food safety, etc.). Among the Foundation’s innovative ideas lie: coproduction and industrial development, self-sustained and inclusive development, land planning and local development, promotion of social and solidarity economy.

La Verticale’s missions

La Verticale Foundation must become the intellectual and political cluster of the great African-Mediterranean-Europe region. To take this role on, it will fulfil five functions:

- think tank to bridge the knowledge gap on this region and produce new future-oriented ideas;
- leading a movement of business managers in order to focus regional integration on development projects;
- mediation and influence with international institutions and governments;
- intermingling of northern and southern decision-makers, public, private and associative sectors, via high-level seminars;
- integration and sharing of strategic information.



La Verticale

FOR A GREATER **A**FRICA-**M**EDITERRANEAN-**E**UROPE REGION