Regional foreign policy dynamics and their implications for the Mediterranean Region

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New challenges are reshaping the international order, requiring government leaders to consider new strategies and tools that integrate diplomatic, economic and military instruments of power. Nowhere is this more evident than around the Mediterranean Sea which has re-emerged as a region of global strategic importance, where political tensions, armed conflict, economic and social instability and transnational criminal networks demand solutions that cross traditional institutional boundaries of domestic and international policymaking.

The geopolitical situation on the southern coast of the Mediterranean has radically changed. The European Union (EU), United States (US) and their regional partners face serious challenges there. Long-lasting issues such as the Israeli-Palestinian conflict, or the tensions between Turkey and Greece, continue, but new problems have overtaken them following the 2011 Arab Spring.

The US, EU and North Atlantic Treaty Organization (NATO) maintain a significant military presence in and around the Mediterranean, but military capabilities must be nested within a whole-of-government, international approach. The challenges in this region demand unprecedented levels of civil-military and intergovernmental cooperation even as political dynamics with the United States and Europe suggest a possible retrenchment.

In this context, RAND established the Mediterranean Fore- sight Forum (MFF) in 2015 to support the development of comprehensive, integrated civil-military responses to complex regional challenges through an innovative combination of research, scenario-based sensitivity analysis and strategic-level exercises.

This publication is part of a series of four RAND Perspectives (PEs), each focusing on different challenges in the Mediterranean region. Other PEs cover the issues of Defence and Security, Criminal Activities and Cross-cutting Challenges.

Key observations

- The political and security dynamics of the Mediterranean region continue to evolve in response to the Arab uprisings. US and European foreign policy in the region is struggling to keep up.
- The objective of US and European foreign policy for the next five years must, at a minimum, be to avoid a further deterioration of regional stability due to state collapse or further inroads from terrorist groups.
- Three countries along the southern littoral pose the biggest challenges: Egypt, Tunisia and Libya. Conditions in these three states are intertwined and a coordinated approach is needed.
- The central problems of migration and terrorism will likely require a greater investment of resources from both sides of the Atlantic.
- To better coordinate these efforts, key European and US leaders should hold senior-level discussions to define their regional objectives and assess their tools and levers of influence.
Introduction

The Mediterranean region today is fraught with a dismaying array of complex political stability and terrorism challenges. The regional foreign policy dynamic was for decades dominated by the Arab-Israeli rift, but a number of new conflicts and concerns now overlay that cleavage. The 2011 Arab uprisings and the subsequent weakening or collapse of previously stable authoritarian regimes fundamentally transformed regional politics, in many cases proliferating jihadist groups from ISIS, to al-Nusra, to al-Qaeda in the Islamic Maghreb. Today, conflict in Syria and severe instability in Libya are the most daunting challenges. Any progress on these or the region’s other problems will surely require forging durable peace accords and rebuilding at least some form of state authority in both countries. Only then can a lasting solution to the threat posed by jihadist groups, mass migration and dangers to energy supplies be achieved.

The challenge of strengthening state authority, however, forces the larger question of the depth of US and European commitment to regional democracy promotion, especially in cases where cooperation with non-democratic regimes may be the most expedient route to achieving state-building and counter-terrorism objectives. Even before its 2011 revolution, Egypt epitomised this dilemma; with President Sisi now at the helm, Western policymakers will confront these tradeoffs, though President-elect Trump has signalled his early support for Sisi’s strong anti-terrorism anti-Islamist strategy. Beneath the democracy promotion issue lie a host of other questions about US and European leverage, capabilities and strategy for the region.

This short paper, one in a series of RAND papers on the Mediterranean, overviews the roles of key regional actors from a political and foreign policy perspective and draws conclusions for US and European policy looking ahead.

Regional overview

Algeria

The North African state that faced the least instability during the Arab uprisings, Algeria now approaches a risky period. President Bouteflika was re-elected to his fourth term as president in 2014, despite health problems that kept him from appearing in public. Since then, rumours that he may be incapacitated have circulated widely. His younger brother, Saïd, reportedly controls an ever-narrowing circle of access to the president and many in the Algerian elite suspect that a soft coup has taken place and that Bouteflika is no longer making the real decisions (Gall, 2015). Dismissals of once-top generals, including the longest-serving intelligence chief in the region, General Toufik, has further heightened speculation about events behind the political curtain in Algiers.

For years Algeria has been marked by a unique form of elite politics. The combination of military, political and economic elites who dominate Algeria’s state institutions and associated wealth are commonly referred to as le pouvoir. Bouteflika managed to secure the support of those elites in 2014 because there was no alternative candidate who could assure the collective goods of le pouvoir...
without endangering the whole system (Porter, 2015). However, with Bouteflika’s health now failing, the struggle for succession has resurfaced intra-elite rivalries. Bouteflika’s dissolution of the powerful Department of Intelligence and Security (DRS) in early 2016 was more evidence of that struggle. Algeria’s general population has been largely placated by generous social spending and other government initiatives, but if Algeria’s elites continue to feud, it could again come to play a role in determining Algeria’s future. With oil prices a fraction of what they were in 2011, Algeria has to draw more on its foreign currency reserves to maintain high levels of social spending. Once Bouteflika fades from the scene, the infighting within Algeria’s elite could produce a deep crisis.

The strength of Algeria’s state institutions is difficult to assess due to the secrecy surrounding the Algerian state. The most important institutions are the military, the intelligence apparatus and the national oil and gas corporation that allows the state to maintain its wealth. These institutions are surely strong. The government is still vulnerable to protests, however, and if it is to avoid instability will need to continue to find the funds to meet protesters’ demands, most immediately a housing shortage.

This challenge notwithstanding, state collapse in Algeria remains unlikely. In contrast with states that experienced the 2011 uprisings, Algerians have the recent memory of their bloody civil war to dampen enthusiasm for revolt (Chivvis & Kadlec, 2015). In addition, Algerian Islamists, crushed during that civil war, remain a small minority. Even if Algeria were to have free elections, it is unlikely the Islamists would be able to make meaningful gains.

Since its hard-won independence from France in 1962, Algeria has maintained a neutral foreign policy. It strongly defends the principle of non-interference in its own and its neighbours’ affairs -- especially if that interference is European. Its primary core interests remain: supporting the separation of Western Sahara from Morocco, which has led to an ongoing stalemate and a closed border between the two countries (one potential strategic opportunity for the region would be the easing of tensions between Morocco and Algeria with the aim of reopening the border); countering the presence of al-Qaeda in the Islamic Maghreb (AQIM) in Algeria and neighbouring states, such as Tunisia; and minimising instability on its borders in Libya and Mali. As it demonstrated in its response to the al-Qaeda-linked attack against the In Amenas gas fields in 2013, it will not hesitate to launch a heavy-handed response, even if the result means the death of hostages, including Westerners.

Although Algeria has historically practised a non-interventionist foreign policy, it is possible that if ISIL continues to extend its presence in Libya, particularly in southern Libya, which borders Algeria, it could choose to get involved constructively. In the 2014 French intervention in Mali, Algeria limited its role to diplomacy,
yet for the first time opened its airspace to French and coalition aircraft (Chivvis, 2015, 181–83).

**Tunisia**

Of all countries in the Middle East and North Africa, Tunisia has made the most progress towards democratic transition. It has held two major national elections, which both were highly regarded by international observers. In 2014, the interim Islamist Ennahda-led coalition government ceded power to a secular-led coalition under the banner of Nida Tounes, a change that put the country on a stronger path for democratic consolidation. Tunisia also unanimously passed a new constitution in January 2015 after extended debate between Islamists and secularists, a feat that was possible thanks to the bold leadership of two major figures from each side, Ennahda’s Rached Ghannouchi and Nida Tounes’ Caïd Essebsi (now Tunisia’s president). Tunisia is stronger now with a constitution that has broad national support.

Nevertheless, there are challenges ahead. First, the party system is still in its infancy, and based more on key personalities and identity politics than clear, concrete political platforms. Neither major party is unified. Nida Tounes, for example, brings together traditional secular business elites in an unlikely coalition with secular leftists. It has suffered a spate of resignations over how the party should be governed and succession from Essebsi. Ennahda is more unified as the party of the once disaffected, but itself has experienced turmoil over its direction and leadership. Such divisions could pose a risk to Tunisia’s political stability in the future if they create deadlock and dysfunction in Tunisia’s political institutions, especially the parliament.

Moreover, the key role that party leadership has played in managing strains within the political system begs the question of how the country will fare once these figures are no longer on the scene. Essebsi and Ghannouchi have managed to galvanise support for their moderate policies thanks to their personal prestige. If they were to depart the scene, or fall from grace with their supporters, a more fractious form of populism could emerge. In particular, if hardliners were to get control of Ennahda, especially with support of Ansar Al-Sharia or other jihadist-sympathetic groups in Tunisia, this would make politics more fractious and turn the country against the West, complicating efforts to support Tunisia’s democracy.

Tunisia also faces economic challenges that could undermine its political consolidation. Demand for greater economic opportunity was central in Tunisia’s 2011 uprising, yet economic disenfranchisement remains strong, especially in interior regions. Unemployment hovers at 15 per cent, the government has not reformed extensive Ben-Ali regulations, and corruption is widespread. The International Monetary Fund (IMF) and other international institutions are working with Tunisia on economic reforms, but these reforms are difficult and will require the political will and capacity to take on entrenched interests such as business elites and trade unions. Continued economic stagnation remains a threat to Tunisia’s broader stability. Already, the parliament voted out one government in August 2016 due to its perceived ineptitude in confronting these issues. The new government passed an important
investment law in September and hosted a major donor conference in November, which resulted in $8 billion in aid and loan pledges over the next four years (Amara, 2016).

Tunisia’s tourism economy is meanwhile threatened by the chaos in neighbouring Libya and Tunisia’s own radicalisation problem. Tunisia experienced three major attacks in 2015, two on tourist destinations – the Bardo Museum in Tunis and a beach resort in Sousse. As of February 2016, an estimated 6,000–7,000 Tunisians were fighting or training with ISIL in Syria, Iraq and Libya, and elsewhere across the region (Trofimov, 2016). Returnees will undoubtedly pose an unprecedented threat with which Tunisia’s overstretched security services will need to contend. Additionally, Tunisia has long been battling al-Qaeda-linked attacks in the west of the country.

Despite these challenges, the Tunisian state administration has proven durable. It withstood the collapse of the Ben-Ali regime, with the defence ministry in particular playing a peaceful role in supporting the revolution. Reform of the interior ministry, in particular, remains a major obstacle. During the Ben-Ali era, the interior ministry was all-powerful. It has continued to maintain a position of power since 2011, and retained deep connections to the Ben-Ali elites. Its own workings are byzantine, yet its ability to slow down and block political reforms – either by acting through its powerful police unions or by threatening individual politicians – is widely recognised as a core challenge to strengthening Tunisian democracy. The interior ministry is also a key partner for Washington and European capitals when it comes to counter-terrorism in Tunisia, further complicating matters.

Given its small size, Tunisia plays a limited role on the regional stage. Currently, it is most focused on the stability of Libya. Wealthy Libyans are ever-present on the streets of Tunis, which serves as host to most of the international community’s diplomatic representatives assigned to Libya. But Tunisia has very limited resources to influence affairs in its larger neighbour. After paying little attention to Tunisia after its initial transition, Gulf countries pledged significant financial assistance during the November investment conference, including $1.25 billion in project support from Qatar, $800 million from Saudi Arabia, and $500 million from Kuwait. The Gulf has a limited interest in Tunisia, although Qatar provided some financial support to Ennahda during its period in office. The United States (US) and its European partners are focused on supporting Tunisia in consolidating its democratic gains and are devoting a considerable, and growing, level of assistance to security and economic stabilisation. Focus areas for the Western powers include border security, tourism security, and training and equipping Tunisia’s counter-terrorism forces.

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**Libya**

Libya faces the greatest turmoil of all the countries in the Middle East other than Syria and Yemen. In the summer of 2014, after stumbling on critical post-war reconstruction tasks and holding a contested election, the Libyan government split between two
entities, one based in the eastern city of Tobruk and one based in Tripoli. Powerful Islamist interests from the city of Misrata backed the sizeable rump General National Congress in Tripoli, while the somewhat more secularly oriented government in Tobruk gained recognition from the international community. Violence then erupted between backers of the rival governments and forced the international community out of Libya, including all American and European embassies.

Over the course of 2015, the United Nations (UN) worked to resolve the dispute through a national dialogue, producing a Libyan Political Agreement in December 2015. That agreement called for the establishment of a new Libyan government that would draw on both the Tobruk and Tripoli governments and the formation of a Presidency Council, which in turn would appoint a cabinet to govern the country. The Presidency Council was formed in March 2016, but as of December the Tobruk parliament was refusing to ratify the government, complicated by the influence of the powerful eastern military leader, General Khalifa Heftar.

Practically the only institution still working in Libya is the Central Bank and its automatic payment system for the vast public payroll, which controversially includes many militia units that were given salaries after the revolution. Previously, Libya could offset these costs with oil revenue. But with oil prices at record lows, uneven and limited production, and ongoing threats to oil facilities and territory, the budget deficit is soaring, forcing the government to draw on foreign currency reserves. Recent battles for control over key oil export terminals threaten the prospects of immediate recovery even if the political situation improves.

Since no government has any political authority to reform the public payment or subsidy system, it is only a matter of time until Libya faces a dire financial crisis. The international community has tried to orchestrate a deal where the Central Bank would release funds to the unity government, but the Bank Governor intends to resist these entreaties until there is an approved finance minister. Libya had $68bn in foreign reserves as of May 2016, according to estimates by Bloomberg, and was running a budget deficit of around 60–70 per cent of GDP, according to the World Bank (Shennib & Alexander, 2016). Additionally, the country now faces persistent shortages of electricity, fuel, medical supplies and currency, which all contribute to the challenges of establishing the credibility of the Government of National Accord.

Adding to these problems is the presence of ISIL and the ongoing violence in Benghazi and elsewhere. Initially, ISIL infiltrated the coastal city of Derna and gained allegiance from local jihadist groups. It was then driven out by other jihadists. As a result, it moved west and took advantage of old regime sympathisers in the town of Sirte, much as it had aligned with ex-Baathists in Iraq. ISIL maintained a stronghold in Sirte throughout 2015 and the first half of 2016 until Misratan militias retook the city over the summer and autumn of 2016 with the assistance of hundreds of US airstrikes and small units of British Special Forces (Chivvis, 2016, 413–30). ISIL still remains a threat to the country, however. Its fighters were reported to be regrouping elsewhere, especially in the

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south. Moreover, the militias from Misrata who led the offensive and suffered significant casualties will expect some form of political or military compensation, which will complicate the already fragile government’s effort to build support and unity.

Further exacerbating the situation is General Heftar, who has almost single-handedly prevented the functioning of the UN-backed Government of National Accord. Heftar draws strength from tribal allegiances and support from Gaddafi’s former officer corps. His battle against Islamists in Benghazi is controversial and has been ongoing since 2014. His supporters refuse to accept a government in which he does not play a key role, yet his detractors, mostly from Misrata, refuse to accept a government in which he plays any role whatsoever. Heftar does not control all the forces in the east and is even not fully respected within the army’s ranks, but there he remains. In September 2016, Heftar captured key oil facilities of the Sirte basin, but came under renewed attack in December by the militias he evicted.

Key Western allies, the US, United Kingdom (UK), France, Italy, Germany and the European Union (EU) have all been invested in the Libyan Political Agreement. They have made pledges of support to assist the Government of National Accord, but delivering on those commitments remains difficult since it remains extremely challenging to implement technical assistance in Libya and Libya’s government and political players need to make the core decisions about the country’s future on their own. Adding to the complexity is the delicate balance between assistance and interference, which Libyan government leaders continue to resist. Finally, the new Trump administration may tilt more toward Egypt’s anti-Islamist agenda, which would weaken or end the GNA. Indeed, with the recent changes in governments in the UK and Italy and upcoming elections in France, the West’s Libya policy could shift markedly. At the same time, Moscow hosted Heftar for high-level consultations in November, and may be seeking a more influential role in Libya.

Europe remains particularly concerned about the migration from Libya, whose statelessness and criminal networks have made it the key link in the central Mediterranean route. At some point, the Western allies may lose patience in this process and consider supporting other alternatives such as military intervention. One possible option, though controversial and very difficult to implement, will be the effective division of Libya, perhaps between its historical regions, Tripolitania, Cyrenaica and Fezzan in the south. Such a discussion would entail an extensive debate about resource division, tribal and urban identities and security arrangements. Nevertheless, it is worth thinking about a Plan B for Libya if its current survival as a state becomes in doubt.

As noted above, all of Libya’s neighbours are extremely concerned about its stability. Because of their anti-Islamist views, Egypt and Algeria have supported the anti-Islamist figures in Libya, including Heftar, but only Egypt has done so materially. From 2012 to 2015, the United Arab Emirates (UAE) and Qatar were at odds in supporting rival Libyan factions (the UAE attempt-
ing to advance its ardent anti-Islamist agenda; Qatar supporting the Islamist parties). International diplomats report that more recently most of the regional actors are pushing their Libyan contacts to accept a Government of National Accord. The dire economic situation meanwhile threatens a broader humanitarian crisis.

Clearly, if the Libyan state collapsed entirely, there would likely be a surge of terrorist activity across the region and ISIL would seek to re-establish a safe-haven. Illegal migrants would surge from Africa and Libyan citizens, a once-prosperous people, would add to the region’s refugee crisis in droves. Libya’s neighbours could assume some risk by establishing buffer zones within Libyan territory, Tunisia’s transition would face new threats, and the EU could escalate its naval presence in the Mediterranean. However, such an overt collapse would be impossible for the US and Europe to contain.

**Egypt**

Egyptian President Hosni Mubarak, a symbol of regional stability for 30 years, was forced from office in February 2011 as a result of the Tahrir Square revolution. Following a brief interim of military rule, Egypt’s Muslim Brotherhood was elected to power in early 2012. After a tumultuous year and a half, General Abdel Fatah al-Sisi staged a coup against President Mohammed Morsi’s government. The military and its backers claim that Morsi’s election was illegitimate and argue that the military acted on the population’s behest since large protests demanded Morsi’s resignation, but the coup marked a return to the authoritarianism of the Mubarak era, starting with the brutal massacre of approximately 1,000 pro-Morsi protesters at Rabaa al-Adawiya Square in August 2013. Egypt avoided the worst outcomes of the Arab Spring – the state collapse of Syria and Libya – but the initial promise many saw in the Tahrir Square protests evaporated.

Under President Sisi, crackdowns on dissent have continued and hope of democratic progress has been deflated. The Muslim Brotherhood’s party, Law and Justice, has been outlawed, Morsi and his top allies have been sentenced to death, and others have fled or been exiled. Secular but critical journalists and non-governmental organizations have also been targeted. Sisi has governed without a parliament, issuing laws by presidential decree. The US Department of State has criticised the Sisi government for ‘the excessive use of force by security services…unlawful killings and torture; the suppression of civil liberties, including societal and governmental restrictions on freedoms of expression and the press and the freedom of peaceful assembly and association; and limitations on due process in trials.’ (State Department, 2014) Many Egypt-watchers question the degree of control that Sisi actually wields over Egyptian politics, pointing to continued factionalism within the state itself (Cook, 2015).

The Sisi government, however, claims that it has a broader base of support than Mubarak did. Politically it portrays itself as Islamic, though not Islamist, in an effort to draw support. It has also focused on economic recovery and aims for a broader distribution of Egypt’s national wealth. Under Sisi, the Egyptian economy

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Egypt has sought to diversify its defence relations, given the strains with the US and the Obama administration’s decision to hold up major acquisitions in response to Sisi’s coup. Egypt has thus sought weapons purchases including S-300 air defence systems from Russia and the Mistral warship from France. As discussed below, US defence support to Egypt remains sizeable, but was retooled by the Obama administration in response to Sisi’s seizure of power.

Finally, as a result of their mutual opposition to the Muslim Brotherhood, Hamas and regional jihadists, Israeli-Egyptian political and military ties have improved under Sisi. Israel has approved modifications to its peace treaty to allow the Egyptian military to pursue terrorists in the Sinai more easily and an Egyptian foreign minister visited Jerusalem in July 2016 for the first time since 2007, paving the way for a potential Netanyahu–Sisi meeting.

Egypt’s main security problems now stem from the growing threat of jihadist groups, including ISIL affiliates in the Sinai Peninsula. Outside Libya, ISIL’s most visible group in North Africa operates in the Sinai. In 2014, a group known as Ansar Beit al-Maqdis (ABM) rebranded itself as an ISIL affiliate under the name Wilayat Sinai. ABM was an al-Qaeda-inspired group bent on the destruction of Israel, which launched attacks in the Sinai and across the border with Israel from 2011. Wilayat Sinai is now estimated to number at least several hundred and potentially more core fighters and is widely believed responsible for the Metrojet downing (The Tahrir Institute for Middle East Policy, n.d.).

Egypt will have to address this threat while also ensuring the anarchy in Libya does not spread to its north-west, where terrorist...
networks operate across the border into eastern Libya. It thus sees General Heftar as an ideological and practical partner. Its army is not structured or trained for counter-terrorism operations given its historic focus on Israel, and this partially accounts to its failure to secure the Sinai. The military’s shortcomings were underscored when it bombed Mexican tourists in September 2015 after mistaking them for militants. Despite these errors, the Egyptian military has been reluctant to receive US or other outside advice about the appropriate approach to dealing with the insurgency.

The European Union and the United States
The Mediterranean has increased in importance as a foreign policy concern for the US and Europe in recent years, first for positive reasons, and then for not-so-positive ones. The 2011 anti-authoritarian revolts first promised to make the region a strong, democratic partner for the US and Europe alike. When the outcome of those revolts produced violence and chaos, however, the region’s problems became more troubling and more acute. The US and Europe share a range of overlapping but not identical foreign policy objectives in the region, with the major differences arising largely from European proximity. To generalise, the US has capabilities in some areas that Europe lacks, but the Mediterranean’s salience in Washington is less than in European capitals. Europe has more limited capabilities and leverage, but a greater interest in finding remedies to the region’s multiple overlapping crises.

For Europe the conflicts and consequent collapse of state control in Syria and Libya have both sparked a surge of refugees and created conditions for uncontrolled migration both from these countries and several others, some as far from the Mediterranean itself as Asia or sub-Saharan Africa. It is still far too soon to discern the gravity of the humanitarian, political and security impact of this great migration on Europe, but that the impact is already very great is clear (Frontex, 2015; Gartenstein-Ross, Barr, Wilcoxon & Basuni, 2015; Parkes, 2014). Interestingly, a November survey of migrants in Libya conducted by the International Organization for Migration reported that a majority of migrants prefer to stay in Libya, particularly from Egypt, Sudan, and Chad. (IOM 2016) Nevertheless, Europe’s primary foreign policy objective in the region is and will remain addressing the challenge of this mass migration due to economic issues and preventing the jihadists from taking advantage of migrant routes to spread across Europe and perpetrate attacks. Doing so will require efforts along multiple vectors, within European polities, along the central and eastern migration routes and, ultimately, via cooperation with the countries of the Mediterranean themselves.

Europe lacks many of the tools necessary to achieve these objectives, however. To begin with, Europe’s political influence in the region is limited (Vachodova, 2005). One of the EU’s most valuable forms of influence in the past has been the soft power gen-
erated by the promise of closer relations, and especially membership in the EU. That power of attraction was key to Europe’s critical role in the stabilisation of central and parts of eastern Europe in the quarter-century after the Cold War. But with the derailment of the Eastern Partnership due to the Ukraine crisis, Brexit and the severe, and growing, political and economic strains within the EU itself, the EU’s power of attraction is now much diminished. At the same time, the failure of the Arab revolts (with the exception of Tunisia) has dimmed prospects for closer association, let alone membership in the EU (Asseburg, 2014; Youngs, 2015).

Militarily, Europe also lacks many of the resources that would allow it to better protect its regional interests. European defence resources have diminished since the end of the Cold War – important European contributions to stabilising the Balkans, and the conflicts in Afghanistan and Iraq and now the Sahel, notwithstanding (Larrabee et al., 2012). Given Russian aggression, Europe now faces a dual challenge of strengthening itself for traditional defence and deterrence while at the same time investing in the capabilities needed to help end the violence that has led to state collapse across the region. France has contributed significantly to stabilising the Sahel, and other European countries have made some, mostly small-scale, contributions to this and related tasks. Nevertheless, there is a great deal more that currently needs to be done, and the requirements may grow greater over time. Unfortunately, Europe lacks the military capabilities for a large-scale stabilisation operation in a single country – be it Libya, Syria or a future failed state – without major US assistance. In addition, after the six-month 2011 operation in Libya, NATO concluded that the Alliance lacked many key capabilities required for modern operations, such as intelligence, surveillance and reconnaissance (ISR) assets and aerial refuelling capabilities. Moreover, the individual countries which participated in the operations ran out of ammunition and had to be resupplied by the US. As of early 2016, even plans for a one-to-two-brigade operation to support stabilisation in Libya ran aground due to lack of available European capabilities (and political will).

This is by no means to imply that Europe has no military capability of value in the Mediterranean. Three EU operations – Triton, Poseidon Sea and Poseidon Land – aim to strengthen border security and provide humanitarian assistance along the southern and south-eastern littoral. In addition, the EU has attempted border management operations in Rafah, between the Gaza Strip and Egypt, and in Libya after the 2011 revolution. Neither operation, however, was successful. The Rafah mission was suspended in 2007 after the Hamas takeover of Gaza and has remained in stand-by since, while the Libya operation failed to deploy due to the growing chaos in the country (EEAS, 2014a & 2014b, 2015).

Europe’s most powerful tool is its ability to provide economic largesse through the European Commission or bilaterally. Europe’s ability to provide assistance and markets for troubled societies offers leverage with many states and could help to accelerate reconstruc-
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tion efforts in states that have been destroyed. The EU provided €3.82bn in assistance to the countries of the Mediterranean rim (excluding Turkey) between 2007 and 2011 and has increased assistance to countries such as Tunisia since then. In November, the European Investment Bank promised 2.9 billion euros in loans to Tunisia by 2020 (Amara). The non-EU Mediterranean region collectively accounts for 8.6 per cent of the EU’s external trade (European Commission, 2016). The EU has floated the idea of establishing a Euro-Mediterranean Free Trade Area and signed Association Agreements with Morocco, Algeria, Tunisia and Egypt, and continues to seek to deepen these arrangements.

Moreover, the EU is increasingly linked with the Mediterranean on energy issues. Especially given Russia’s invasion of Ukraine and subsequent sanctions, the EU has turned to the region as a potentially critical energy supplier. The EU seeks to foster deeper political and trade dialogue with northern African and eastern Mediterranean partners on energy, in particular to create a Mediterranean gas hub in the south of Europe. It also seeks to foster the development of an integrated market and production hub of renewables in the region (Council of the European Union, 2007; European Commission, 2011; ENPI Info Centre, n.d.; The Africa-EU Partnership, 2013–2016). The EU and Algeria have also launched a platform for political dialogue on energy matters (European Commission, 2015).

Yet in the prevailing environment, Europe’s considerable economic power is of more limited utility than it might be. Regional turmoil will make it difficult to deepen these agreements or realise the potential of a free-trade area anytime soon. Economic power alone will moreover do little to stem the growth of jihadism or the flow of migrants from the south – however important it may be to doing so. At present, the best the EU can offer is leverage for reform with countries such as Algeria, Tunisia, Egypt and Morocco, although conditioning aid on reform remains controversial.

If the EU lacks many of the tools needed to pursue core interests in the sub-region, the US is better positioned in some ways but less well positioned in others. Its perspective on the region, for simple geographic reasons, will always be different from Europe’s: whereas developments in the Mediterranean increasingly raise fundamental and even existential issues for Europe, the immediate effects of regional turmoil are far less immediate for the US, which does not face the migrant challenge, is much less threatened by terrorism from North Africa (although it takes the threat seriously as evidenced by the recent campaign to support Libyan operations against ISIS in Sirte), and has none of the cultural or energy connections that Europe has with the region.

Military power is by far the greatest US asset in the region. Large US bases at Ramstein, Vicenza and Lakenheath, for example, combined with smaller bases in eastern Europe and the Mediterranean, offer considerable power projection capability. The US Sixth Fleet, headquartered in Naples, no longer includes an aircraft carrier, but has substantial warfighting, crisis response and intelligence-gathering capabilities. For example, the military
operation against ISIS in Libya, Operation Odyssey Lightning, was conducted off a Marine amphibious assault ship capable of launching Harrier jets and Cobra attack helicopters. The operation is supported by MQ-9 Reaper drones based at Sigonella airbase in Italy, and it was recently revealed that Tunisia is allowing the US to use a base in the border region, which could provide much more consistent overflight coverage given weather conditions over the Mediterranean.

Nevertheless, if the US has significant power-projection capabilities, these capabilities are already in high demand for deterrence operations in central and eastern Europe and counter-ISIL operations in Iraq and Syria, as well as operations outside the region. To further complicate matters, the Mediterranean includes countries from no less than three combatant commands, CENTCOM, EUCOM and AFRICOM, a fact that does not always contribute to a holistic military approach to the region’s problems, even within the Defense Department, let alone across the US agencies.

US economic leverage through trade and financial flows over the region is more limited than European leverage. In 2014, for example, the US exported $27.6bn to the region, in comparison with Europe’s $117.6bn, close to five times greater. If Israel is removed from the tally, US exports drop to $12.5bn, with EU exports at $95.8bn, close to seven times greater (International Monetary Fund, 2016b).

The US has long-standing close defence relationships with Egypt and Israel, and defence ties have been institutionalised as a central component of the 1979 Camp David Accords. Egypt received $76bn in bilateral foreign aid from the US between 1948 and 2015 (Sharp, 2015). Israel has been the largest recipient of US aid since the end of the Second World War, receiving $3bn in grants annually since 1985 (Zanotti, 2015). In September 2016, Washington signed a new ten-year Memorandum of Understanding with Israel increasing that military assistance to $3.8bn. In addition, countries in the region receive modest amounts of US aid through programmes such as the Trans Sahel Counter-Terrorism Partnership Initiative, the Strategic Governance Initiative and the Enterprise Fund. A notable exception is Algeria, which has preferred to keep the US at arm’s length.

US interests in the region have changed dramatically in recent years. Unlike for Europe, aside from the importance of the Suez as a sea-lane of communication for energy from the Gulf, the region has never factored significantly in US energy security concerns. For most of the Cold War, US objectives were to support Israel, ensure the security of the Suez Canal, counter Soviet influence and clients, and protect the Camp David Accords. Since 9/11, however, concern with terrorism has far overshadowed these traditional US objectives. Clearly Arab-Israeli peace and the security of the Suez remain important issues for the US. However, concern with the region’s production of jihadi terrorists now is the primary lens through which the region is viewed, and that concern has spread west to North Africa and the Sahel. This has in turn led to greater pressure on the authoritarian regimes of the region for democratic reform, as their repressive regimes are often viewed as a source of jihadism.

**US economic leverage through trade and financial flows over the region is more limited than European leverage.**
If the US tendency to view the region through the counter-terrorism lens has grown, overall, the Mediterranean remains much less important to America than to Europe.

The US concern with the potential terrorist threat in and from the region has only increased after the disillusionment of the Arab Spring. Since 2014, the main focus of US attention has been on the security threat posed by a growing ISIS presence in Egypt and particularly in Libya. Concern with ISIS now dominates US policy toward the Mediterranean littoral, from Morocco to Syria (with the exception of Israel).

Increased concern with ISIS and jihadism more generally, however, poses a difficult challenge for US policymakers when it comes to democracy assistance programmes in the region. On the one hand, such programmes are still widely viewed as necessary components of long-term reforms to counter radicalisation from Morocco to Egypt. On the other hand, such programmes greatly complicate relationships with current counter-terrorism partners, including Egypt, Algeria, Morocco and even some political forces in Tunisia.

Nevertheless, if the US tendency to view the region through the counter-terrorism lens has grown, overall, the Mediterranean remains much less important to America than to Europe. This is partly due to geography and partly due to the fact that US priorities with China, Russia, Iran, North Korea and, now, the Levant eat up most of the available bandwidth in Washington. And although the likelihood of a terrorist plot against the US emanating from Libya is growing (along with the likelihood of an attack against US interests or personnel overseas), it is still less than the likelihood of a terrorist plot from the Levant or from a cell in Europe.

Turkey, Russia and the Gulf States

Although the Gulf States have increased their role in the region, their overall importance can sometimes be exaggerated. As noted in the subsection on Egypt, the Emirates, Saudi Arabia and Kuwait have all played a significant role supporting Egypt economically. More recently in the context of the rising threats from ISIL and Iran, there has also been some discussion of forging an Arab military alliance, where Egypt’s land forces would presumably play a role. However, there is little indication that talk has – or will – elevate into concrete planning let alone concrete deployments. The core of the Egyptian-Saudi-UAE alliance relates to the existential threat these states see from political Islam and Sunni radicalism. Consequently, Saudi Arabia and the UAE are subsidising the Egyptian economy to reduce the risk that Abdel Fatah al-Sisi’s authoritarian government will face renewed challenges from Islamists or broader popular unrest.

The UAE and Egypt collaborated at least on one military operation in Libya, striking Islamist militia targets in Tripoli in 2014, but the move only provoked the Islamist militias’ conquest of the Libyan capital (Kirkpatrick & Schmidt, 2014). As regional leaders of the 2011 intervention in Libya, the UAE and Qatar played a unique role, both flying bombing missions and quietly sending arms and special forces elements to assist Libyan fighters. That support continued through the post-conflict period, as the UAE and Qatar each supported respective factions in Libya that have commonly been labelled as anti-Islamist and Islamist. More recently, the UAE
and Qatar have come under significant diplomatic pressure to stop their support for Libya’s factions, and appear to have complied to at least some degree. Egypt, however, still backs the problematic General Heftar strongly and Egypt’s external financial backers have been unwilling or unable to do much to change Cairo’s policy. Regional actors will continue to monitor developments in Libya closely and step in again, particularly if a breakdown in order occurs.

Turkey has sought to exert its power in the region both in protection of political Islam and to promote its industries. The region represented $14.5bn in exports for Turkey in 2014, or a little less than 10 per cent of Turkey’s global export markets (whereas the EU represented 43 per cent). Turkish construction and other industries are active across the region. Under the AK party, the Turkish flag has tended to follow its trade. In the case of Libya and other countries, Turkey’s strong support for Islamist factions has brought it into conflict with other regional players including the US, Egypt and some Gulf States. Turkish foreign policy is now consumed with the crisis in Syria, which poses an existential threat to the stability of the modern Turkish state. In July 2016 these strains led to a failed military coup. Shortly thereafter the Turkish government sent a ground contingent into Syria to stabilise its border and prevent the formation of what it feared was soon to become a unified Kurdish entity in northern Syria.

Russian interests in the region have been significant and ongoing. Russia maintains its only naval base outside the former Soviet Union at Tartus, in Syria, and may be looking to upgrade its facilities there (Bodner, 2015; Haidar, 2015; Harmer, 2012; Kozak, Spaulding & Urchick, 2015). In September 2015, Russia intervened forcibly in the Syrian conflict, demonstrating its intention to remain a major power in the region and ensure a friendly government in Damascus. Thanks to its access to Latakia airbase in Syria, it has airpower projection capabilities across the eastern Med and has strengthened its A2/AD capabilities there (Kagan and Kagan, 2015; IHS Jane’s, 2015; Spaulding, 2015). The October 2015 downing of the Metrojet flight killed 219 Russians and led to an intensification of Russian air and ground operations against the Islamic State in Syria, including with long-range bombers and sea-launched cruise missiles from the Caspian Flotilla. In subsequent months, however, Russia continued to strike both Islamic State and moderate rebel fighters who threatened the Syrian regime. Through September and October 2016, Russian Foreign Minister Lavrov and Secretary of State John Kerry negotiated truces aimed at halting the fighting and delivering humanitarian assistance. However, the truces barely lasted hours and relief trucks were notably bombed. As of December 2016, the rebel held sections of Aleppo were near collapse.

Russia appears to be seeking to profit from the regional chaos and difficulties the US and Europe have had navigating the post-Arab Spring waters. Russia initially countenanced the NATO intervention that toppled Colonel Qaddafi in Libya, supporting UNSCR 1973, asserting it had only allowed a limited operation. Soon it had misgivings, however, and frequently voiced criticisms of the NATO operation since. Its role in post-Qaddafi Libya has remained limited (although General Heftar has visited Moscow twice this year and was received warmly), but in Egypt, Russia has sought to take advantage of the cooling of US-Egyptian defence relations under General Sisi, raising eyebrows in Washington. In addition to an arms deal that will give Egypt advanced air defences including the long range surface-to-air missile system S-300 and other systems, Russia will build Egypt’s first nuclear power plant
The possibility of negotiations on a free-trade zone between Egypt and Russia’s putative ‘Eurasian Economic Union’ has also been mooted (Eurasian Economic Commission, N.d.; Hussein, 2015; RIA Novosti, 2013, 2015). (Russia also cooperates on nuclear issues with Algeria.) Notably, Russian political influence among European Mediterranean partners – above all Greece – is far greater than among northern European states, even if Russia’s relationship with Turkey ran aground over Syria in 2016.

Russia’s greatest interest in the region is protecting the Assad regime, which reflects a commitment to supporting like-minded regimes elsewhere in the broader region, including Iran. It is also a statement of Russia’s intention to remain a major power in the region. With Russian military backing, the Assad regime is nearly guaranteed a seat at the table in determining the future political map of the Levant. The intervention was also a statement of Russia’s desire to remain a great power, a long-standing objective of Russian foreign policy. As long as the Russian domestic situation does not experience a major negative shock, Russia can be expected to continue to seek a regional role, at least in Syria, and likely elsewhere along the Med (Magen, 2015; Margelov, 2013; Schumacher & Nitoiu, 2015).

**Looking ahead**

The Mediterranean region has grown in significance to the US and Europe over the past five years as a result of the political earthquake in 2011, the resulting political turmoil and the subsequent spread of jihadist groups, especially, but not only, ISIL. Just as the region is still evolving in response to the Arab uprisings, US and European foreign policy must adapt and find new instruments and avenues to influence these diverse countries. Despite domestic pressure to turn inward, away from regions like North Africa, it would be a mistake to dial back engagement with -- or attention to -- the region. A further deterioration of economic, political and security conditions there would be dangerous and hurt US and European interests – above all on counter-terrorism and humanitarian fronts.

Three countries along the southern littoral pose particular policy challenges: Egypt, Tunisia and Libya – although if Algeria were to unravel it would become a first-tier challenge of its own.
current strategy is to contain the conflict in Libya and combat ISIS, while supporting a political resolution through the Government of National Accord. A political resolution has not yet worked and will likely be even more difficult as General Haftar gains influence at the expense of the GNA. It is unclear how long the GNA – in its present form – can remain viable.

The prospects of a broader civil conflict in Libya remain. In the event of a wider war, the costs of a containment strategy will only increase, yet so may the costs of deeper intervention. In either case, pressure to continue counter-ISIS operations, for example in the South, is likely to remain despite ISIS’ ouster from Sirte. ISIS and other jihadist groups will not be eliminated from Libya absent functioning state structures. Eventually, it could become necessary to consider a division of the country, for example, under a highly federated system.

In Egypt, America and Europe will both face the imperative of continued cooperation with the new regime in Cairo. Counter-terrorism cooperation will remain a priority and the US will continue to seek to engage the Egyptian military on counter-terrorism strategy in the Sinai, at least as long as the regime does not engage in excessive violent repression of its citizens. President-elect Trump has already signalled his affinity for President al-Sisi so additional US military support for the regime could be forthcoming.

Finally, the future of US and European strategy on Syria has been drawn into question due to the persistence of ISIS and the resurgence of the regime, which is now solidly backed by Russian and Iranian forces. It is possible that the United States under Trump may opt to allow Russia to take the lead in bringing this crisis to an end. US-European cooperation will still be essential to achieving and sustaining any negotiated settlement there. While it is difficult to imagine European publics backing a full-scale military intervention in Syria in which their troops would be deployed in large numbers in a conflict, a negotiated settlement may require at least some European peacekeeping deployments. Alternatively, Euro-American cooperation will be essential – through NATO or otherwise – in the event of an agreement to establish no-fly or no-bombing zones to stem the humanitarian suffering in the country – especially if such operations undermine Russian support for the regime.

To better coordinate these efforts, key European and US leaders may wish to hold senior-level discussions to define their mutual objectives in the Mediterranean region and assess their tools and levers of influence. A promising format for these discussions might be the E3+US format that led to the adoption of a ‘carrots and sticks’ approach to Iran. Once it was clear that Iran would reject outreach, the EU and the US came together to adopt the strong sanctions regime that ultimately brought Iran to the negotiating table – a diplomatic feat that required extensive diplomacy to convince all parties not to cave in to their individual interests for conducting business with Iran.

Europe and the US also need better tools for influencing developments in the Mediterranean. Furthermore, they must coordinate

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The future of US and European strategy on Syria has been drawn into question due to the persistence of ISIS and the resurgence of the regime, which is now solidly backed by Russian and Iranian forces.
more effectively so that, for example, the Tunisians are not fielding offers of similar border security assistance from France, Germany and the US. Another possibility is to establish a regional training centre in a place like Malta, modelled as a civilian version of a Jordanian police training centre that has been used to train Palestinian and Iraqi security forces. A more effective system of disincentives for the region’s political spoilers is also needed. For example, one of the key penalties threatened against spoilers of the political dialogue process in Libya has been travel bans or frozen assets in Europe; however, because most spoilers have limited interests in Europe, those sanctions have proven to be of limited utility. More effective might be to work through Turkey, which provides their access to the outside world.

Coordination on political issues can also be improved with the identification of shared goals. This means identifying opportunities, not only waiting to respond to crisis. However intractable the Algeria–Morocco conflict seems, a renewed effort should be made towards establishing a process that could lead towards opening the border and spurring much-needed intra-regional commerce. Similarly, the US and Europe should use their collective political leverage to advocate for essential reforms that would lead to more entrepreneurship and foreign direct investment (FDI), as well as job growth. For example, Tunisia requires macro-economic reforms and budget adjustments, which it is working with the IMF to implement. But it still ranks quite poorly on the World Bank’s Ease of Doing Business scale, especially in terms of getting credit and starting a business – a problem that has even worsened slightly since the revolution (World Bank, n.d.). The Tunisia 2020 Investment Conference was a step in the right direction. Now the government must be seen to be delivering on the reforms it promised and most importantly, job creation based on the funding it raised.

Finally, the central problems of migration and terrorism must receive more attention and financial resources from both sides of the Atlantic. European defence spending is woefully inadequate to address these threats compounded by Russia’s renewed hostility. It is also clear that no US White House is apt to heavily subsidise efforts against what are primarily threats to Europe. At most, the US will stay politically engaged and act when it is needed to contain more imminent threats, as it did in the summer 2016 effort against ISIS in Libya. Should a terror attack occur emanating from North Africa against US facilities or personnel overseas, that could change an administration’s short-term calculus, but it would be highly unlikely that the region would rank in priority above Asia, Russia, Afghanistan or Iran in any scenario. There is no getting around the need for greater European investment or engagement in the region; otherwise, the southern Mediterranean will continue to threaten European security.
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About the Mediterranean Foresight Forum

Funding for this study was made possible by the independent research and development provisions of RAND’s contracts for the operation of its U.S. Department of Defense federally funded research and development centers. This Perspective is part of a series of four presenting the outcomes of the first phase of the project, which aimed at the identification and consolidation of available information related to current challenges in the Mediterranean Region with a view to identifying drivers of instability and cross-cutting issues requiring multi-dimensional responses. For more information on this Perspective or the project, please visit the project website www.rand.org/randeurope/mff or contact the Project Leader, Dr Giacomo Persi Paoli (giacomo_persi_paoli@rand.org).

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