Trade and Conflict: The Case of the Arab Maghreb Union

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Abstract-

This paper explores the links between trade, conflict and peace in the Arab Maghreb countries. Since its creation in 1989, the Arab Maghreb Union (AMU) has been in a lethargic state. We assume that reducing inter and intra-state conflicts would be a sound argument for the reactivation of the Arab Maghreb Union. In this paper, we will discuss trade flows between the Maghreb Union countries and highlight the pending political issues and conflicts. The results confirm that countries which are more likely to create regional blocks are naturally more open to trade and even more subject to interstate disputes. Elimination of all trade barriers and putting into effect multilateral trading systems would enable AMU countries the creation of a regional security framework that leverages diplomatic, political, economic and even military resources. Regional integration can be built and strengthened in order to promote peace and stability.

1. Introduction

The relationship between international trade and security has been long known for centuries. Statistical analysis largely supports this relationship while international economic theories argue that more trade reduces, increases, or does not affect interstate military conflicts.

The paper is in line with previous research which considers that the type of conflict and the neighborhood relationships between countries have an impact on trade flows. This impact differs according to whether a country is a member of a regional trade agreement or not. Indeed, several regional agreements can be interpreted as being essentially motivated by political and security interests.

In the current security context, the stabilizing effect of regional trading blocks seems relevant. Political and security motives contribute to the convergence of objectives while setting up regional agreements.

The following paper studies the nature of the links between trade, conflict and peace in a sample of Arab Maghreb Union countries; Algeria, Libya, Mauritania, Morocco and Tunisia. An interesting feature of the sample is that these countries are experiencing important political and economic changes. It is worthy to note that among the barriers facing AMU is the recurring inter-state conflicts between its member states.

We have noted similar security threats like new forms of terrorism[1], nationalism and religious fundamentalism. These states become more vulnerable to the tactics used by terrorist groups. In founding the AMU, it was considered relevant that its regional institutions will be more appropriate for making field decisions when national decisions are unfit to respond to problems.

The aim of this paper is to discuss whether regional agreements aiming at intensifying trade flows in the Maghreb region can contribute to an effective approach to security problems. We will try to answer the following question: Do trade regional agreements reduce conflicts?

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[1] Transnational terrorism is a substitute to traditional violence between countries and thus offers an additional challenge to international security.

The relationship between trade and conflicts has been a persistent source of controversy among international relations scholars and economic theorists. Empirical studies on this issue have focused on the effects of trade flows on conflicts. Nonetheless, they have ignored the institutional context in which trade is conducted. Several economic and trade arrangements have been established with the explicit purpose of preventing conflicts between or within states. Regional trade agreements (RTAs) can play a role in promoting good governance mechanisms such as budget transparency, careful tax management and independent legislature, policy and practice.

Liberal economists claim that RTAs build stability and promote peace. However, in some circumstances RTAs may even increase odds for instability and conflicts both within and between countries.

In the first section of this article, we review the theoretical and empirical findings on the link between trade and conflict and especially the influence of regional trading agreements on conflict.

The second section examines the trade-peace-conflict link in the Arab Maghreb Union countries. The choice of the AMU region is motivated by its geostrategic and political importance, the birth place of the so-called Arab spring. The concluding section attempts clarify the nature of the relationship between conflict and trade.

2. Theoretical Overview on the Relationship between Conflict and Trade:

Polachek and Seiglie (2007) confirm that there is a negative and a robust relationship between conflict and trade. Countries engaged in many trade exchanges have less conflicts. If conflict leads to reduced levels of trade, there would be fewer conflicts because of welfare losses and the indirect costs of such disputes.

Martin et al. (2010) refer to the "liberal peace"[2] argument, which considers that bilateral trade reduces the likelihood of a bilateral war. As a result, trade agreements should reduce a potential conflict between countries because they trade with each other. This argument bears on the idea that bilateral trade increases the opportunity cost of war and armed conflict[3]. These latter would destroy the gains

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[2] Liberal peace focuses "not just on domestic political institutions and their international implications, but on the character of peace in civil and societal, political, economic, security, and international spheres" (Richmond, 2011).

[3] Armed conflict is defined as "a contested incompatibility that a government and / or a territory and where the use of armed force between the two parties, at least one of which is the government of a State, less than 25

from trade. Without trade gains, the economic opportunity cost of war is lower. The authors also found that countries that experienced a number of conflicts in the past are more likely to endorse regional trade agreements. In fact, the last two decades' war had a negative impact on the likelihood of States to ratify a regional free trade agreement. This is because it is politically costly and difficult for countries in conflict to negotiate a free trade agreement. The opposite effect of wars on the likelihood of signing a free trade agreement suggests that peace time between former enemies should be exploited to conclude regional agreements and build more peaceful relationships. This result is in line with the work of Schiff & Winters (1998) and Bearce (2003) who show that regional trade agreements prevent escalation of conflicts as proposed by the "diplomatic regionalism"[4] notion, and by Mansfield & Pevehouse (2002), Bearce & Omori (2005) and Haftel (2007) who showed that regional trade agreements reduce the probability of war between member countries.

According to Bach (1995)[5] "The prerequisite for any establishment of regional integration lies in the easing of conflicts in order to stem insecurity".

Trade reduces interstate tensions and ensures promotion of peace:

- by supporting trade between its members which increases the opportunity cost of war (Martin et al., 2008);

- by increasing trust between management and the credibility of the commitments of states in the regional process. Regional institutions promote conflict resolution in a peaceful manner (Bearce, 2003).

In his "Grasping the Commercial Institutional Peace", Bearce (2003) argues that trade agreements promote peaceful resolution of conflicts and prevent their escalation and the outbreak of war. The author carried out an analysis of opportunity costs and concluded that regionalism increases trade gains while conflicts disrupt bilateral trade. He recommends the establishment of a supranational authority with more prerogatives to deal with crises and called for developed mechanisms for dispute settlement in order to increase trust between political leaders.

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deaths in a battle in one year. A conflict between two belligerents, one at least is the government of a state. In inter-state conflicts, the two main parts are the state governments (according to the definition of the UCDP *[Uppsala* Conflict Data Program], Department of Peace and Conflict Research, Sweden).

[4] L. Alan Winters 8, Maurice Schiff, 1997 "Regional Integration As Diplomacy" World Bank WPs No. 1801.

[5] Daniel C. Bach 9, 1995 "The crisis of IGOs or the imperative of reform scenarios and models of integration: the case of West Africa ", p. 27.

3. Distance, Trade and Conflict

Robst et al. (2007) examined the interactive effect of distance and trade on international conflicts. Geographically close countries experience more conflicts and wars than geographically distant countries.

According to Vasquez (1995), several reasons explain this relationship. First, distant countries do not like fighting one another, mainly because military operations are costly in distant countries. This is particularly relevant for small or less developed countries. Second, geographically close countries have several territorial disputes leading to conflicting behavior. These territorial disputes generally relate to natural resources (Barbieri & Petersen, 2001). Finally, geographically close countries interact more because of their proximity.

This approach contradicts the neo-liberal argument, which assumes that trade between neighboring countries reduces rivalries and conflicts.

This is paradoxical: on the one hand, geographical proximity intensifies conflicts; on the other hand, this proximity is intended to strengthen trade relations, which, according to neoliberals reduce the occurrence of conflicts.

Polachek (1992) adopted an economic approach to international political interactions in order to study the relationship between politics and trade. The author found that an increase in trade flows by 1% decreases conflicts from 0.19% to 0.15%. He concludes that trade affects political conflicts and cooperation.

Mansfield and Pollins (2001) argue that "too little effort has been made to determine whether the relationship of interdependence and conflict is limited by space...". They show that geographical proximity increases the occurrence of conflicts. Their results suggest that wars would be expensive for very distant countries and that geographical proximity increases rivalry and disputes. On the contrary, Robst et al. (2007) argue that trade reduces conflict caused by geographical proximity. They show how geography and trade interact to influence international interdependencies. Likewise, Martin et al. (2007) shed light on the fact that war containment is translated into trade increase.

4. Regionalism, Peace and Conflict:

4.1 Relevance of the Political and Institutional Dimensions:

Insecurity is the inability of states to react to challenges that threaten their citizens. According to Hettne and Söderbaum (2000), the definition of insecurity is no longer limited to the military aspect but encompasses political, economic, social, cultural and environmental threats.

Schiff and Winters (1998) consider that trade agreements between neighboring countries ensure security by increasing trust between people and between leaders. The authors consider that each member country will be involved in increasing the welfare of its neighbor and thus be able to access its strategic resources. Regional agreements have a political motive since they contribute to a "political rapprochement" between country members.

Bonzom, Sopanha and Strauss-Kahn (2005) examined the link between economic integration and political integration, as well as the endogenous nature of the integration process. Strong regional political institutions can be a factor behind promoting the integration process. In addition to institutions, common rules and procedures may play an essential role in accelerating this process. Dorrucci et al. (2002) examined the positive interaction between institutional integration and economic integration in Europe and Latin America. They concluded that these two processes go hand in hand. Political commitment, supported by an institutional support and economic growth, has contributed to ensuring security. De Melo et al. (1993) put forward the idea that regional trade agreements are no longer considered as mere agreements reducing trade barriers but also as institutional arrangements that promote cooperation. Barriers to integration have been overcome in regional groupings, thanks to a strong political will and institutional arrangements. These regional institutions offer several mechanisms which can mitigate violent conflicts. In this respect, it is not surprising that the highest degree of integration and stability is observed in Europe and is supplemented by a very strong institutional integration.

4.2. Impact of Regionalism on Security and Stability:

The thesis of the "peaceful impact" of regionalism goes back to the work of Emmanuel Kant in 1795, when Europe was torn by wars after the French Revolution[6].

Regional security refers to the set of provisions taken by States in the same region to face the threats posed on them, in particular with the emergence of new forms of threats (terrorism, piracy, poverty, pollution ...).

According to K. Waltz, the international scene is "an arena where States in the interests of their national interest maximize their power". As such, the presence of a hostile power leads a group of States to cooperate to confront the "common enemy". In this line of thinking, we can argue that national interests can be progressively replaced by common regional interests.

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[6] Kant introduced the concept of 'spirit of commerce" which give all state an interest in preventing war and promoting peace.

"The concepts of security indicate the preservation of state integrity in terms of norms, institutions and values, faced with an external threat [...], security of a State is defined essentially in terms of an absence of military threat".

K. Deutsch (1954) examined the political conditions prevailing during the formation of an integration region by studying thirty-three historical case. This historical approach highlighted the concept of " security communities".

In line with Deutsch (1954), Bonzom, Sopanha and Strauss-Kahn, (2005) suggest that institutions help create "a virtuous circle of a regional integration process ". They provide for a dynamic integration process. This analysis is in the same spirit of neo-functionalist theorists (Mattli, 1999 and Moravcsik, 2005) who identify three effects that come along a regional process**:**

- a *functional contagion effect* resulting from interdependence between economic sectors,

- *political contagion,*

- *compromise on cross-cutting issues* that require the regional institution to monitor trade-offs between member States.

The authors consider that regional institutions are able to compensate those which they call "losers" by supporting economic convergence among member countries.

5. Assessing the Relationship between Trade and Conflict: The Case of the AMU Region

The five countries forming the AMU are Algeria, Libya, Mauritania, Morocco and Tunisia. They have had a common colonial history and a shared struggle against the French and Italian colonizers. Since their independence, several disputes have taken place. It is worthy to note that there is a security dilemma between these countries.

5.1. General Overview of Maghreb Disputes

The disputes between AMU countries relate to the inherited borders from the colonial period and are maintained by the different political and socio-economic options adopted by the states of the region.

Several facts of historical animosity characterize relationships between Maghreb countries. Historically, the union was founded by three main states: Algeria, Morocco and Tunisia. Mauritania represented a link to Sub-Saharan Africa.

Border problems bear on most tensions and conflicts between Maghreb countries. Morocco and Tunisia have contested the boundaries mapped out by the French colonizer and defended by Algeria. "The more borders a country has, the

more enemies it has, this the case of Algeria, Morocco and Mauritania and possibly Libya".

Morocco's and Mauritania's recovery of the Western Sahara[7] from the Spanish colonizer has undermined all attempts to reunify the countries of the region.

This major obstacle to Maghreb relationships stood against the vision of their political leaders, often supported by their people like in Algeria and Morocco.

The conflict in the Sahara is one of the oldest unsolved issues. It dates back to the colonial heritage and the disputes that sparkled over the Saharan borders after the independence of Algeria and Morocco. In 1960, the resolution n°1514, adopted by the United Nations (UN), recognizes the right of people to self-determination. In 1963, the Organization of African Union (OAU) Charter calls on its members to respect the "intangibility of Colonial frontiers[8]". Morocco rejects this article and expresses the will to recover territories it owned in the South and West of Algeria before the French colonization. This dispute is at the origin of the "Guerre des sables" (war of sands), a conflict that lasted for a few weeks before being resolved through the mediation of the OAU.

The Polisario is a political movement founded in 1973 whose objective is the independence of Western Sahara, still under Spanish control. It is the main opponent to Morocco claiming the sovereignty of the former Spanish colony of Western Sahara. The Polisario struggle for self-determination is approved and supported by Algeria. The occupation of the disputed territory by Morocco in 1975 triggered wars[9] which lasted for 16 years. Morocco had claimed land belonging to Algeria (Tindouf, Bechar and other Saharan Africa). Algeria defended the right to self-determination and hindered Moroccan ambitions.

The Organization for African Unity has declared a cease-fire on November 5, 1963. Even if the armed intervention ceased, the germs of the conflict persisted and have since then deteriorated interstate relations. A peace treaty was signed in Ifrane in 1969 followed by another in Telmcen in 1970, and have brought an end to border disputes.

A second border conflict tainted Tunisian and Algerian relations. The conflict started on the border stone n°233. In fact, Tunisia claimed that that border edge was conceived by the colonizer as part of the Tunisian Saharan space.

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[7] Territory 260000km^2 and rich in phosphates and fronting Atlantic.
[8] See article 4 (b) of the Constitutive Act Of The African Union https://au.int/sites/default/files/pages/32020-file-constitutiveact_en.pdf
[9] On October 8, 1963, the "War of sands" between Algeria and Morocco.

Table 1: General Overview of Maghreb Disputes (1957 to 1989[10])

Period	Belligerent Countries	Number of Dead *	Specifications
1957-1958	Mauritania - Morocco	> 1,000 deaths directly related to the conflict	Interstate War (border conflict)
5 August 1979	Mauritania		Mauritania occupied the southern part of Western Sahara in 1975, following the withdrawal of Spain, in August 1979. After a three-year war of attrition against the Polisario, a struggling movement for the independence of Western Sahara started.
1962	Tunisia-Algeria		Tunisia claims a portion of territory in Algeria going as far as the « border stone 233 »
1963 - 1964	Algeria-Morocco	> 1,000	War between states (border conflict)
1975-1989	Mauritania Morocco	> 15,000 deaths directly linked to the conflict	War between the two states and civil war
Mid 70's	Libya -Tunisia		Libya challenges Tunisia's rights on the continental sheet of the Gulf of Gabes, rich in oil
1973	Libya- Chad - Niger - Algeria	--	Colonel Gaddafi annexed Aouzou, which was part of Chad and in 1976 boasts 96,200 km^2 of Chad, 19,500 km^2 of Niger and the same area in Algeria. In addition, he challenged Tunisia on the rights of the Gulf of Gabes.
1980	Libya -Tunisia	48 dead	The events of Gafsa: the attack of Gafsa in 1980 and the expulsion of nearly 50 000 Tunisian workers from Libya between 1975 and 1985.

* Estimates.
Source: compiled by the author from "Perspective World 2016" of the University Sherbrooke and the 2014 and 2015 reports of the Institute for Economic Peace.

By the end of the 1960s, territorial conflicts seemed to be reabsorbed. Indeed, Morocco renounces the annexation of Mauritania since 1969, with the ratification of a Treaty of Good Neighborhood and Economic Cooperation between the two countries on June 8, 1970. Hassan II signs the renunciation of Tindouf and Béchar on 27 May 1970. During the 1980s, Libya abandoned all its claims. It no longer claims the Ghat in Algeria and recognizes Tunisia's sovereignty over the continental sheet of the Gulf of Gabes, at the end of an arbitration by the International Court of Justice of The Hague. Tunisia, for its part, renounces all territorial claims with regard to Algeria. The two countries sign a boundary mark followed by a treaty of fraternity and concord, on March 19, 1983.

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[10] 1989 is the founding date of the AMU.

In its 2016 report, the Institute for Economics and Peace (IEP) assesses the cost of peacekeeping. In Table 2 below, we report the data for the five countries in the AMU region.

Table 2: Peacekeeping Costs for Countries in the AMU Region

Rank	Country	Cost (millions $ in PPA)	Cost / head ($)	%GDP
5	Libya	20.395	3,173	19.6%
26	Mauritania	750.000	210	9.1%
27	Algeria	25.775	715	9.0%
81	Morocco	8.375	260	4.6%
91	Tunisia	4.430	410	4.1%

Source: The Institute for Economics and Peace (IEP), 2015 "The Economic Cost of Violence Containment " P.14

The political and security dimension seems relevant when founding the Maghreb area. The revival of Maghreb regionalism would make leaders aware that under geopolitical conditions, fostering security should be considered. This can be done through regional cooperation through increased institutional cooperation.

This may be seen as a response to the fact that new security threats are regional security matters; the security of a member country depends on the security of other countries.

This principle was specified in the Treaty[11] establishing the Arab Maghreb Union concluded in Marrakesh on February 17th, 1989. Article fourteen stipulates that "Any aggression directed against one of the member States shall be considered as an aggression against the other member States." Moreover, Article fifteen states that "Member States pledge not to permit on their territory any activity or organization liable to threaten the security, the territorial integrity or the political system of any of them. They also pledge to abstain from joining any alliance or military or political block directed against the political independence or territorial integrity of the other member States. They also undertake to refrain from joining any covenant or military or political alliance directed against the political independence or territorial unity of the other member States.

5.2 Intra-Maghreb Trade

Maghreb countries have poor trade relations compared to other regional blocks. Indeed, the regional integration rate of the AMU is 3.9%, whereas it is 65% for the EU, 25% for ASEAN and 14% for MERCOSUR (World Bank 2006).

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[11] http://www.wipo.int/wipolex/fr/regeco_treaties/text.jsp?file_id=201318

The economic structure of the region rests on raw materials and very little processed commodities. The share of manufacturing products in Maghreb trade has decreased compared to commodities (31.5% in 2012 against 44.7% in 2009). These commodities are mainly fuel (52.7% of the intraregional trade is made up of fuel and natural gas). Algeria and Libya dominate with over 55% of intra-Maghreb trade. Morocco represents only 10% of the Maghreb market. Its exports are more than 62% of manufacturing products. Tunisia has lost its dominant position in favor of Algeria since 2011 because of the post-2011 political and institutional instability. Mauritania's share of intra-UMA trade decreased ten-fold between 2006 and 2012, from 0.69% to 0.06% in 2012, mainly agricultural products.

Even though the region has made a positive evolution in trade flows, the latter remain insufficient and directed towards a single commercial partner namely the European Union. The World Bank has identified some obstacles that explain the weakness of trade flows between AMU countries. The first is "trade costs" because supply chains are inadequate (cost, delay, reliability) as well as tariff and non-tariff barriers. In addition, the IMF has shown that customs barriers in the Maghreb are twice as high as the world average: 19.2% for Algeria, 26.2% for Morocco and 31.7% for Tunisia). Despite a large seafront, the North African harbor facilities are inadequate and their administration is typically disorganized creating delays and longer container clearance periods (20 days in Algiers, 18 in Radés and 11 days in Casablanca[12]).

To overcome these shortcomings, AMU member countries are expected to cooperate in order to reduce tariff and non-tariff barriers, to adopt clear and transparent regulations and to simplify administrative procedures, in particular through the use of telecommunication technologies and bureaucracy reduction. Countries are called upon to respond to the WTO initiative for trade facilitation and "the simplification and harmonization of international trade procedures". These are the "activities, practices and formalities related to the collection, presentation, communication and processing of information required for the international exchange of goods". The WTO intends through this program to "reduce bureaucracy and speed up customs clearance and port authorizations". All of these reforms should be accompanied by measures to counteract corruption and build political stability and regional security. Resolving disputes and conflicts through trade promotion and harmonization is essential for Maghreb countries.

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[12] The AMU countries are poorly ranked according to the World Bank "Doing Business 2015"

5. 3. Methodology and Model Specification

We are interested in studying the effect of regional trading integration on military conflicts. Our hypothesis is that security is a factor that facilitates the creation of a regional trading block. Conflicts are linked not only to trade, but also to trade partnership models.

The used model regresses the effect of forming a regional block on the occurrence of conflicts, like in Bayane (2014). The following model is adopted in our study:

$$Y_{ijt} = \alpha + \beta_1 (\text{nBorder}) + \beta_2 (\text{Totalac}) + \beta_3 (\text{Mtot}) + \beta_4 (\text{Rtot}) + \mu_{ijt} \qquad (1)$$

Where: Y is the endogenous variable $_{ijt}$ "Conflict", which is a dichotomous variable that takes the following values:

$Y_{ijt} = 1$ if countries i and j are engaged in a conflict on date t
$= 0$ otherwise.

Referring to previous research that examined the relationship between conflicts, trade and geographical distance, as well as the stylized facts, we selected the following variables that explain the potential effect of interstate conflict.

The used variables[13] in this study are as follows:
- *nBorder:* expresses the number of neighboring states sharing a border with the identified state. We have introduced this variable in order to capture the border effects in regional relations.
The literature review shows that this variable increases the risk of triggering a conflict between neighboring countries.
- *Totalac*: represents the sum of all the main episodes of political violence taken from the MEPV database.
These events include civil and inter-state violence between all neighboring States. We chose this variable to assess the effect of instability of neighboring countries on regional conflicts. Instability in neighboring countries positively impacts the probability of the occurrence of a conflict.
- *M tot:* are the terms of multilateral exchanges that express exchange reports from each country in the region with the rest of the world.
Multilateral trade reduces the risk of conflict in a region (Martin et al. 2008).

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[13] We kept the nomenclature and codes adopted by the database MEPV, 2016.

- *Rtot:* express terms of regional trade and indicate regional trade relations. Mansfield and Pevehouse (2002), Bearce and Omori (2005), among others, showed that trade reduces the likelihood of wars and conflicts in a region.

5.4. The Data

Defense spending is commonly used as a measure of conflict and as an indicator of the general hostility sentiment in a country. However, these expenses could be considered as average deterrent measures against other countries. Defense spending is also seen as a measure of suppression of domestic unrest. The use of this indicator is limited because it does not reflect the extent and type of conflict. War data are better because they are more informative about a particular conflict. Although wars are intense and rare, interstate interaction data on the number of deaths or injuries vary with technology and country size.

Because of these shortcomings, event data are adopted. Event data are dyadic interactions (bilateral) reported in various newspapers. The main database of this type is "Conflict and Peace Data Bank (COPDAB[14])".

The events are coded on a scale of fifteen points representing different types of conflict and cooperation. The annual incidence of events in each category represents the amount of each interaction of dyadic actor/target. However, event data do not cover secret treaties and negotiations, as well as interstate interactions.

Our dependent variable is taken from the project database "Correlates of War (COW), and the Dyadic MID Dataset (v 3.02) as well as the Major Episodes of Political Violence (MEPV) and Conflict Regions, 1946-2015 database[15].

According to the COW project, war is defined as a conflict with at least 1,000 military deaths.

Finally, terms of trade are taken from UNCTAD for the period 1990-2014.

5.5. Empirical Results

The model is globally significant; there are two variables in our model that explain the probability of a conflict: Mtot and Totalac variables are significant at the 5% level.

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[14] This is a longitudinal collection of about 1 million events reported daily by forty-seven journalistic sources between 1948 and 1978. Each level of conflict (Military Interstate Disputes MID) is encoded with a level of hostility from 1 to 5 (1 = militarized No action 2 = threat to use force, 3 = Strength display, 4 = use of force, and 5 = war).

[15] 18 Monty G. Marshall (2016) "Major Episodes Of Political Violence (MEPV) and Conflict Regions", 1946 2015, Center for Systemic Peace May 25, 2016.
This recent database includes 327 episodes of armed conflicts (including 30 cases) that represent a complete set of all major forms of armed conflict worldwide during the contemporary period: 1946-2012.

As expected, Totalac indicates that unrest in neighboring states destabilizes the countries of the region.

Our empirical analysis, based on country data of the AMU region, Algeria, Libya, Mauritania, Morocco and Tunisia from 1990 to 2014, confirms that an increase in multilateral trade interdependence and open regional trade within AMU greatly promotes peace.

It also indicates that this effect varies with the country's geographic proximity.

The results of the estimates and their economic interpretation are presented below:

Table 3: Estimated Determinants of the Probability of Occurrence of a Conflict.

Dependent variable: conflict likelihood (= 1 if there is a conflict, = 0 otherwise)

	Coef.	z	p> |z|	Confidence interval 95%	
nBORDER	0.052277	0.11	0.915	- 0.9087551	1.013309
Totalac	2.433706	3.14	0.02	0.9154219	3.95199
Mtot	- 0.0408	-2.43	0.015	- 0.0737496	- 0.0078504
Rtot	- 0.0019735	-0.40	0.693	- 0.0117607	0.0078137
constant	1.346734	0.41	0.680	-5.054536	7.748004

The signs of the coefficients are consistent with the expected signs and corroborate our theoretical developments. Trade relations reduce the risk of conflict between countries. However, we note that multilateral relations have more impact on reducing conflicts, a finding consistent with those of Robst et al. (2007) and Polachek (1992).

The border is a factor that intensifies interstate conflict. These results confirm the historical stylized facts we presented in the previous section and show that

most conflicts (armed or extreme tensions) trigger border disputes. Political instability in a country undermines peace, security and political stability in the region. We insist here on the fundamental role of the instruments to promote regional security and stability.

The effect of promoting peace through regional trade integration is significantly higher for neighboring countries which are likely to suffer from conflicts.

The analysis shows that increasing global trade openness reduces the likelihood of a significant conflict for both distant and neighboring countries. The results also

show that a military conflict between countries significantly reduces interdependence not only for bilateral trade but also for multilateral trade integration.

6. Conclusions and Recommendations

Regionalism seems to be an adequate strategy for the security and stability of the Maghreb States. Eliminating all trade barriers and engaging in a multilateral trade system would allow AMU countries to facilitate the creation of a regional security framework using diplomatic, political, economic and even military means.

We recommend also that these countries should promote cultural exchanges and regional political associations.

We believe that by reactivating AMU, the actions of its regional institutions are in a better position to take decisions in areas where domestic institutions are unable to solve problems. Regional flexibility is larger than national rigidity and it allows for delegating responsibilities and sharing costs.

Maghreb countries' reluctance to reactivate AMU can be explained by their fear to diffuse their sovereignty and power regionally. Additionally, there is a lack of willingness to invest in the regional process and a disinterest in setting up regional structures despite persistent destabilization threats.

Discredited in their ambitions for forming the Arab Maghreb Union, weakened by the growth of the informal sector, and facing political instability and terrorist threats, AMU States are less willing to accept the transfer of their sovereignty. Regionalism is a complex phenomenon where several dimensions interact: economic, political, social, and technological.

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