CHAPTER 2

THE GEO-ECONOMIC CONTEXT*

The globalisation of the economy has been accelerating since the end of the 20th century, and as a corollary the geo-economic landscape of the planet is changing rapidly. So-called "emerging" countries have become veritable economic powers, whilst others have been unable to keep pace with the new dynamics in the international context. The Mediterranean countries are not the big winners in this globalisation process. The Mediterranean region is composed of countries with very different economic profiles: the Member States of the European Union[1] (EU) are very different from the countries in the southern and eastern Mediterranean (SEMCs),[2] where realities are very mixed. In this region, economic disparities are still much more marked than any signs of convergence.

In the introduction to the present publication we discussed how the SEMCs have been unable to capitalise the natural or cyclical advantages they have enjoyed in order to transform economic and financial dynamics into development processes benefiting their societies. This inability to mobilise the factors available inevitably reflects a general lack of development in Mediterranean area. The economy, which could play an active role to ease political tensions, is suffering from a number of weaknesses, which are still preventing the countries from keeping abreast of the sociodemographic dynamics that are underway and the environmental changes that are taking place in the region.

In this context, agriculture continues to play a key role and to occupy an essential place in the societies and economies of the Mediterranean. It is precisely because agriculture is a strategic sector that the forms of trade liberalisation that are underway must be closely monitored, bearing in mind that the agricultural trade situation in the Mediterranean is now extremely critical. A whole series of questions are thus arising on the future of agriculture in the Mediterranean countries, which are becoming increasingly dependent on the changes in the global agro-food system, and on the ways and means of strengthening Euro-Mediterranean co-operation through agro-food policy.

*- This chapter has been based on documents prepared by Sébastien Abis (Ciheam-General Secretariat), Pierre Blanc (Ciheam-Montpellier) and Jacques Ould Aoudia (economist).

1- Portugal, Spain, France, Italy, Malta, Greece and Cyprus.

2- In the analyses in the present chapter this denomination includes Morocco, Algeria, Tunisia, Egypt, Lebanon, Israel, Turkey, Syria and Jordan, i.e. the countries of the Euro-Mediterranean Partnership with the exception of the Palestinian Territories, since we do not have sufficient data.

Economic dynamics in the Mediterranean region

Analysis of the place of region holds in the world economy, how trade is developing in the zone, and the trade policies that are being implemented provides a basis for considering the general prospects for the Mediterranean economy.

The Mediterranean in the world economy

The main trends and those that are emerging in the Mediterranean economies will be measured in terms of growth, wealth creation, income disparities and investments.

High, yet insufficient, growth rates in the Mediterranean region

Economic growth in the Mediterranean has on the whole been higher than the world average since 2000 (3.5% compared to 2.5% in the period from 2000 to 2004). It has accelerated considerably in the past few years in Albania, Algeria, Morocco, Jordan, Turkey and Greece. Some countries, however, have been registering lower growth rates since 2000 compared to the state of their economy in the 1990s; this is the case in Egypt, Syria and, in particular, Israel in the South, and in France, Italy and Portugal in the North.

SEMC growth amongst the riparian States of the Mediterranean as a whole is favourable compared to the rest of the world and Europe (although still lagging far behind the performance of Asian countries and China), but it is insufficient to meet the employment challenge in the current phase of population transition. An annual growth rate of 6% to 7% would be needed in order to absorb the influx of new workers on the employment market (almost 45 million by 2020 in the Arab Mediterranean countries) and to allow the economies of these countries to get off the ground.

Unemployment is still high, generally above 10%, although it has recently dropped in some countries as the result of the new flexibility on the labour market (in Morocco) or of the favourable situation in the global economy (it dropped from 29% to 15% in Algeria between 2000 and 2005). Unemployment is hitting young people in particular in the countries around the Mediterranean, despite the fact that their level of education is rising and the number of university graduates is increasing; this is the case in Egypt (34% of young people under 25 are unemployed compared to 11% of adults), Lebanon (21% compared to 8%), Algeria (31% compared to 15%) or Syria (26% compared to 12%), for example, but also in Europe, where almost 19% of the under-25s are out of work, whereas the Community average for adults is around 9%. There is thus a dual challenge, which concerns both employment for young people (and thus training systems) and, more generally, the ways and means of boosting growth modes on a sustainable basis (see Annex 1).

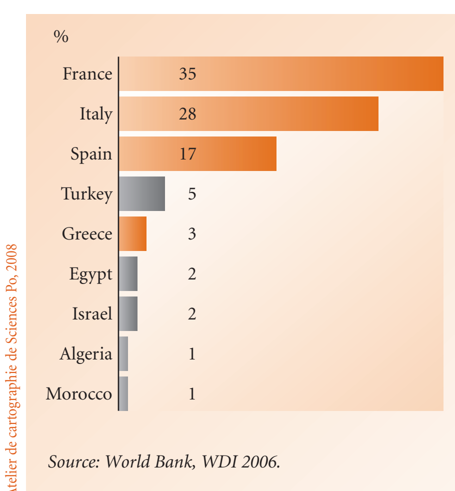
To complete this analysis, we would underline that the labour force participation rate is still low in most SEMCs: 41% in Algeria, 50% in Egypt, 38% in Jordan, 46% in Morocco and Tunisia, and 51% in Turkey. These figures must no doubt be corrected in view of the significance of the informal sector in the economies of these countries, where unskilled work is sometimes a way out. In Europe, labour force participation rates of 70% to 75% are registered on average – except in Italy (62%) and Malta (58%). The financing of pension schemes partly depends on the labour force participation rate, and this is a problem which could become acute in the southern Mediterranean countries, given the current population trends, particularly in the Maghreb.

Mediterranean GDP – disparities and weight in the world economy

The zone formed by the European Union and the SEMCs accounted for 31% of world GDP in 2004 (29% for the EU-25 and 2% for the SEMCs). The Mediterranean area accounted for 13.3% of world GDP, compared to 12.5% in 1990; taken as a whole, the Euro-Mediterranean region, accounting for 31% of global GDP, is thus the world leader compared to other geo-economic zones of similar area: the United States (29%), Japan and South-East Asia (12%), China (5%), Russia (2%) or Brazil (2%). This statement must of course be seen in proportion, given the overwhelming economic dominance of the EU within the region as a whole – a dominance which is obviously also present in the Mediterranean Basin. In 2004, the Mediterranean countries of the EU accounted for 87% of total Mediterranean GDP (Spain, France and Italy alone accounting for 80% of that total). The remainder was distributed as follows: Turkey almost 5%, Israel 2.2%, the Maghreb 3.2% and Egypt 1.7%. This was also the case in 1990, when the countries on the European shores in the North accounted for 85% of Mediterranean GDP. Since there are few trade links amongst the various sub-regions of this zone, it is not an integrated economic area (Chart 1).

The aggregate GDPs of Algeria, Morocco and Tunisia amounted to just under the GDP registered in Portugal in 2004. A further revealing observation is that the total GDP of the SEMCs ($709 billion) still does not reach that of Russia alone ($764 billion). These figures show the extent of economic disparity in the Mediterranean zone, but also the SEMCs' limited share of the global economy (just under 1.8% of world GDP, 55% of the amount being attributed to Turkey and Israel). Comparison of the macroeconomic data with population figures highlights the economic weight of the Euro-Mediterranean pole compared to the size of its population (11% of the world population in 2005 but 31% of world GDP). The GDP of the Mediterranean region alone amounts to 13.3% of world GDP, which is almost twice as high as the significance of the region in population terms (7%). On the other hand, the SEMCs weigh twice as much in population terms as they do in economic terms (4% of the world population but 1.8% of world GDP). The Arab Mediterranean countries, which account for 2.8% of the world population, contribute only 0.8% to global GDP (Chart 2).

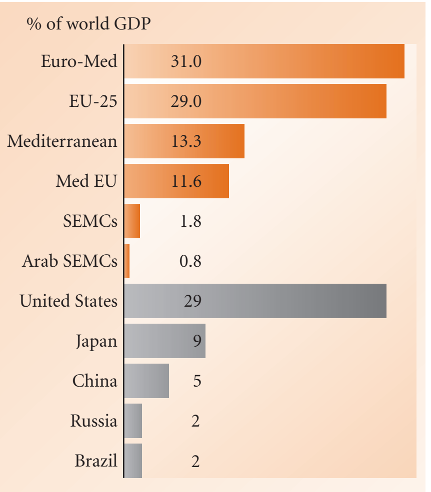
Chart 1 - Share of the various States in total Mediterranean GDP, 2004



Source: World Bank, WDI 2006.

GDP is clearly growing in most Mediterranean countries; in many cases the results doubled between 1990 and 2004, but the gaps between the northern and southern shores persist (Chart 3).

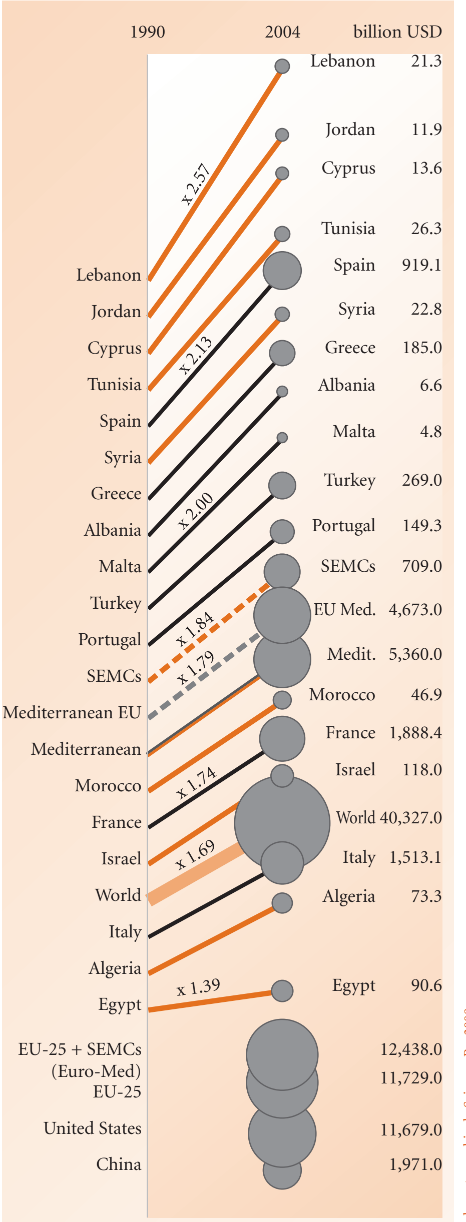
Chart 2 - Position of the Mediterranean region in the world economy, 2004



Source: World Bank, WDI 2006.

Atelier de cartographie de Sciences Po, 2008

Chart 3 - GDP trends in the Mediterranean region, 1990-2004



Source: World Bank, WDI 2006.

Atelier de cartographie de Sciences Po, 2008

Per capita GDP reveals lack of Mediterranean convergence

Analysis of the development of per capita GDP in terms of purchasing power parity (GDP/capita/PPP) since 1990 reveals the wealth inequalities in the Mediterranean region. In 2004, GDP in France was still four times higher than GDP in Morocco, as was already the case in 1990 (see Annex 2). The distance between Morocco and Spain in the straits of Gibraltar is only 14 km, but this geographical proximity actually conceals a considerable economic gulf: whereas GDP/capita/PPP in Spain was $24,750 in 2004 it was less than $4,250 in Morocco – a ratio of 6 to 1. This asymmetry is mirrored throughout the Mediterranean Basin, where the average ratio between the European Union and the Arabic Mediterranean countries is 5 to 1 (or 3 to 1 if one includes Israel and Turkey). Taken as a whole, there was no change in this gap between 1990 and 2004: economic integration simply is not happening in the Euro-Mediterranean region. There has been no sign of the SEMCs converging with the countries on the northern shores in the past few years. The problem is that this gap is persisting despite the establishment of Euro-Mediterranean co-operation.

The trends differ from one region to another. In the North, Albania is an isolated case, since its GDP/capita/PPP is similar to the values registered in the Arab countries in the region. In the South, Israel is also an exception, since its GDP/capita/PPP is similar to that of Spain. The Maghreb region is faring better than the Middle East ($6,000 per capita compared to $4,500). With $7,720 and $7,430 per capita, Turkey and Tunisia are the two countries on the southern and eastern shores of the Mediterranean in that are the best-off, with the exception of Israel. Egypt and Morocco have the lowest GDP/capita/PPP in the entire region. During the period under review, France always had the highest GDP/capita/PPP in the Mediterranean, except in 1995, when Italy took the lead. The European Community average rise in the indicator since 2000 is higher than that registered in the Mediterranean countries in the south of Europe, where the trend is more sluggish.

When we observe the variation index over the 1900-2004 period, we see that progression was most marked in Malta, Cyprus and Greece. In the South, Lebanon definitely caught up after the civil war, GDP/capita/PPP rising from $2,177 in $1,990 to $5,550 in 2004. Progression is strong and steady in Tunisia, where GDP/capita/PPP was $7,430 in 2004 compared to $4,540 in 1990. Some of the countries in the South, however, have been unable to get off the ground; this is the case in particular in Algeria (affected by civil war throughout the 1990s), Jordan, Morocco and Syria.

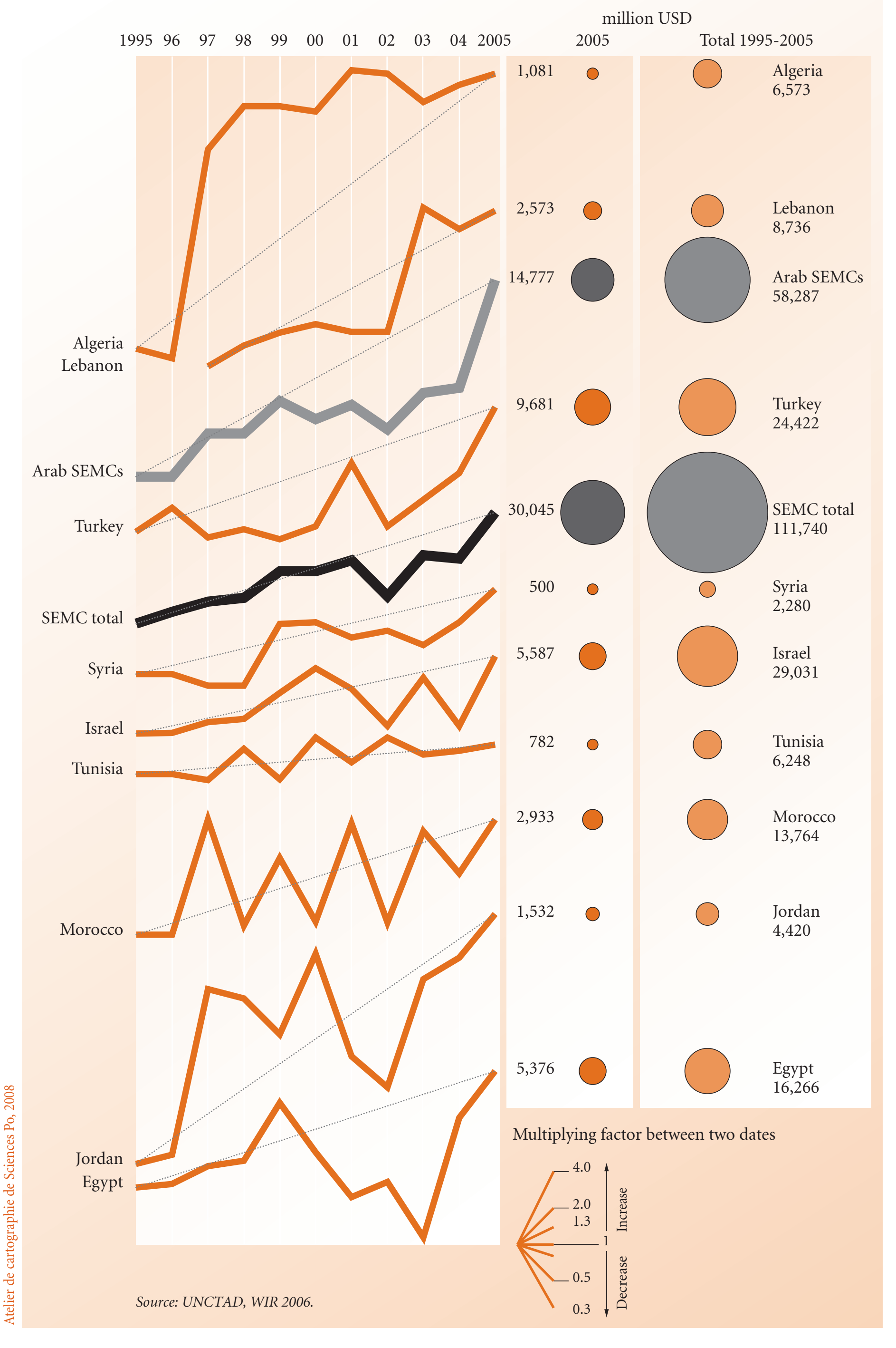
One must not oversimplify, however; there are "Norths" and "Souths" in the economic field in the Mediterranean. In terms of GDP/capita/PPP, Albania is in the South and Israel is in the North. And there are regional disparities within individual countries, certain regions in the south of Europe lagging far behind the respective national averages; this is particularly true of the south of Spain and the south of Italy. And there is also a gulf between the rural world and urban zones in the SEMCs.

Acceleration and diversification of foreign direct investments (FDI)

Over the longer term, FDI flows into the SEMCs have been particularly limited, accounting for only some 5% of global FDI flows dedicated to developing countries in the course of the 1990s. In 2005, only 3% of FDI flows went to those countries, i.e. just slightly over the amount flowing into sub-Saharan Africa. The EU is still the most attractive zone in the world, capturing almost 50% of FDI inflows. The SEMCs received $111.7 billion in FDI in the period from 1995 to 2004, but Turkey and Israel captured almost half of these inflows (22% and 26% respectively). Egypt, Morocco and Tunisia were fairly well endowed compared to the limited stock of FDI received by Jordan and Syria (Chart 4 and Annex 3).

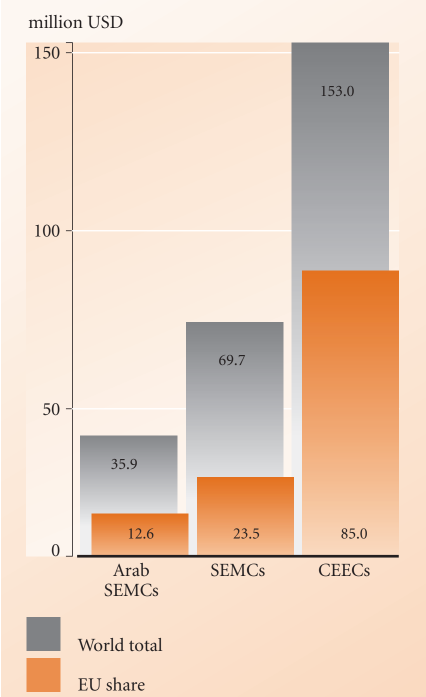
When we compare FDI flows into the SEMCs with those flowing into the Central and Eastern European Countries (CEECs) which joined the EU in 2004, we observe that during the period from 1995 to 2003 the CEECs received $152.6 billion of FDI, i.e. more than twice that received by the SEMCs (69.7 billion) and approximately 4 times more than the Arab Mediterranean States (35.9 billion), which only received a stock comparable to that received by Hungary alone (31.7 billion). The EU contributed 55% of the CEECs'stock of FDI ($84.6 billion), whereas its share in the SEMCs'stock was only 34% (22.5 billion). Thus, in the course of that decisive period during which the Eastern

Chart 4 - FDI flows in the Mediterranean region, 1995-2005



Source: UNCTAD, WIR 2006.

Chart 5 - FDI flows in the CEECs, 1995-2003



Source: FEMISE, 2005.

Atelier de cartographie de Sciences Po, 2008

European countries joined the Union and the countries in the South became stabilised, the amount of FDI the EU transferred to the CEECs was approximately 4 times what it transferred to the SEMCs. This discrepancy symbolises the difference in political investment in integration on the one side and in partnership on the other, for when Brussels was spending € 27 per capita per annum on the countries in the East (within the framework of the TACIS, PHARE and SAPARD financial tools), the SEMCs were receiving € 2 per capita per annum (within the framework of the MEDA programme), i.e. almost 15 times less (Chart 5).

The past few years have been marked by considerable acceleration in FDI flows into the SEMCs ($69.7 billion between 1995 and 2003 but $42.1 billion during the 2004-2005 period alone). Estimates even anticipate an overall volume of $50.6 billion for 2006 alone (60% of this flowing into Israel and Turkey, the two attractive countries in the region). In the case of the Arab SEMCs, this increase is mainly to be explained by the situation on the oil market, as the result of which investments from the oil-producing countries in the Gulf have been multiplying.

A further factor explaining the trend is the recent increase in privatisation moves, particularly in the telecommunications sector, which has boosted opportunities for foreign investments. Certain measures to enhance the attractiveness of certain regions, such as the establishment of "competitiveness zones" and technology parks (in Morocco, Tunisia and Turkey) are also creating areas that are more conducive to FDI. The most dynamic sectors at the present time are telecommunications, energy, banking, the property market and civil engineering, tourism and the chemical industry. However, this improvement conceals the fact that the percentage of employment-intensive FDI is low, except in the telecommunications sector, and that few FDI are dedicated to manufacturing or agro-food activities.

And finally, foreign investors in the SEMCs are becoming more diversified: the share of the EU and its member countries is decreasing (25% in 2006 compared to 50% on average in the 2003-2005 period), although French, Spanish and Italian investors still play a major role, focusing essentially on the Maghreb market. And the Gulf States are strengthening their position, becoming the leading investors in the region in 2006 (36% of inflows in 2006 as against 17% over the 2003-2005 period). The United States and

Canada are strengthening their foothold, in view of the situation on the energy market, accounting for 31% of FDI in 2006. Investors in the emerging countries (China, Brazil, India, South Korea, Russia, South Africa) are also entering the economic sector in the Mediterranean, albeit with a lower profile.

Complex trade policies

The trade situation in the Mediterranean

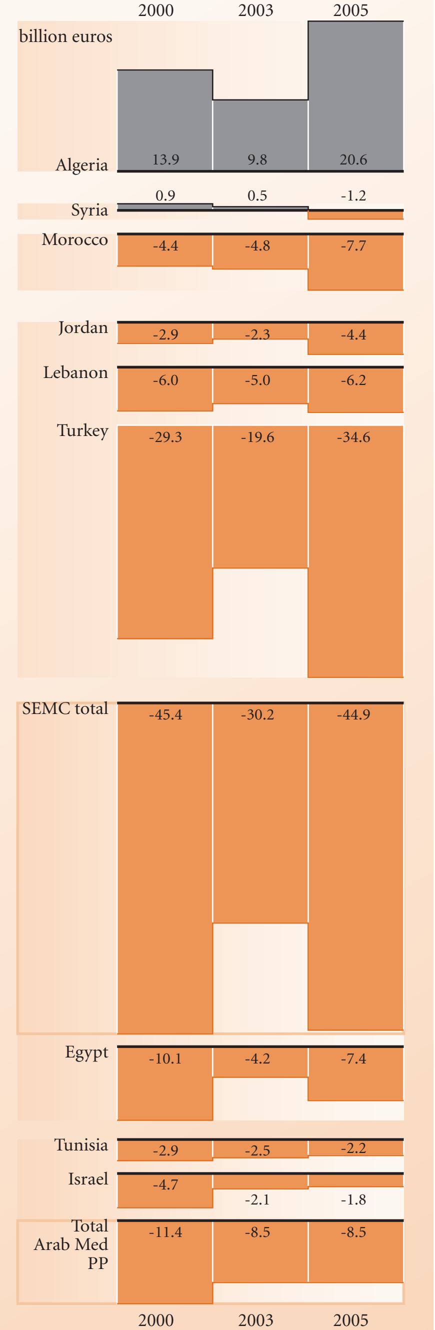
All of the SEMCs showed a trade deficit in the period from 2000 to 2005. Algeria was the only country showing a surplus in its foreign trade as a whole, thanks to oil revenue. Syria came close to equilibrium, as did Tunisia, whose deficit was not excessive. The trade deficit registered in Turkey, on the other hand, was considerable (- € 34.6 billion in 2005) but was less marked in Egypt (-7.4 billion) and Morocco (-7.7 billion). These deficits were financed in part or entirely through services in the tourist industry (in Morocco, Tunisia, Egypt, and Turkey) and through the transfers of funds by emigrants, who contribute a substantial volume of capital to the countries of origin in all SEMCs, particularly Morocco and Lebanon. The trade situation in the northern Mediterranean countries was also unfavourable. Although they trade essentially with other European partners, they generally show deficits in extra-Community foreign trade, with the exception of France in 2000 and the following years and Malta (Charts 7 and 8).

The SEMCs' share of EU foreign trade has been relatively low since 1999, 7% of EU imports coming from the region and 9% of EU exports. The Mediterranean countries of the EU trade more with these countries, however; this is mainly the case with France, Italy, Spain, Greece and, in particular, Cyprus. But these trade relations are not particularly intensive (trade with the SEMCs does not account for more than 20% of any southern European country's foreign trade, except for Cyprus) and they also underline the fact that, with the exception of Malta, they all export more to SEMCs than they import from them (Chart 6).

Chart 6 - Position of the SEMCs in EU trade, 1999-2005

Source: Eurostat, EMS 2007.

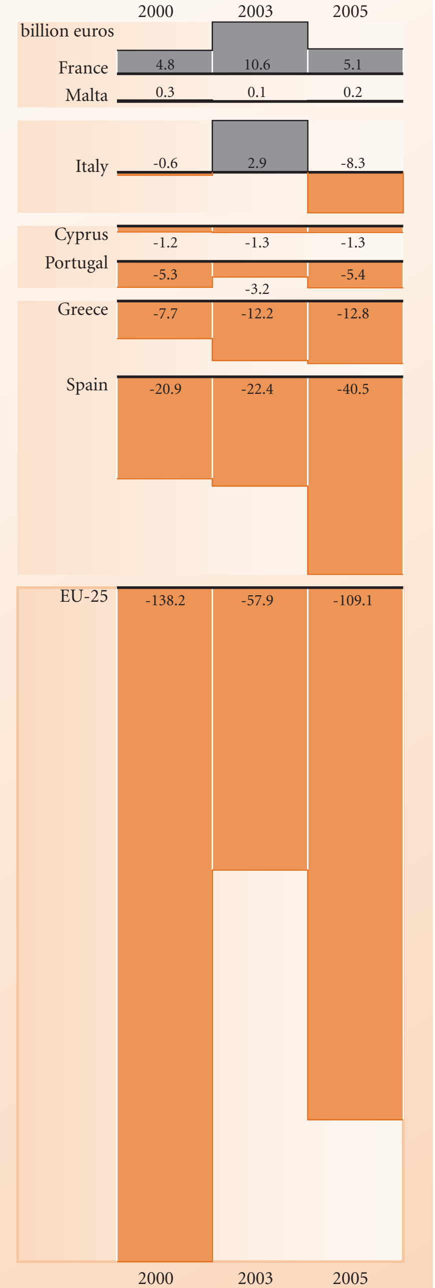
Chart 7 - SEMC trade balance, 2000-2005



Source: Eurostat, EMS 2007.

Atelier de cartographie de Sciences Po, 2008

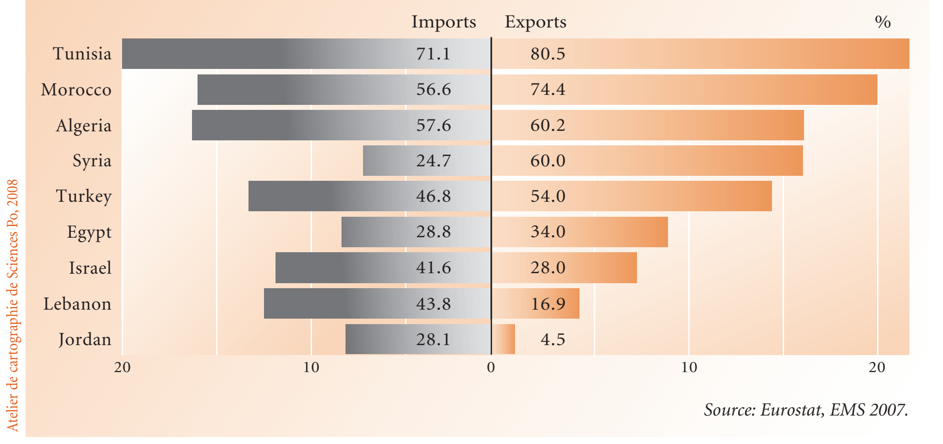
Chart 8 - Trade balance of the EU Mediterranean countries, 2000-2005



Source: Eurostat, EMS 2007.

Atelier de cartographie de Sciences Po, 2008

Chart 9 - Position of the European Union in SEMC trade, 2000-2005



Source: Eurostat, EMS 2007.

Conversely, trade with the SEMCs is highly polarised towards EU countries, as regards both imports and exports. This is the case with the three Maghreb countries, and in particular with Tunisia, the EU accounting for 71% on average of Tunisian imports and 80% of Tunisian exports over the 2000-2005 period. The EU share of Turkish, Israeli and Egyptian foreign trade also reflects the SEMCs' close trading links with Europe. Lebanese exports to the European market are limited, however (17%), Jordan's are very limited (4%), and trade between Syria and Europe has been waning since 2004 (see Chart 9 and Annex 4).

These data must not mask the role played by other zones of the world in SEMC trade. In 2004, the United States had a trade presence in the region (particularly in Israel, Egypt and Jordan), accounting for 7% of SEMC imports and almost 17% of their exports. China accounted for 5% of imports and 2% of exports, but the weight of Asia (15% of imports and 11% of exports) must be added in order to show the extent to which the SEMCs now have trade links with the Asian continent as a whole. South-South trade in the Mediterranean region is still limited, on the other hand – for many reasons (political difficulties amongst riparian countries, similarity of production systems, etc.); the SEMCs trade very little with one another, inter-SEMC trade accounting for 4.5% of their imports and 6.2% of their exports in 2004, although three SEMCs – Egypt, Syria and Jordan – do entertain more intensive South-South trade relations.

A mosaic of trade agreements

The Mediterranean region is today a mosaic of political and trade agreements, in which Euro-Mediterranean relations are not in fact exclusive. The liberalisation of trade in the region has taken the form of a dual movement of multilateral and bilateral associations. The agreements concluded between the EU and the SEMCs within the framework of the Euro-Mediterranean partnership play a special role. This process, which was launched in Barcelona in 1995, aims in particular to establish a free trade area by 2010 constructed on the basis of a series of association agreements concluded between the EU and each of the SEMCs. It was a leap of faith aiming to enable the countries on the southern shores to open up to trade in order to stimulate economic growth, which, in turn, would provide a firmer basis for political reforms initiating the transition to democracy. But due to the inflexibility of Mediterranean political systems and the lower level of regional integration in terms of South-South trade these objectives have not been achieved.

The result is disappointing: Euro-Mediterranean trade relations between the northern and southern shores are still totally asymmetrical. There has been no sign of any move towards economic integration in the region for over 10 years, a fact that is evidenced by the persistently low level of South-South trade and the wealth disparities between the populations in the North and the South. At the institutional level, Syria and Lebanon still have not ratified their association agreements with the EU, and Algeria did not do so until 2005. The other States have progressed at varying paces, pioneered by Tunisia (which ratified its association agreement in 1998) and then Morocco (2000). In view of the delays in the signing of the agreements and the 12-year transition periods that have been scheduled, the time span for the full opening of trade will run from 2008 to 2020. The countries in the North have also been slow to ratify the agreements (taking from two to five years).

The MEDA programme, the financial instrument of Euro-Mediterranean co-operation, has proved difficult to implement: from 1995 to 2005 almost € 6.9 billion were committed to the Arab SEMCs (neither Turkey nor Israel were eligible for aid from this programme, since the former had embarked on negotiations for joining the EU and the latter had a "western" economy very different to those of the Arab SEMCs), but only € 4 billion were actually expended (i.e. an average of 364 million per year over 11 years) due to an insufficient disbursement rate and ponderous bureaucratic procedures in both North and South (see Annex 5). Since the Arab SEMCs have a total population of some 180 million, the figure of € 2 per person per year is quoted hear again, as mentioned above.

This Euro-Mediterranean facility, which is already problematical due to mutual concern and distrust as to the impact that opening will have on these economies, has been complicated by the implementation of the European Neighbourhood Policy (ENP). The EU is in fact reforming its foreign policy regarding its immediate neighbours with a view to adapting its action to its new geography and meeting the demands arising from the changes in its geopolitical environment following the integration of the CEECs; this new foreign policy focuses on these "new" neighbours (Russia and Ukraine in particular) and on Europe's "old" Mediterranean neighbours.

The new European offer is designed to pave the way for institutional convergence, the neighbouring countries taking over part of the Community *acquis* at their own pace (according to the expression of "Everything but the institutions", which means that the neighbouring countries are invited to adopt the necessary tools for joining the large Community market without becoming members). This policy has been based since 2007 on a new financial instrument, the ENPI (European Neighbourhood and Partnership Instrument), which has a total budget of € 11.2 billion for the 2007-2013 budget period and for all of the regions concerned by the ENP. The bilateral approach prevails in EU relations with each of the neighbouring countries. The regional dimension – the original feature of the Euro-Mediterranean partnerships – has thus been reduced or even eliminated, although it must be admitted that it never really enjoyed strong support either by the European States or by the partner countries or by the Commission. This trend is now being confirmed by the implementation of action plans between the EU and its neighbours, which complement the association agreements in the Mediterranean. Each plan establishes an agenda of reforms and co-operation between the EU and the third country, which could gradually take part in European programmes, depending on the progress made. In return for this concrete progress in compliance with Community values (democracy, human rights, State governed by the rule of law, market economy, sustainable development) and for the effective implementation of political, economic and institutional reforms, the EU would offer these countries the prospect of taking part in the internal market. By 2007, seven Mediterranean countries (Egypt, Lebanon, Jordan, Israel, Morocco, Tunisia and the Palestinian Authority) had already signed an action plan with the EU.

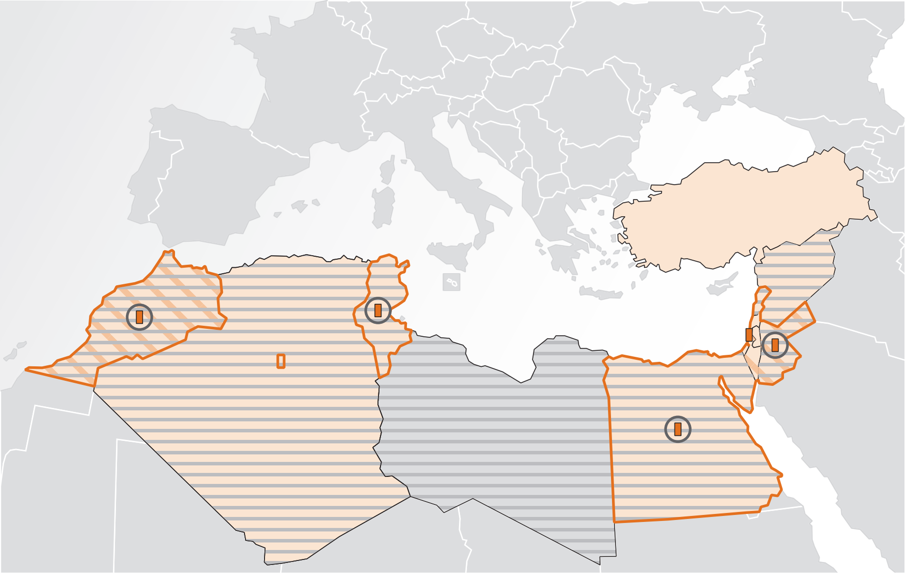
A mosaic of political and trade agreements overlaps with these Euro-Mediterranean relations:

- Although the Maghreb Arab Union (MAU) still seems to be at a standstill, efforts are underway in the Arab League to create an extensive free trade area. Numerous trade agreements have been signed more recently at the regional level, such as the Agadir Process in 2004 (involving Morocco, Tunisia, Egypt and Jordan), or at the bilateral level (in particular between Turkey and other countries in the southern Mediterranean), evidencing the will to step up South-South relations.
- The United States has a strong presence in the Mediterranean region and is establishing strategic alliances with several States in the zone in line with the objectives that have been set in the US BMENA (Broader Middle East and North Africa) policy. A free trade agreement was concluded with Israel in 1985, with Jordan in 2001 and with Morocco in 2004. Washington is now seeking to pursue this trend, and other Mediterranean countries (Tunisia and Algeria in particular) could conclude agreements in the future.

How do the Mediterranean countries stand in relation to the World Trade Organisation (WTO)? The negotiating positions of the EU and the SEMCs are asymmetrical: the EU negotiates en bloc for all of its 27 Member States, whereas the SEMCs each negotiate separately (as a reminder, Lebanon and Syria are not members of the WTO, and Algeria has only observer status). Since the SEMCs do not resolve their diverging interests within their own specific framework, they can find themselves in negotiating groups which sometimes adopt opposing positions. For the SEMCs, there are also two very different fronts in the multilateral negotiations when it comes to agriculture, two very sensitive issues: access to the markets of the EU (their main trading partner), and Europe's treatment of the other developing countries (Map 1).

The rapid expansion of new players is creating other dynamics. China, the Asian dragons, the Gulf monarchies, Russia, Brazil and South Africa are becoming increasingly important trading partners for the countries in the southern and eastern Mediterranean. This trend is obviously connected with the multicentred pattern of trade which globalisation has brought.

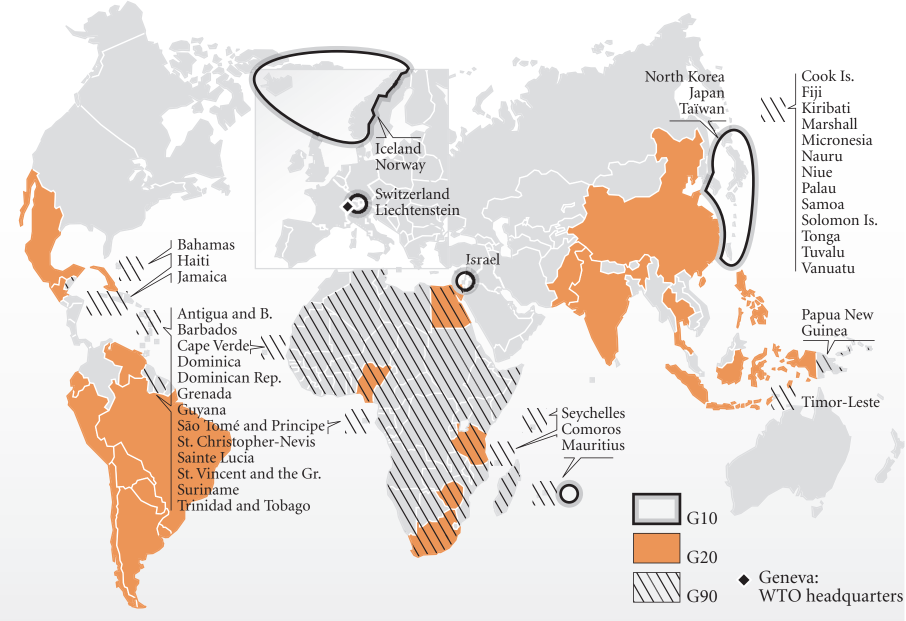
Map 1 - Political and trade agreements



Euro-Med (EU/MPC association agreements)
ENP(action plans, PA)
Arab League
MPC/US bilateral agreements
Agadir Agreement
WTO (membership)
WTO (observer status)

Source: Ciheam.

Pressure groups in the WTO



Source: Ciheam and www.g-20.mre.gov.br, www.africa-union.org, www.acpsec.org/en/acp_states.htm, www.unctad.org and www.wto.org

Atelier de cartographie de Sciences Po, 2008

Consequences and prospects for the Mediterranean economies

In view of the population developments to be anticipated over the next 10 or 15 years and their consequences in terms of massive and permanent unemployment affecting young people, the economic transition of the SEMCs poses major challenges. On the domestic scene, these countries will have to find a new growth model to follow the re-distributive model which prevailed from the years of independence to the mid 1980s. That model must be based on productivity growth and accompanied by a new social contract that can bring the entire population the prospect of better living conditions. And externally, these countries will have to improve their integration into world trade by decompartmentalising regional trade and diversifying their trading partners.

In this dawning 21st century the economic situation of the SEMCs seems uncertain. Given the particularly difficult geopolitical situation with persistent serious regional conflicts, one cannot yet speak of any substantial economic takeoff, despite the fact that the rise in raw materials prices has boosted growth in the past few years. There are some signs of recovery, but there is still concern over the social and human costs of adjustment.

How is the economic improvement since 2003 to be interpreted?

Growth has been sustained in the SEMCs since 2003. Per capita GDP has been growing at a rate of over 4% (the aggregate average for all the countries), a performance which the region has not registered since 1970 after the first oil crisis. This buoyant growth ends a long period of sluggish economic activity – per capita GDP rose by only 1% on average in the period from 1990 to 2002 – during which there was no sign of any convergence with the countries on the northern shores of the Mediterranean. However, these overall trends must not mask profound differences amongst the individual countries. Many different shocks have affected each of them – recurrent climate shocks (in Morocco), internal and external conflicts with regional repercussions (in Algeria, Lebanon, Jordan, Israel and Syria), and financial crisis (in Turkey). Tunisia stands out with a stable and relatively high growth rate, which over the long-term has brought the country's per capita income close to that of the European countries.

This regional trend is taking place in the context of very high world growth buoyed up by the high performance of the countries in East Asia following the crisis in the late 1990s, and in particular the performance of China, and of India for barely a decade. The macroeconomic imbalances in the SEMCs have been resorbed on the whole since the mid 1990s; inflation in Turkey was brought down below the10% mark in 2004. The balances on current account became positive (on average) at the turn of the century, a fact which reflects excessive savings in general (except in Turkey and Tunisia), which in turn points to sluggish production in the economies of the region.

The causes of this improvement are largely external, as was the case in the 1975-1985 period, with the exception of Turkey and Israel. The rise in hydrocarbons prices is resulting in a rise in revenue in the net exporting countries (Algeria, Libya and, to a lesser extent, Egypt and Syria) and then in the other countries in the region due to the double effect of the increase in capital transfers (FDI) and in transfers by emigrants, coming mainly from the Gulf countries. The region is thus returning to import growth mainly due to the price of energy, a factor on which the societies of Mediterranean countries have no influence. But whereas the growth which followed the two oil crises in 1973 and 1980 (and which was suddenly interrupted by the countershock in 1986) was further accelerated by massive public debts causing profound macroeconomic imbalances (which were then resorbed by structural adjustment plans), the current period seems to be more "virtuous". Having learnt from the rigorous adjustment policies they have had to implement, the authorities are now maintaining macroeconomic balance and only resort very cautiously to foreign debt. Some of the oil-producing countries in the region, in particular Algeria, are even engaging in prepayment of their foreign debts.

This renewed growth is reducing unemployment rates, which until now have been the highest of all developing regions. It is young urban graduates who are hardest hit by this unemployment, which carries a high risk of destabilisation, and the authorities have been endeavouring to reduce this risk for the last three years through public investment programmes such as the scheme implemented in Algeria. Pressure to emigrate is still strong in all of the Arab Mediterranean countries. Young workers have seen no substantial improvement in their prospects of progressing in society, since the growth has been generating a relatively limited number of jobs in the formal sector, not to speak of the administration, as was the case until the mid 1980s. To this have been added considerable migratory flows from sub-Saharan Africa since 2004; these migrants are bound for Europe and are generally stranded in the countries in the north of the continent, where some find very low-paid jobs without status. The countries on the southern shores to which they emigrate have thus also become transit and host countries for thousands of young sub-Saharans.

Given the emigration trend in their own populations and excessive savings, the SEMCs are on the whole exporters of production inputs. Since labour and capital are unable to join forces dynamically on the domestic scene they seek their fortune and security elsewhere, reflecting the fact that the new indigenous growth that has been registered over the past few years is still unable to generate employment.

With the prospect of continuing high energy prices and the rather favourable economic situation this entails, these countries have to choose between two alternatives: will these external financial resources that have been stimulating growth since 2003 provide a basis for modifying internal regulation systems in depth in order to stimulate domestic production? Or will there be growth without development, socially imbalanced growth that is based on redistribution rather than on production?

Historical heritage and globalisation

After the macroeconomic adjustments made with the support of the international financial institutions, the growth modes in these countries failed to recover due to deep-rooted internal constraints, and the various forms of strategic revenue (oil, geostrategy) from which they have been "benefiting" have been a major contributing factor in the perpetuation of these bottlenecks. More broadly and over the longer term, these countries have been unable to start to bring their per capita incomes into line with those of the northern Mediterranean countries. The pace of activity still depends to a large extent on external resources: growth is not self-sustained.

The challenge of creating employment for young people will be all the more crucial by 2020. In the current population transition, hordes of young workers, many of them urban graduates, are already pouring on to the market and will continue to do so for the next 15 years. In the present situation, despite the economic upswing, the social systems and production structures are unable to absorb this influx of young workers, who are less and less protected by family solidarity and remain mainly in informal subsistence activities at home or abroad ("suitcase" trading).

Yet the bottleneck is not due to lack of financial resources, since these countries export part of their savings. It is due to the general lack of dynamism of States which have no autonomous development strategies and to the fact that the social systems are inaccessible to new actors (young entrepreneurs setting up their own firms). Sheltered by both internal and external protection measures (difficulty for new firms to enter the market, customs barriers), firms fail to innovate, confining their operations to traditional activities. This lack of dynamism on the part of firms which are not open to new activities (reluctant even to imitate, let alone innovate) perpetuates the low demand for foreign financing.

So the question that arises is less that of how to re-energise the financial sector than one of how to stimulate entrepreneurship: while the growing pressure of unemployment is resulting in a profusion of small and very small subsistence firms with a strong informal component and very low productivity, medium-sized and large enterprises are focusing on rapid-return activities and are investing very little in the sector. The level of technological and managerial know-how accumulated is low, as is investment level, particularly long-term investment. It is virtually impossible to launch non-traditional economic activities by expanding existing firms or setting up new businesses. There is little diversification of the entrepreneurial fabric, and inter-company relations involving complementary activities are underdeveloped (there is very little co-contracting or sub-contracting). Production in each individual firm is episodic, and this is an obstacle to many medium-sized and large-scale investment projects, both local and foreign. To this is added the low level of expenditure on research and development (R&D), which limits technological absorption capacities.

The reasons for this curb on growth are to be sought in the confidence area – static confidence amongst agents and between agents and public institutions, dynamic confidence of agents in the future. Confidence is low in both senses of the term throughout the region with regard to transaction security, willingness to be taxed, credibility of the justice system, investment in the future, risk-taking (on the part of businesses but also of households, whose investment in education does not pay off).

Essentially, the curb on growth in these countries is due in the last analysis neither to lack of resources, in particular financial resources, nor to macroeconomic imbalances, which have been brought under control on the whole, nor – which is even more surprising – to particularly ineffective public governance compared to the other develop ing countries with equivalent revenues. The causes go deeper than that: they are a combination of the resistance of the public and private elites, their practice of "capturing" the State, which eliminates any consideration of the long-term and precludes the entry of any new players, the weight of tradition, which is hindering the modernisation of both industrial and gender relations, very limited confidence amongst actors, which increases transaction costs, and, finally, the status of knowledge, which is inhibiting creativity and restricting learning. In short, the modus operandi of these economies is labouring under a dual handicap: it lacks competitive drive, and it lacks a co-operative mentality.

Although the very low level of foreign corporate financing is the most visible symptom of this lack of dynamism in SEMC production systems, it is not the cause. It is due to corporate reluctance to incur debts and to take risks. By the same token, the low level of foreign direct investments is due to the reluctance of local firms to open their capital to foreign investors. In these circumstances, given the sluggish corporate demand for resources, there is no incentive for the financial sector to modernise.

The opening of SEMC economies to foreign trade has not changed the way they operate. The economic component of the Euro-Mediterranean partnership (creation of a free trade area between the EU and each of these countries as well as amongst these countries) is intended to speed up changes in production structures and institutions by providing a political basis and financial support. Tunisia is the only country to date which has taken the opportunity to take a number of steps to modernise its economy at its own pace. Morocco is following suit, but with difficulty. The other SEMCs still have a long way to go and have only just started to open up; they lack a development strategy which could coordinate and mobilise the interests of the various actors involved. Here again, Tunisia is the only country which since its independence seems to have a certain amount of vision.

Barring slight differences from one country to another, the reform movement is proving to be slow. With political leaders ill-inclined to take any steps, commitents to reform often prove to be for rhetorical effect.

All in all, the political economy underlying the modus operandi of wealth creation is locked by the elites of the private and public sectors, who collude to maintain a status quo of which they are the primary beneficiaries. Given the en masse arrival of young workers on the labour markets and the waning redistribution capacities of the State, these countries are faced with the need to formulate a new social contract. Social necessity and the need to speed up growth modes concur, but will the systems have the political resources for meeting these challenges?

New internal trends and swing to a multicentred world

The arrival of new powerful actors on the now globalised economic arena is drastically changing the international environment. China has become "the workshop of the world" for low-tech and medium-tech products but also a major investor in energy, the other raw materials and certain specific sectors. India follows close behind with its own special features. Brazil is embarking on new economic alliances with South Africa and India…

As regards manufacturing, economic takeoff through the gradual development of unskilled-labour-intensive sectors towards activities with growing value added and involving more and more capital and skilled labour is in real jeopardy in the countries which have not seized this opportunity. This is the case with the Arab Mediterranean countries, only a few of which (Turkey, Tunisia, Morocco) have to some extent taken advantage of the system of asymmetrical trade preferences granted by Europe in the mid 1970s. New analyses have been produced on the region, those of the UNDP being particularly remarkable due to the way they have been drawn up (by Arab experts) and their depth. They are severe in their assessment of the causes of the inhibition of the development of these societies: the lack of democracy, women's bridled status, and the difficulty in acquiring of knowledge.

Yet profound dynamics are underway, created in the main by the effects of one of the most rapid population transitions ever observed. The sudden drop in fertility rates has reduced the size of families, enabling women to take part in economic and social life to a greater extent while modifying the relationship with paternal authority. While general access to education, despite the latter's shortcomings in terms of quality, is running counter to the submission which is a trait common to all of these societies, the success of the Arab television channels demonstrates that the educated middle classes are aspiring to critical information. The myth of Arab unity has waned considerably although still a cultural reference, while the Arabic language has actually been unified thanks to the television channels which broadcast news, films and songs, so that in addition to the dialects which are still spoken a modernised form of classical Arabic is now understood throughout the linguistic area.

The demand for autonomy and for the participation of civil society has been emerging in Arab societies since the mid 1990s. It is apparent in a far-reaching associative movement in Morocco in reaction to the shortcomings of the State in the social field and in a religious movement in which the individual is given recognition and economic success and personal growth are advocated. Response is particularly strong in societies which have been affected by the islamisation movement for some time, particularly in Egypt, and is aimed at the well-off, who are bridled by bureaucracy and authoritarianism. But it leaves social demands unanswered and evades political issues, shying away from the question of the State and its authoritarian governance of society.

Europe has not as yet used the framework it has been setting up in the region since 1995 to advantage. The Euro-Mediterranean partnership, which has only had a marginal effect on the internal reform trends in the various countries, is suffering from the very limited political and economic involvement of Europeans. In the absence of a common foreign policy, the ambiguities in the foundations of this partnership (a security objective, economic means) are reflected in its management, which has been assigned to the ministries of foreign affairs, whereas the bulk of the progress that has been made, albeit limited, has been in the economic field.

At the same time, the emergence of new powers in Asia and also in Latin America has changed the face of the world well beyond the economic field. We have moved from a "developed centre/developing periphery" pattern to a vision of a world that is less and less polarised towards a developed North that dictates the rules of the game. The countries in the North do of course endeavour to integrate these new players into the old framework of international relations whenever the latter are in a position to demand a place in the new configuration of the world: the post-colonial era is over. The causes of these upheavals owe little to the SEMCs. It is due to the explosion of oil revenue in the

Persian Gulf countries, Algeria, Libya and, to a lesser extent, Egypt and Syria and in particular to growing world energy challenges that the Mediterranean countries are gaining significance. Traditional links, particularly links between colonial powers and former colonies, are gradually weakening. New trade routes are opening between countries in the South, new cross-investments are establishing links amongst Arab countries, but also between those countries and countries in Asia, the Americas and Africa. These changes will affect all Mediterranean countries to degrees as yet undetermined. Whereas until now they have been focusing on Europe and the United States, they will, at the very least, look to new horizons.

The development and place of agriculture in the Mediterranean economy

In this context, agriculture remains a strategic issue within the economic trends in the Mediterranean region. Examination of the major socio-economic indicators, a survey of agricultural trade in the Mediterranean and a debate on the prospects of trade liberalisation will provide a basis for assessing the challenges involved.

Panorama of the major agro-economic indicators

Decline and growth of the agricultural labour force

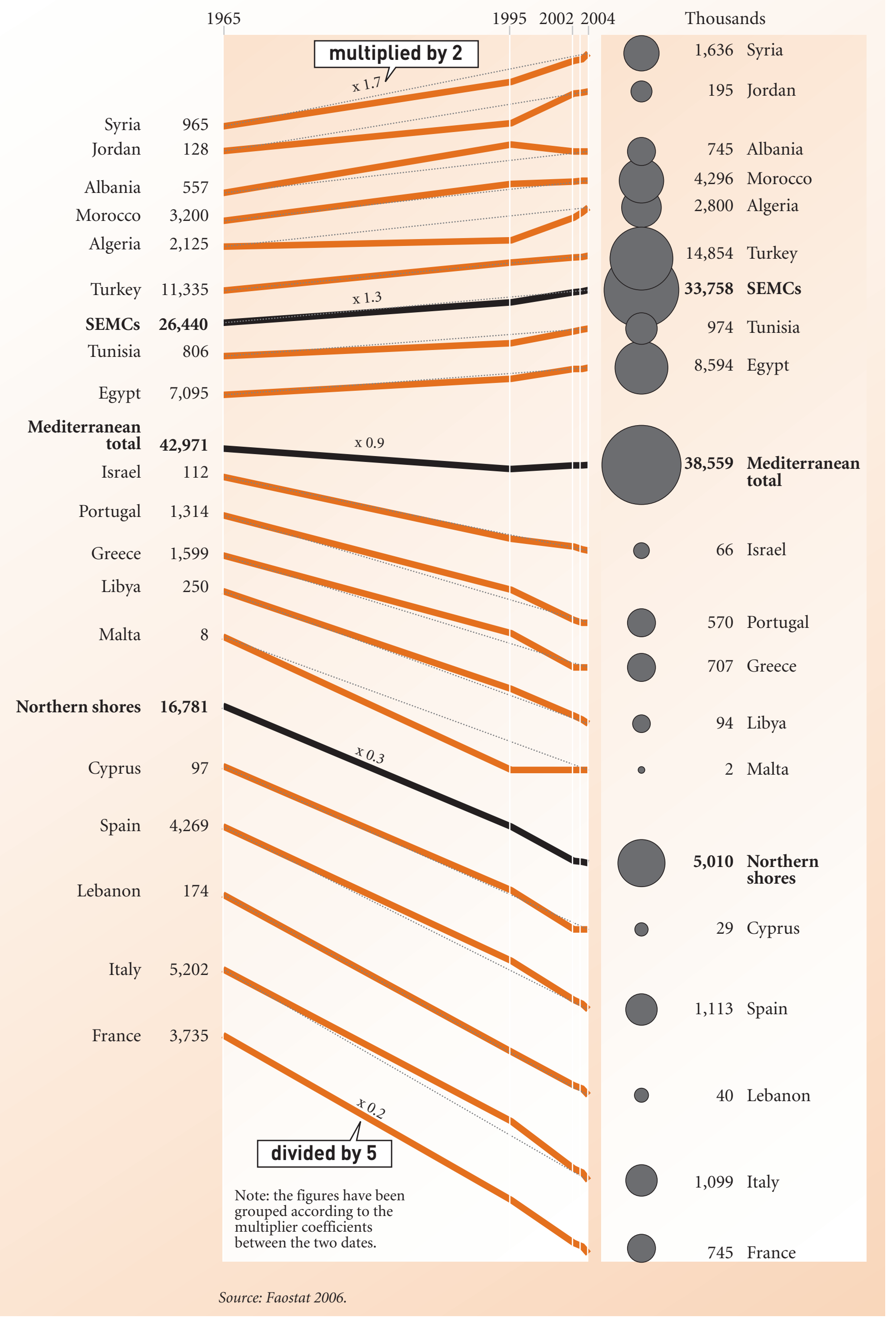
The Mediterranean Basin had a total population of approximately 455 million in 2005, one-third of whom were still living in rural areas. It is interesting to examine the trends in the working farm population[3] in this general context of population expansion in the Mediterranean, since agriculture is still a major job provider in the region.

A labour force of 102 million was registered in 1965, and 43 million of those workers were in the agricultural sector, i.e. 42% of the labour force or one-sixth of the total Mediterranean population, which was 260 million at that time. In the same year two-thirds of the 40 million workers registered on the southern shores were working in agriculture. A working farm population of 17 million was registered in the northern Mediterranean countries the same year, and the figure for the SEMCs was just over 26 million. In the space of four decades the trends on the two shores of the Mediterranean Basin diverged considerably. By 2004, the working farm population had dropped to 5 million in the North, whereas the SEMCs still had an agricultural labour force of 33.6 million (i.e. approximately 7 million more than in 1965), and 80% of the working farm population in the Mediterranean were located in the SEMCs. In fact the figures in some States were still fairly impressive – in Turkey and Morocco, for example, the share of agricultural workers in the total labour force was 43% and 33% respectively. With a working farm population of almost 39 million in the Mediterranean region in 2004, almost one-twelfth of the total population and one-fifth of the total labour force were working in agriculture (Charts 10 and 11; Map 2).

Two facts must be borne in mind at the regional level:

3 - It should be noted that Albania has been included in these calculations for the countries in the northern Mediterranean and that Libya has been added for the figures concerning the SEMCs.

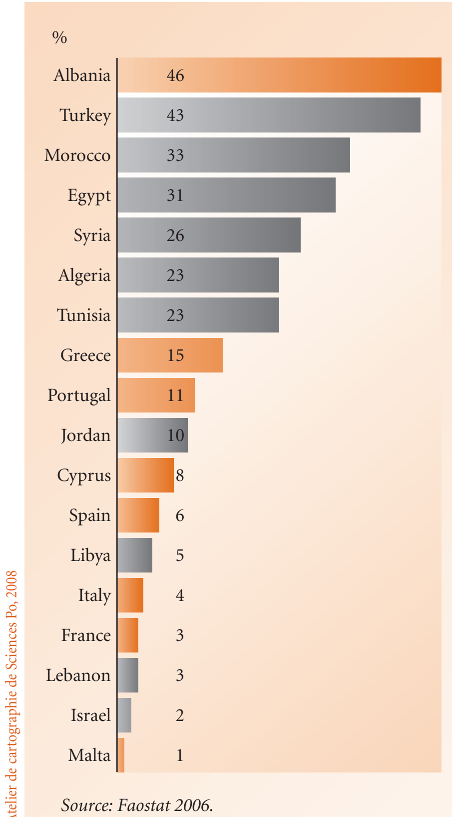
Chart 10 - Working farm population trends in the Mediterrenean region, 1965-2004



Source: Faostat 2006.

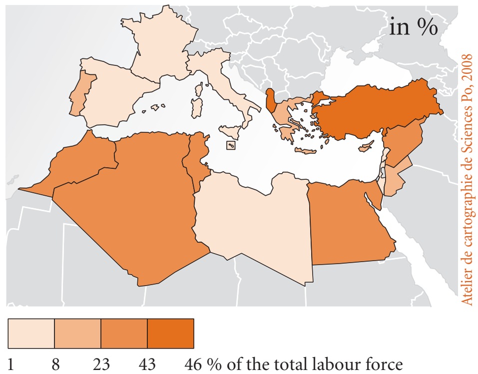
Atelier de cartographie de Sciences Po, 2008

Chart 11 - Share of working farm population in total labour force, 2004



Source: Faostat 2006.

Map 2 - Share of working farm population in total labour force, 2004



Source: Faostat 2006.

- The working farm population on the northern shores has been decreasing sharply since 1965 (except in Albania); in France and Italy, for example, the numbers have decreased by 80%. This is partly to be explained by the public policies that have prevailed since the 1960s, and in particular the common agricultural policy, which has increased productivity, whilst expanding industrialisation and then the labour market shift to the tertiary sector meant that the farm population could be "discharged" to those sectors.

- The reverse has been the case on the southern shores, where the working farm population has increased by 7.2 million since 1965, although this figure is relative when one relates it to overall population growth in the period (+160 million people on the southern shores between 1965 and 2005).

In three of the SEMCs – Israel, Lebanon and Libya – the working farm population decreased in the period from 1965 to 2004 as the result of the intensification of production in Israel, lack of interest in the agricultural sector in Lebanon, and economic reconversion to a rent-seeking economy in Libya. Two States currently account for 70% of the total agricultural labour force in the SEMCs: Turkey (with a working farm population of 14.8 million) and Egypt (8.6 million), where agricultural realities are actually very different.

These trends on the southern shores are by no means insignificant: on the one hand, the decline in relative value of the working farm population is reducing the political weight of a population which, until now, has not always been well represented in the power structures; and on the other hand, the increase in absolute value of the number of agricultural workers in a context where land reserves are limited often results in the reduction of the size of farms, which in turn has both social and economic consequences (erosion of incomes and reduced investment capacity), not to mention that the duality of the agricultural landscape is intensifying: increasing numbers of microfundia practising subsistence farming are cohabiting with large-scale farm enterprises, which are more competitive and are geared to both domestic and foreign markets.

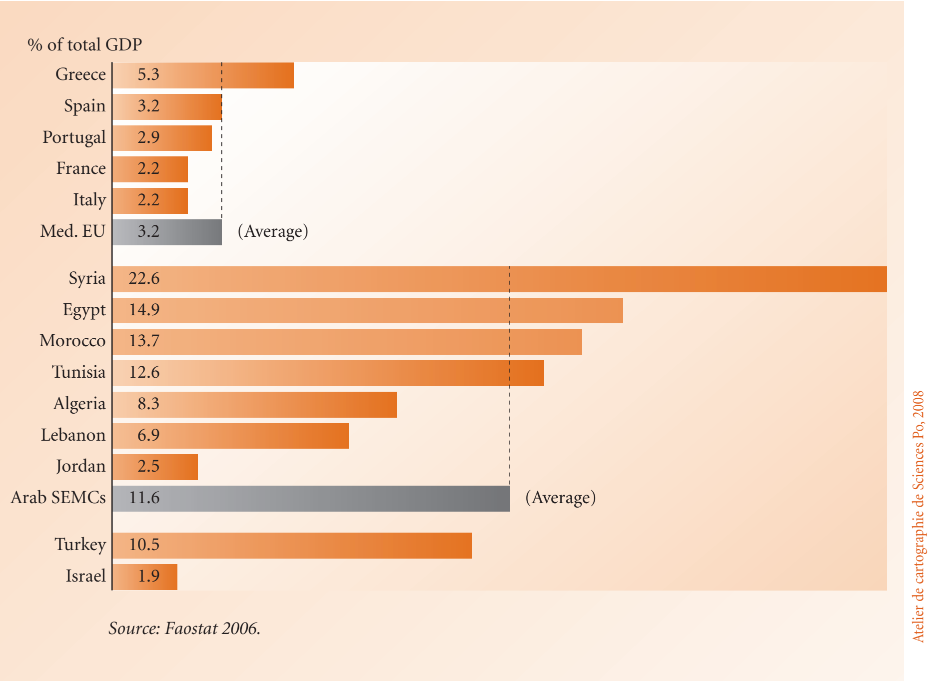
And finally, agricultural productivity varies within the Mediterranean region. The per capita agricultural value added in the Mediterranean countries of the EU is almost 10 times higher than in the SEMCs (approximately \$18 000 and \$1 950 respectively). This gap between the two zones widened over the 1990-2003 period with different trends in production and also in the number of persons working in agriculture. The differences between the European Mediterranean countries and the SEMCs are less marked when it comes to productivity per hectare, considering the relative scarcity of land and the development of irrigated crops in the latter countries. In 2003, the value added per hectare under crop was \$1 450 in the European Mediterranean and \$1 080 in the SEMCs. These values are rising in both zones due to intensification and the decrease in acreage under crop. Wide fluctuations are often observed in the SEMCs, however, due to changes in weather.

The core of the national economies

Agriculture remains an important sector for the SEMC economies with an average contribution of 12% to total GDP in 2005 (compared to 15% in 1990). Some economies are still very dependent on agricultural performance; this is the case in Egypt (15%), Morocco (14%) and, in particular, Syria (23%). The good results achieved by the SEMCs in terms of growth in the gross agricultural product (GAP) over the period from 1990 to 2003 should also be mentioned; Morocco achieved an increase of 6.5%, for example, Syria 6% and Tunisia 5.5%. In the north of the region the agricultural sector accounts for only 3% on average of the GDP of the EU Member States, Albania being the only country where the health of its economy is still closely related to the health of its agricultural sector (one-quarter of its GDP is due to agricultural performance). The agricultural productivity gap in the Mediterranean remains a reality, which again reveals the technical and economic gulf between North and South (Chart 12).

However strategic it may be for the national economies, the agricultural sector in the SEMCs has a dual structure. Alongside the limited number of efficient agro-food industries which have been drawn into the globalisation process there are innumerable very small family farms scattered over the rural areas. In the southern Mediterranean, large-scale, highly capital-intensive enterprises, which use modern production inputs on fertile land and are prepared for the liberalisation of trade, operate alongside a vast number of small holdings, many of which practice subsistence farming, in rural areas, with no access to land ownership and producing mainly for their own consumption. These small farms are unable to compete and are extremely vulnerable when agricultural markets open up. They are also losing access to the urban market in coastal areas, where supplies are coming increasingly from the outside world.

Chart 12 - Agriculture in GDP formation in the Mediterranean region, 1990-2005



What is the situation regarding the agro-food industries (AFIs) in the SEMCs? At the end of the 1990s there were almost 670 000 people working in the agro-food industries in the SEMCs compared to about 1.2 million in the Mediterranean countries of the EU. These industries, which are located essentially in Turkey, Egypt, Morocco and Israel, lack logistical and technical organisation and are subject to a restrictive legal and commercial framework (resulting in low investment levels). They are slow to modernise, and the natural handicaps in the region (climate, drought) make them even less competitive. Some AFIs focus on export crops, but the bigger firms in Turkey, Algeria and Egypt specialise mainly in products for the domestic market. Major national industrial groups are appearing on the scene, however, such as Poulina in Tunisia, Cévital in Algeria, Tnuva in Israel, and Sabancı in Turkey; they are also very active outside the agro-food sector. The Moroccan AFIs are developing and are still the leading manufacturing sector in the country, and Turkey can now boast a fairly well-structured AFI fabric.

Progress has been made in the past few years: there were 159 agro-food subsidiaries of foreign multinationals in the SEMCs in 2002 compared to 24 in 1988. These multinationals are often American firms which want to get a foothold in the Mediterranean, such as Sara Lee Corp., CocaCola & Co., Procter and Gamble and PepsiCo. Other groups such as Nestlé (Switzerland), Unilever (Netherlands) and, in particular, Danone (France) have also invested in the SEMCs with a view to developing agro-food subsidiaries there. However, in the period from 1987 to 2006 only 1.1% of the total mergers and takeovers operated throughout the world by the 100 leading multinationals in the agro-food industry concerned the SEMCs (and 0.6% concerned Turkey alone) – compared to the 20% involving the Mediterranean countries of the EU.[4]

"Mediterranean" agricultural products

This overview of agricultural production in the Mediterranean region is not intended to be exhaustive; it aims mainly to underline the significance of the region in the 2003-2005 period for the ranges of products in which it has specialised. First of all, the Mediterranean Basin accounts for approximately 16% of world fruit production and 13% of world vegetable production. This position has been weakening, however, in the last few years due to the development of production in South American and Asian countries and in particular to the rapid growth in China. In the early 1970s the Mediterranean region covered 26% of world fruit production, and by 1990 it was accounting for 16% of world vegetable production. The main fruit and vegetable-producing countries in the region are France, Italy, Spain, Turkey and Egypt. Production is clearly focused in the Mediterranean in the case of certain commodities – the region accounts for 85% of world hazelnut output, for instance, 80% of figs, 36% of dates, 52% of apricots, 46% of grapes, 34% of peaches and nectarines, 55% of pulses and 31% of tomatoes; and the olive oil produced in the Mediterranean – the flagship product of the zone – amounts to 99% of world output, the main producers being Italy, Spain, and Greece in particular, but also Tunisia, Turkey and Portugal). This monopoly could meet with competition, however, from the olive plantations recently established in Australia, the United States and even China. And finally, wheat is the principal cereal grown in the region, 16% of total world output being produced there (predominantly in France); the SEMCs (mainly Turkey and Egypt) account for 7% of this output. Cereals are by far the leading agricultural commodities produced in the Mediterranean Basin, accounting for half of the total acreage under crop. Taking all cereals together, the Mediterranean share of world output is estimated at 8%.

Overview of agricultural trade

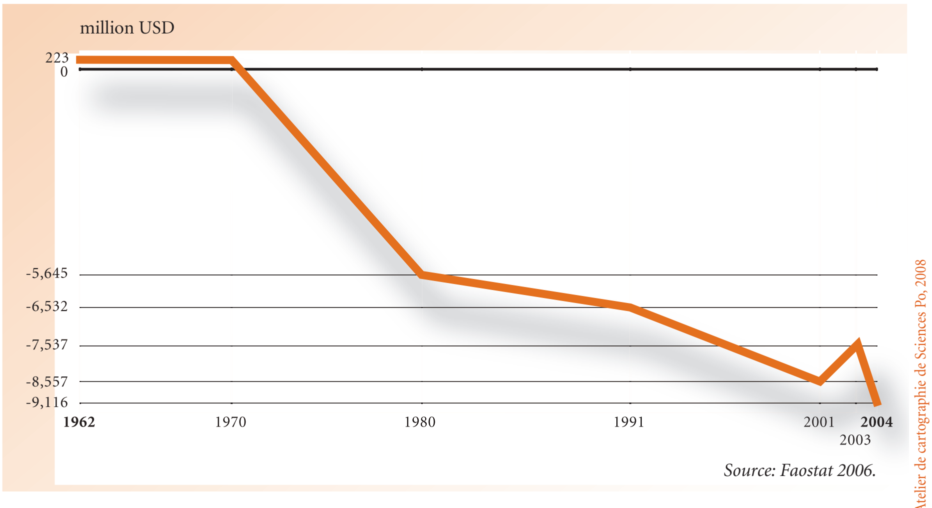
Agricultural trade and food dependence

Agricultural trade performance in the North and South of the Mediterranean showed opposing trends over the period from 1963 to 2003. When we compile the data per country we note that the share of the EU-25 in world agricultural imports remained stable (between 35% and 40%) but that its share in exports increased considerably (45% in 2003 compared to 22% in the early 1960s). France plays a major role in this trend, since it is still the world's second-largest agricultural exporter. Italy and Portugal, on the other hand, have not achieved positive agricultural trade balances in the past few years.

Compared to the EU, the SEMCs have shown the opposite trend, moving from the status of net exporting region in the 1960s to that of net importing zone from the 1970s onwards. In 1963, they accounted for around 4% of world agricultural exports, but by 2003 the figure had dropped to 2%, and their imports increased from 3% to 4% of the

4 - These data on the AFIs in the SEMCs have been drawn from the AgroData databank, which is managed in the IAMM-Ciheam by Prof. Selma Tozanli.

Chart 13 - Trends in SEMC agricultural trade balances



world total. The agricultural trade balances of the Arab SEMCs have deteriorated considerably. The situation in these countries has been one of chronic food dependence since the 1970s, and some countries (Algeria, Egypt) now seem to have serious structural deficits. By 2004, the SEMCs showed a negative trade balance of approximately $9 million in their agricultural trade with the rest of the world (Chart 13).

Turkey is the only country with a favourable agricultural trade situation and would in fact seem to be the only agricultural power in the region: the general trend has been that Ankara contributes half of the SEMCs' agricultural exports and absorbs 22% of their total agricultural imports (see Annex 6).

The share of agricultural commodities in trade in the North is approximately 12% for the total exports and 9% for the total imports of the EU Mediterranean countries, with a peak in Greece (22% of exports). The situation in the SEMCs is extremely mixed: one-quarter of total imports in Egypt and Algeria are agricultural commodities, whereas the share for Lebanon, Jordan and Syria is estimated at 17%-18%; in five countries – Turkey and Morocco and in particular Syria, Jordan and Lebanon (see Annex 7) – agricultural commodities account for over 10% of exports.

And finally, although the EU is still the SEMCs' main trading partner, these countries are opening up more and more to world trade: in 2004 they obtained 72% of their supplies outside the European market, and 48% of their exports went to the rest of the world. Turkey is focusing even more on extra-European trade (82% of its agricultural imports and 50% of its agricultural exports concern the rest of the world). The EU thus is not the only power exporting to the southern Mediterranean: the United States (5% of SEMC exports and almost 17% of SEMC imports), Argentina, Brazil and Australia are important trading partners, particularly in the case of cereal products. On the other hand, this is again a field where SEMCs trade very little with one another: inter-SEMC trade accounts for about 8% of their agricultural exports in 2004 and 5.5% of their imports.

Asymmetry in Euro-Mediterranean agricultural trade

Agricultural trade between the EU and the SEMCs in 2004 was asymmetrical, as had been the case for several years; it was balanced only in appearance and geographically polarised.

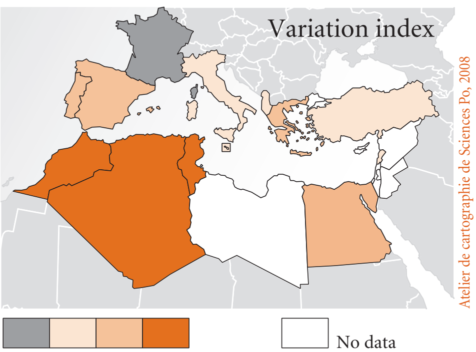
- The asymmetry is obvious: only 2% of the EU's agricultural imports and exports concern the SEMCs, whereas the latter account for 52% of EU agricultural exports and 28% of agricultural imports. There is thus a marked difference between the EU and the SEMCs in terms of agricultural trade intensity.
- The apparent equilibrium is due to the fact that the Euro-Mediterranean agricultural trade balance shows a slight surplus of $0.6 billion for the SEMCs. This positive balance is only due to the commercial weight of Turkey, which alone accounts for 46% of SEMC agricultural exports to the EU. Without Turkey, there is a trade deficit with the EU of $1.5 billion, and even of almost $1.8 billion when calculated for the Arab SEMCs alone. Tunisia and Morocco sometimes manage to balance their trade with the EU, unlike Algeria, which weighs very heavily in the overall deficit of the Arab SEMCs (see Annex 8).
- As regards geographical patterns in trade, agricultural trade is heavily polarised towards several EU countries and SEMCs. Within the EU, five countries account for over 70% of agricultural exports to the SEMCs: France is the leading agricultural exporter (30%), followed by the Netherlands (14%), Germany (12%), Spain (9%) and Italy (6%). We find the same situation when it comes to EU imports from SEMCs, although the figures for the respective countries differ: Italy (19%), Germany (17%), France (15%), Spain (13%), and the Netherlands (10%). On the SEMC side, Turkey, Israel, Morocco and Tunisia are the main agricultural exporters to the EU (46%, 15%, 22% and 12% respectively). And as regards imports, Algeria, Turkey and Egypt are the EU's main trading partners (25%, 14% and 13% respectively). Further analysis reveals a focus of trading between certain countries in the two zones: France imports mainly from Morocco (48% of its imports from the SEMCs), and Germany imports mainly from Turkey (79%). This is also the case to a lesser extent with EU exports to the SEMCs: 40% of France's SEMC exports go to Algeria.

The types of agricultural commodities and agri-foodstuffs traded between the EU and the SEMCs reflects the agricultural specialties of the two zones to a large extent. The commodities which the EU exports to the SEMCs include mainly cereals (16%), milk products (15%) and sugar (8%) but also a wide range of products, particularly processed goods. SEMC exports to the EU are much more specialised, on the other hand: over half of them (54%) are fruit and vegetables, both fresh and processed, 10% are seafood products and 10% olive oil.

Cereals – a very strategic issue in the Mediterranean region

The cereal needs of the Mediterranean Basin have been increasing for several years, an increase stimulated by both human and animal demand, which has doubled in the region as a whole since the 1960s and in some cases has even grown by 400% (Egypt) or 500% (Algeria). Production in the region has lacked the dynamism necessary to keep

Map 3 - Net cereals imports in the Mediterranean region, 1963-2003



Source: Faostat 2006.

pace with this growth in needs, however, with the result that the countries in the region are becoming increasingly dependent on cereal imports. France dominates the production market, accounting for one-third of the cereals produced in the Mediterranean region, and is followed by Turkey, Spain, Italy and Egypt. The geostrategic dimension of cereals production is due to the fact that all of the Mediterranean countries except for France are net cereal importers. In 2003, the Mediterranean Basin accounted for almost 22% of world imports, a figure that must be compared with the significance of the region in population terms (7% of the world population). This weight of the Mediterranean region in world cereals trade is steadily increasing: in the period from 1986-1990 the zone attracted 18% of world cereals imports, but by 1996-2000 the figure had risen to 21% (see Annex 9).

The SEMCs receive 12% of world cereals imports, whereas they currently account for only 4% of the world population. Since the beginning of the 1960s, net cereal imports have multiplied by a factor of 21 in Algeria, 20 in Morocco, 13 in Tunisia and 4 in Egypt. Projections indicate that these imports are liable to continue to grow in the years that lie ahead in order to satisfy both human and animal demand. The Mediterranean cereals deficit could thus grow further in the medium term, a situation which would be to the advantage of the major exporting powers such as France, the United States, Canada and Australia – or even Ukraine and Kazakhstan in the near future (Map 3).

Risks and opportunities of the liberalisation process

Agriculture within the Euro-Mediterranean partnership

Ever since the Euro-Mediterranean partnership (EMP) was launched in 1995, agriculture has always been regarded as a sensitive sector in the trade negotiations between the EU and the SEMCs. There have been three distinct phases, however, which show that progress has in fact been made.

From 1995 to 2002, agriculture was not included on the co-operation agenda due to disagreements. It was too sensitive an issue and was deliberately played down, whereas it was a central question in the World Trade Organisation (WTO) and in multilateral international negotiations at the time. While the ground was prepared for industrial free trade, the liberalisation of agricultural trade between Europe and the Mediterranean was left in abeyance. The reasons for this were complex but the analysis is common knowledge.

In the North, EU producers were afraid of having to face stiffer competition if Community preference were abolished. In the South exporters were pressing for wider access to the EU market. Since the SEMCs were major importers of staples such as cereals, sugar and milk from the EU, because of their low performance in food production they were reluctant to expose their farming to foreign competition. The Euro-Mediterranean trade "conflict" was furthermore due in part to the higher risk of competition between North and South over products produced in both zones (olive oil, fruit and vegetables) if trade were liberalised.

Despite these hold-ups, a start was made on opening markets at the first Euro-Mediterranean ministerial conference on agriculture, which was held in Venice on 27 November 2003 under Italian chairmanship. The main recommendations concerned strengthening rural development, promoting the quality of agricultural commodities and launching concrete action in the organic farming sector. The debate also focused on the speed of the liberalisation process and the methods to be employed. Furthermore, the decision-makers felt that agriculture could only be handled on a case-by-case basis, depending on the sensitivity of the particular product on the EU markets and on the export competitiveness of the country in question (differential approach). This was also in line with the thinking behind the European Neighbourhood Policy (ENP), which was formulated at the same time.

In 2005, agriculture has been included in the timetable for reforming and relaunching the EMP. The EU officially announced its decision to open agricultural negotiations with the SEMCS in a communication issued on 15 November 2005, stipulating that negotiations were to start in 2006 with a view to gradually liberalising trade in both fresh and processed agricultural and fishery products. Since 2006, a committee of experts has been in charge of monitoring the issue in the European Commission and implementing a "Roadmap for Euro-Mediterranean Agriculture". This roadmap has various strategic focuses – reciprocal liberalisation (the effort must be shared by the two shores), a gradual, progressive approach, asymmetry in terms of schedule (the EU thereby accepting a slower pace of opening on the part of the SEMCs) and the establishment of a country-by-country list of the most sensitive products not to be included in the liberalisation process. It also stresses the challenges in rural development, efforts to promote quality products, the development of typically Mediterranean products, measures to boost private investment in the agricultural sector and action to improve access to export markets.

Bilateral negotiations are underway between the EU and the SEMCs. They are progressing rapidly with Jordan and Israel, more recently with Egypt, and at a much slower pace with Morocco and Tunisia. Algeria, on the other hand, seems to be wary of the process and is playing for time. As far as Lebanon and Syria are concerned, nothing has really been done with regard to liberalising agricultural trade in view of the current political circumstances. It is obvious that the round of negotiations will be longer than planned, particularly since the Commission is stepping up its food safety requirements at the same time. As the customs tariffs are gradually dismantled non-tariff barriers will be set up, as it were, which will be particularly demanding with regard to quality and product safety. Very few southern Mediterranean producers will be in a position to meet these criteria concerning technical and health standards.

The liberalisation of Euro-Mediterranean trade – concern and hope

The establishment of the Euro-Mediterranean Free Trade Area (EMFTA) within the Euro-Mediterranean Partnership by 2010 is a subject of animated debate. Several impact studies that have recently been conducted actually raise the question of the Area's socio-economic sustainability. As regards the EU as a whole, the effects would probably be limited, given the SEMCs' insignificant share in the Union's foreign agricultural trade. On the contrary, the opening of markets could boost European exports to the southern shores of the Mediterranean, where there is a considerable and growing need for the staples which Europe markets very effectively (cereals, milk and meat). On the other hand, southern Europe would be affected by agricultural liberalisation that is too sudden: producers in the traditional sectors (fruit and vegetables) in Spain, the south of France, Italy and Greece, could be seriously affected by the opening up of trade and would probably be set to oppose the policy if Community protectionism is removed with no provision for transitional support measures.

Taken as a whole, the impact would be negative for the SEMCs. Their comparative advantages are concentrated in the fruit and vegetables sector, which is the sector that Europe is mainly interested in protecting. Opening up would have several effects on agricultural trade: there would be a decrease in cereals (and other arable crop) output and in meat and milk production and an increase in the production of fruit and vegetables (in all of the SEMCs), olive oil (in Tunisia) and sugar (in Morocco and Egypt), and the agro-food industries would also develop (as the result of wider access to the European market). On the other hand, models suggest slightly positive effects for the consumer due to opportunities for buying food products at lower prices.

This liberalisation and opening to international markets would make both urban and rural households in the SEMCs more vulnerable to price fluctuations, with serious consequences for the poorest families. Although the drop in prices might boost domestic consumption, it would probably destabilise food crops producers and small farmers. The consequences of liberalisation would go beyond the purely commercial sphere and would affect peasant societies both socio-economically and politically, since they are ill-prepared for the opening up of markets; only a minority of farm businesses in those societies – those that are capitalised, organised, mechanised, input-intensive and geared to export production – would benefit. Further impoverishment of rural and farming populations (women being the first victims) would have a whole series of effects, beginning with an explosion in unemployment and rural-urban migration or mass emigration. These prospects also signal greater pressure on the environment in areas already made vulnerable by the depletion of water and land resources. Even in the event of agricultural liberalisation, full account must be taken of the SEMCs' limited export potential due to growing domestic demand and the diminishing availability of land and water (except in Turkey).

Three major issues

We have already seen how the SEMCs adopt disparate approaches to negotiations in the WTO context, unlike the the EU countries, due both to the lack of South-South political relations and to different trading positions. The SEMCs are faced with a dilemma as regards the opening of agricultural trade. On the one hand, they want better conditions of access to European markets for Mediterranean products (fruit and vegetables) and for their agri-foodstuffs, for which they enjoy a comparative advantage, yet at the same time they fear that multilateral liberalisation will allow third countries to capture their market share in that the trade preference margin will be reduced. On the other hand, they call for special treatment and safeguards for trade in cereals, meat and milk products – sectors in which they are not competitive. Since they are generally net importers of these commodities, they also fear that the reduction of EU subsidies will push prices up and thus increase their food bill, which is already high.

The heterogeneity of SEMC interests is reflected in the way they are divided amongst the various groups that have been formed for the WTO negotiations. Egypt is the only country in the southern and eastern Mediterranean that belongs to the powerful G20, in which Brazil and India play a fundamental role, alongside developing countries which have agricultural export capacities and are thus interested in broader liberalisation. Israel is a member of the G10, the most conservative group in terms of agricultural protectionism. Turkey has joined the G33, the group of "friends of special products", for which they call for differentiated treatment in developing countries and a special safeguard mechanism, although they adopt a very offensive stance on the aids enjoyed by rich countries. Morocco and Tunisia belong to the G90, the group of countries that are united by the problem of preference erosion, since they all enjoy preferential access to the markets of the rich countries and in particular to that of the EU, on which they depend to a large extent. These countries want these preferences to be maintained as long as the agricultural aids affecting their products are maintained in developed countries.

The second consequential issue for the future of Mediterranean agriculture is the development of the CAP in Europe. This question is very closely connected with the Mediterranean zone of the EU in view of the considerable impact of certain reforms (on the CMOs for wine and fruit and vegetables, for instance) or of the structural consequences of the reform of the financing systems. The prospect of the liberalisation of Euro Mediterranean agricultural trade also places the future of the CAP in a configuration of strategic proximity to the Mediterranean. It will no doubt be difficult to ignore this subject in the preparations for the post-2013 CAP, which will inevitably be complex and decisive. If the Euro-Mediterranean project remains on the political agenda, thought will have to be devoted to the nature of this area and the features that will bind it together in a context of stiffer international competition. The question of agriculture and food is indeed a compelling issue.

The third global issue is the emerging question of biofuels; it will be examined from the economic and commercial angles. The development and promotion of biofuels are global phenomena, which undeniably have certain advantages. However, the policy in the Mediterranean region is not to over-enthuse. Mediterranean agriculture will be unable to feed people and fill car tanks at the same time – a fact that is perhaps more true of this region than anywhere else – for the population is growing too rapidly, agricultural land is scarce, and the natural conditions are unsuitable and tend to be unfavourable. The fear that the Mediterranean region will be the perfect illustration of the close connection between growth in agricultural prices and the development of biofuels is perfectly justified. For more and more cereals, sugar, oil seeds and vegetable oils are being used to produce ethanol or biodiesel, and this is pushing prices up on the market. Yet these are commodities which the Mediterranean countries, so dependent on cereal imports, import massively. By opting for biofuels, the United States, Brazil and even the EU are seeking to change the energy equation, but what they are mainly changing are the prices of raw materials such as cereals, and this in turn is indirectly increasing their domination of trade in relation to the SEMCs. The biofuels debate will thus most certainly have to be clarified within the Euro-Mediterranean area if care is taken to make it a region of solidarity.

Bibliography

Allaya (M.) (ed.), *MedAgri 2006. Annuaire des économies agricoles et alimentaires des pays méditerranéens et arabes*, Montpellier, MA , 2006.

Copeiaa, *Perspectives internationales pour les politiques agricoles*, Paris, La Documentation française, 2007.

Directorate General for Economic and Financial Affairs, *European Neighbourhood Policy: Economic Review of EU Neighbour Countries*, Occasional Papers, 30, Brussels, European Commission, June 2007.

European Court of Auditors, *Special Report No. 5/2006 concerning the MEDA programme.*

Eurostat, *Euro-Mediterranean Statistics 2006*, Brussels, European Commission, 2007.

FAO, *The State of Food and Agriculture,* annual report 2006, Rome, 2006.

Femise, *Impact de la libéralisation agricole dans le contexte du partenariat euro-méditerranéen*, rapport collectif, Marseille, November 2003.

Femise, *Dix ans après Barcelone: acquis et perspectives du partenariat euro-méditerranéen*, rapport annuel du réseau Femise, Marseille, February 2005.

Hatem (F.) (ed.), "Le secteur agro-alimentaire dans la région euro-méditerranéenne", *Notes et études Anima*, 16, November 2005.

Hervieu (B.) (dir.), *Agri. Med 2006. Agriculture, fisheries, food and sustainable rural development in the Mediterranean region*, Ciheam annual report, Paris, 2006.

Hervieu (B.), Capone (R.) et Abis (S.), "The challenge posed by cereals sector in the Mediterranean", *Note d'analyse du Ciheam*, 9, May 2006.

Jacquet (F.), Emlinger (C.) et Lerin (F.), "Development of food and agricultural Euro-Mediterranean trade", *Note d'analyse du Ciheam,* 12, June 2006.

Lipchitz (A.), "La libéralisation agricole en zone euro-méditerranéenne: la nécessité d'une approche progressive", *Notes et études économiques*, 23, Paris, ministère français de l'Agriculture et de la Pêche, September 2005.

Mezouaghi (M.), "Intégration euro-méditerranéenne et investissements directs étrangers", note de l'Agence française de développement, *Euromed Investment Conference*, La Baule, 27 June 2007.

OECD and FAO, *Agricultural Outlook 2006-2015*, report, Paris, 2006.

OECD and FAO, *Agricultural Outlook 2007-2016*, report, Rome, July 2007.

Ould Aoudia (J.), "Croissance et réformes dans les pays arabes méditerranéens", *Notes et documents*, 28, Paris, Agence française de développement, July 2006.

Schmied (W.), *Euro-Mediterranean agricultural and rural policy*, report 11301, Strasbourg, Parliamentary Assembly of the Council of Europe, Committee on the Environment, Agriculture and Local and Regional Affairs, June 2007.

SIA-Trade, *Sustainability Impact Assessment of the Euro-Mediterranean Free Trade Area* conducted in 2003-2006 under the coordination of the University of Manchester in partnership with the Ciheam and L. Bocconi University, Milan, in particular.

UNCTAD, *World Investment Report 2006*, Geneva, 2007.

World Bank, *World Development Indicators 2006,* Washington (D.C.), 2006.

World Bank, *World Development Indicators 2007*, Washington (D.C.), 2007.

Annexes

Annex 1 - Unemployment rate in the Mediterranean region (2000-2005): adults and young people

	Adult unemployment (% of 15-65 year age group)		Youth unemployment in the Mediterranean in 2005	
Pays	2000	2005	Adultes (15-65 ans)	Under-25s
Spain	11.1%	9.2%	9.2%	19.7%
France	9.1%	9.9%	9.9%	23.5%
Greece	11.3%	9.8%	9.8%	26.0%
Italy	10.1%	7.7%	7.7%	24.0%
Portugal	4.0%	7.6%	7.6%	16.0%
Algeria	28.9%	15.3%	15.3%	31.0%
Egypt	9.0%	11.2%	1.2%	34.1%
Israel	8.9%	9.2%	9.2%	17.8%
Jordan	13.7%	15.5%	15.5%	31.1%
Lebanon		8.2%	8.2%	20.9%
Morocco	13.6%	11.0%	11.0%	15.7%
Syria	10.3%	8.1%	10.3%	18.3%
Tunisia	16.0%	14.6%	8.0%	14.6%
Turkey	6.5%	10.3%	14.6%	30.7%

Source: Eurostat, EMS 2007.

Annex 2 - Per capita GDP in purchasing power parity terms, 1990-2004

	GDP 2004		Per capita GDP in PPP terms ($)			
	Per capita in PPP terms ($)	World ranking	1990	1995	2000	2004
Albania	5,070	124	n.a.	n.a.	n.a.	5,070
Cyprus	22,230	n.a.	12,434	14,502	17,107	22,230
Spain	24,750	33	15,915	16,934	19,967	24,750
France	29,460	20	22,110	22,893	25,318	29,460
Greece	22,230	41	13,996	14,163	16,714	22,230
Italy	28,020	28	21,812	23,073	24,936	28,020
Malta	18,590	nc	10,711	14,167	17,862	18,590
Portugal	19,240	49	13,483	14,360	17,346	19,240
Algeria	6,320	105	5,458	5,027	5,417	6,320
Egypt	4,200	134	2,922	3,025	3,534	4,200
Israel	23,770	37	15,857	18,477	20,615	23,770
Jordan	4,770	128	3,857	4,056	3,907	4,770
Lebanon	5,550	117	2,177	4,101	4,200	5,550
Morocco	4,250	131	3,363	3,214	3,470	4,250
Syria	3,500	139	2,651	3,162	3,332	3,500
Tunisia	7,430	94	4,541	5,083	6,251	7,430
Turkey	7,720	89	5,265	5,601	6,447	7,720
		Trends in per capita GDP in average PPP in the Mediterranean				
		1990		1995	2000	2004
Mediterranean		9,785		10,740	12,276	13,947
European Mediterranean		17,463		18,285	20,856	23,503
SEMCs		5,121		5,750	6,353	7,649
EU-25		17,116		17,328	21,131	25,015

Source: World Bank, WDI 2006.

Annexe 3 - FDI flows in the Mediterranean region, 1995-2005 (US$ million)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total 1995-2005	Estimates 2006
Algeria	5	4	260	501	507	438	1,196	1,065	634	882	1,081	6,573	1,400
Egypt	596	637	887	1,065	2,919	1,235	510	647	237	2,157	5,376	16,266	6,100
Jordan	13	16	361	310	158	787	100	56	436	651	1,532	4,420	2,500
Lebanon			150	200	250	298	249	257	2,860	1,899	507	8,736	4,300
Morocco	335	357	1,188	417	1,376	423	2,808	428	2,429	1,070	507	13,764	2,500
Syria	100	100	80	82	263	270	205	225	180	275	507	2,280	700
Tunisia	378	378	365	668	368	779	486	821	584	639	782	6,248	2,800
Arab SEMCs	**1,427**	**1,492**	**3,291**	**3,243**	**5,841**	**4,230**	**5,554**	**3,499**	**7,360**	**7,573**	**14,777**	**58,287**	**20,300**
Israel	1,337	1,382	1,628	1,760	2,889	4,392	3,044	1,648	3,745	1,619	5,587	29,031	13,200
Turkey	885	1,454	805	940	783	982	3,266	1,037	1,752	2,837	9,681	24,422	17,100
SEMC total	**3,649**	**4,328**	**5,724**	**5,943**	**9,513**	**9,604**	**11,864**	**6,184**	**12,857**	**12,029**	**30,045**	**111,740**	**50,600**

Source: UNCTAD, WIR 2006.

Annex 4 - Share of the EU-25 in SEMC trade, 2000-2005

	EU-25 share of SEMC imports (%)						
	2000	2001	2002	2003	2004	2005	Average 2000-2005
Algeria	58.7	61	56.8	58.9	54.8	55.3	57.6
Egypt	35.7	31.1	28.5	27.8	26.6	22.9	28.8
Jordan	35.7	28.9	29.9	26.5	23.6	24.1	28.1
Lebanon	45.7	43.7	45.3	44.5	40		43.8
Morocco	58.7	54.9	57.5	59.8	56.1	52.8	56.6
Syria	32.9	36.8	29.9	20.4	16.1	12.3	24.7
Tunisia	71.3	71.5	71.1	73.6	69.8	69	71.1
Israel	43.9	42.6	41.7	42.1	41	38.5	41.6
Turkey	50v3	45.8	47.5	48.2	46.6	42.2	46.8
EU-25 share of SEMC exports (%)							
	2000	2001	2002	2003	2004	2005	Average 2000-2005
	63.2	64.7	64.5	59.3	54	55.6	60.0
	40.5	32.3	28.5	34	34.8	33.7	34.0
	5.8	4.1	28.6	3.4	3.2	3.1	4.5
	22.9	22.9	7.1	11.4	10.5		16.9
	75.3	72.9	17	76.3	74.4	73.7	74.4
	68.3	70	73.8	61.1	53.9	44.5	60.0
	80.2	80.2	79	80.3	83.3	80	80.5
	29	28	26.3	28.1	27.8	28.6	28.0
	54.3	53.8	53.9	55	54.5	52.4	54.0

Source: Eurostat, EMS 2007.

Annex 5 - Overview of the MEDA programme, 1995-2005

MEDA Programme (1995-2005) € millions	Commitments	Payments	Ratio C: P
Algeria	437	144	32.9%
Palestinian Territories	541	480	88.7%
Egypt	1,150	650	56.5%
Jordan	516	393	76.2%
Lebanon	283	132	46.6%
Morocco	1,472	783	53.2%
Syria	259	64	24.7%
Tunisia	875	568	64.9%
Bilateral co-operation total	**5,533**	**3,214**	**58.1%**
Regional co-operation	**1,355**	**829**	**61.2%**
SEMC TOTAL	**6,888**	**4,043**	**58.7%**

Source: European Court of Auditors 2006.

Annex 6 - Status of SEMC agricultural trade in 2004 (US$ million)

	Importations	Exportations	Balance
Algeria	4,050	55	- 3,995
Morocco	2,058	964	- 1,094
Tunisia	1,181	974	- 207
Egypt	3,014	1,314	- 1,700
Lebanon	1,346	252	- 1 094
Syria	1,193	983	- 210
Jordan	1,379	563	- 816
Israel	2,425	1,430	- 995
Turkey	4,659	5,958	1,309
SEMCs	**21,305**	**12,503**	**- 8,802**

Source: Faostat 2006.

Annex 7 - Share of agricultural exports and imports in total trade, 2002-2004

	% Agric. exports/ total exports	% Agric. imports/ total imports
France	10.5	7.6
Spain	13.4	7.8
Italy	6.9	9.0
Greece	22.0	11.0
Portugal	6.6	10.5
European Mediterranean	**11.9**	**9.2**
Egypt	16.3	25.3
Algeria	0.2	23.9
Morocco	10.4	12.4
Tunisia	7.5	9.6
Syria	16.4	18.2
Jordan	14.5	17.2
Lebanon	15.7	17.0
Arab SEMCs	**11.6**	**17.7**
Israel	3.6	5.5
Turkey	9.7	5.5
SEMCs	**10.5**	**15.0**

Source: Faostat 2006.

Annex 8 - Status of SEMC agricultural trade, 2004

Country		Imports	Exports	Agricultural trade balance
Arab SEMCS (Algeria, Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia)	Volume in million $	14,221	5,105	- 9,116
	EU-25 share	4,358	2,584	- 1,774
	EU%	31%	50%	
	% of rest of world	69%	50%	
SEMCs (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and Turkey)	Volume in million $	21,305	12,503	- 8,802
	EU-25 share	5,908	6,560	652
	EU%	28%	52%	
	% of rest of world	72%	48%	
Turqkey	Volume in million $	4,659	5,968	1,309
	EU-25 share	846	2,998	2,152
	EU%	18%	50%	
	% of rest of world	82%	50%	
% Turkey/ SEMCs	With the world	22%	48%	
	With the EU-25	14%	46%	

Source: Faostat 2006.

Annex 9 - Cereals imports in the Mediterranean region

	Cereals imports in the Mediterranean (million tonnes MT)		
	1986-1990	**1996-2000**	**2003**
World	221.97	252.78	268.67
Mediterranean	39.34	53.66	58.6
European Mediterranean	14.02	21.41	26.35
SEMCs	25.32	32.25	32.25
	Cereals imports in the Mediterranean (share of world volume)		
	1986-1990	**1996-2000**	**2003**
Mediterranean	17.7%	21.2%	21.8%
European Mediterranean	6.3%	8.4%	9.8%
SEMCs	11.4%	12.8%	12.0%

Source: Faostat 2006.

2008

MediTERRA

THE FUTURE OF AGRICULTURE AND FOOD IN MEDITERRANEAN COUNTRIES

SciencesPo. Les Presses | CIHEAM

Table of CONTENTS

2 ACTION PRIORITIES for Mediterranean agriculture and agro-food production in the world of 2020