LIBERALISATION OF AGRICULTURE TRADE AND FOOD SECURITY COOPERATION

SÉBASTIEN ABIS [1]
Administrator and Political Analyst
International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM)

Since the Barcelona Process was launched in November 1995, the European Union (EU) has been attempting to expand relations with ten Mediterranean Partner Countries (MPC).[2] Initially, the ambition was to gradually create a geo-economic pole of substantial influence in a multipolar world. To do so, cooperation had to be multidimensional, simultaneously involving the political, economic and socio-cultural dimensions. However, in 2011, there is no denying that the disappointments have been greater than the successes. The Mediterranean's major geopolitical problems have worsened and integration remains limited. And even though cooperation between Europe and the MPCs has been rolled out in several important areas, regional development has not advanced.

I. Agriculture: a Forgotten Strategic Sector

Seemingly, certain evident geopolitical issues have been left on the sidelines in the Euro-Mediterranean debate since 1995. This is the case of agricultural exchange, life in rural areas and food security. As in all development policies in the last third of the 20th century, agriculture has also been relegated under Euro-Mediterranean cooperation. That is despite the fact that, as evidenced by the following inter-sectoral panorama, the stakes are huge in the MPCs:

- Matching demographic growth to feed ever larger populations (the region has expanded from 158 million inhabitants in 1980 to 290 million in 2010, and the MPCs are expected to reach 336 million by 2020);
- Produce with less water and land resources (with the exception of Turkey, acute water stress and almost all arable land already being cultivated in the MPCs) while adapting to harsher climate restrictions (i.e. recurring droughts, desertification);
- Adapt the range of products on offer to urbanised, "westernised" consumers' evolving demands who are more focused than ever on their health (i.e. nutritional quality, food security and alimentary diversity);
- Guarantee food access despite the deterioration of purchasing powers and the sustained increase of raw material prices (i.e. the escalating prices of basic raw materials, such as cereals, which are consumed in large quantities in the region, severely undermine Mediterranean household budgets);
- Create activity and wealth in rural areas (where 30 to 40% of the total population continues to live and where the agricultural sector, on average, employs 25% of total salaried workers and three quarters of the total labour force);
- Better organise the agriculture and food chain to improve production and distribution while reducing losses;

1. Sébastien Abis, CIHEAM Director and political analyst on Euro-Mediterranean issues. These are the author's personal opinions and not a commitment on the part of CIHEAM.
2. Algeria, Egypt, Jordan, Israel, Lebanon, Morocco, Syria, Occupied Palestinian Territory, Tunisia and Turkey.

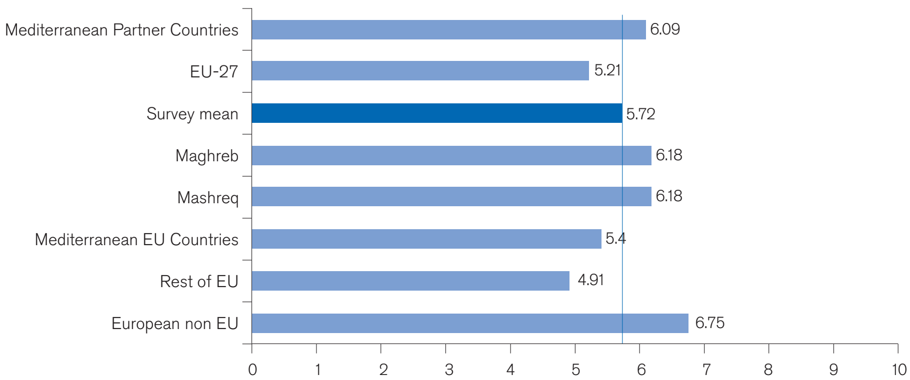
- Secure foreign supply to meet Southern Mediterranean demands, which far exceed national supply capacity;
- Strengthen production quality by optimising agricultural sector procedures (i.e. meet regulatory requirements) and develop operators able to participate in free trade.

1.1. Misconceptions and Fearfulness Prevail on the Euro-Mediterranean Agriculture Debate

These issues have gained recognition since 2008's agricultural crisis and several international organisations' mea culpas, including the World Bank's, which have finally reaffirmed agriculture's strategic nature in development. Notwithstanding, this sector has been neglected under Euro-Mediterranean cooperation since 1995. Accordingly, despite the progressive creation of an economic free trade area, agricultural products were confined in a separate category. The subject was then perceived as explosive as there were and still are fears, particularly within European countries, of a possible competition between the two shores of the Mediterranean (particularly because they produce the same product ranges: olive oil, flowers, fruit and vegetables).

Graph 1: Assessing the potential impact of full agricultural liberalisation on the EU Member States

(average on a scale of 0-10, where 0 stands for very disappointing, and 10 for very positive)

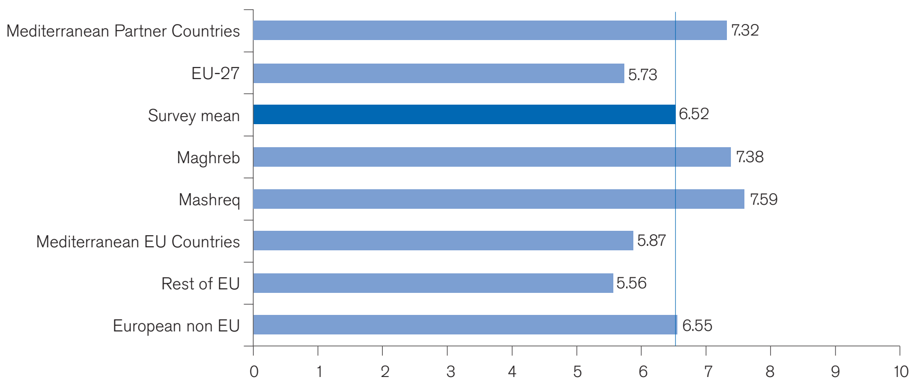


Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

The conflictive nature of the subject is rooted in Mediterranean farmers' scepticism towards opening markets. Instead, Northern farmers have preferred to focus on EU specificity and the Common Agriculture Policy's (CAP) mechanisms while Southern farmers are more concerned about the collateral effects of a futher liberalisation of Euro-Mediterranean exchanges.

Graph 2: Assessing the relevance for the next Ministerial Meeting in the field of food security, agriculture and rural development: of gradually extending the CAP to Mediterranean Partner Countries

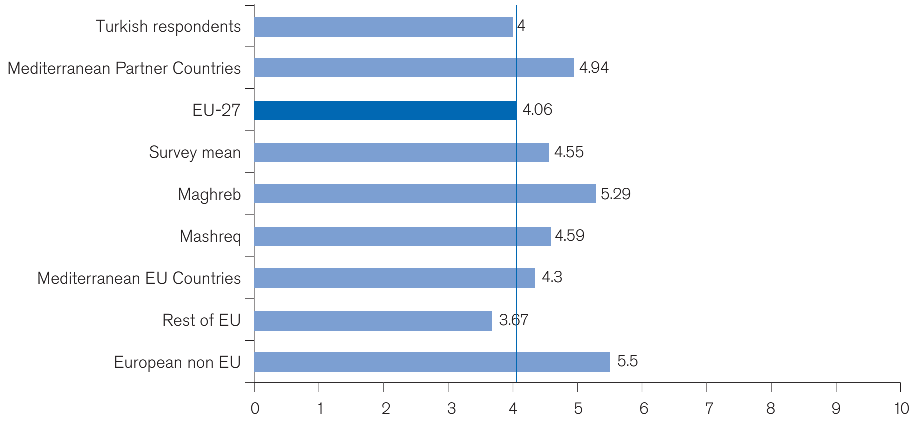
(average on a scale of 0-10, where 0 stands for very low, and 10 for very high)



Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

The Survey also revealed that the experts, particularly those from European countries, questioned the possibility of the EU offering unfettered access for MPC agricultural products in the future.

Graph 3: Probability of the EU offering to the Mediterranean Partner Countries anytime in the foreseeable future a full agricultural trade liberalisation to access the single market free of any barrier
(average on a scale of 0-10)



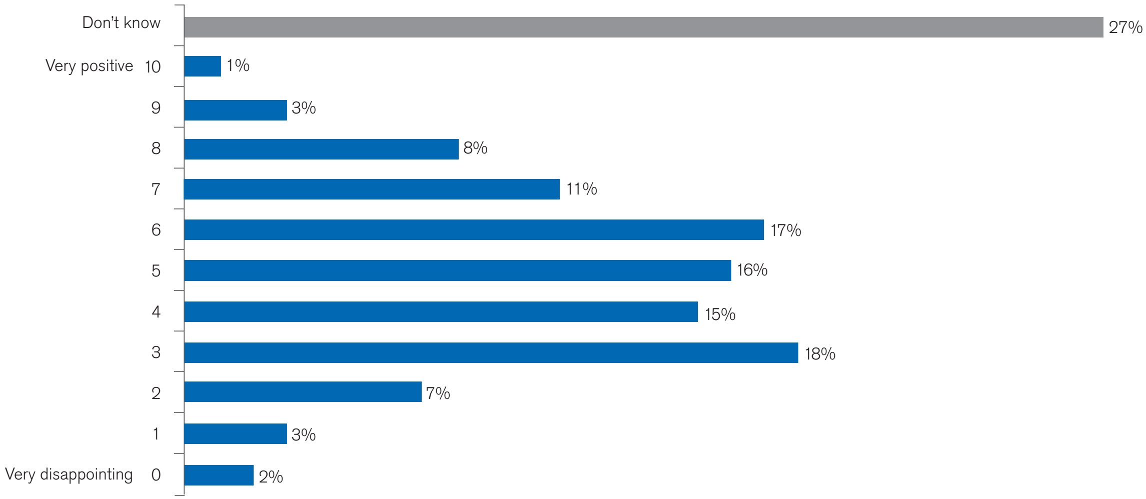
Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

1.2. Differentiation and Hesitation within the Europe-Mediterranean Agricultural Liberalisation Process

It was not until 2003 that the first Euro-Mediterranean Agriculture Ministers conference was organised, in Venice, under the Italian Presidency. Its conclusions focused on rural development, promoting the quality of agricultural products and supporting organic agriculture. Given its institutional format, this meeting was unique in the history of Euro-Mediterranean cooperation. In 2005, some Progress was made: a Monitoring Committee was set up on a "Euro-Mediterranean Agriculture Roadmap" and, most importantly, that same year, the EU decided to open negotiations with the MPCs to further liberalise trade in agricultural and fishing products, whether fresh or processed.

Therefore, from 2006, the European Commission addressed the agriculture chapter bilaterally with those MPCs who so wished. The goal was to expand the agricultural liberalisation agreements with new negotiation rules, characterised by reciprocity (the effort was to be shared between the EU and the MPCs). However, the gradual, progressive approach was maintained, using the principle of temporal asymmetry (with the EU accepting a slower rhythm of liberalisation in the MPCs). Furthermore, it was recommended that exception lists will be drawn up for each country detailing the most sensitive products not to be included in the liberalisation process. Notwithstanding, negotiations have moved very slowly since 2006. This fact doubtless explains why the Survey's experts have given the progress achieved in the agricultural process an average grade of 4.9 (where 0 stands for very disappointing progress and 10 for positive progress).

Graph 4: Assessing the progress in trade liberalisation of agriculture and processed agricultural products in the Euro-Mediterranean framework (%)



Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

In 2007, Jordan and then, in 2009, Egypt and Israel signed an additional liberalisation agreement with the EU to include agricultural products. The asymmetry principle is not applied in Israel's case as it is not a "developing country". For Egypt, the agreement anticipates giving the EU free and immediate access to the Egyptian market for almost 90% of agricultural and fishing product exports, excluding tobacco, wines and spirits and pork meat (which is banned) and sugar products, chocolate, pasta and baked goods, for which customs excise duty will be reduced by half. In return, the EU's market will be liberalised for all products, except tomatoes, cucumbers, rice, artichokes and strawberries, among others, for which the current agreements will remain in force.

In April 2011, the EU decided to exempt Palestinian agricultural and fish products from customs duties, although trade remains limited in this sector. All agricultural products, fish and fisheries products from the West Bank and the Gaza Strip are exempt from customs duties for a transitional period of ten years, which may be renewed. However, fruit and vegetables are not covered by the abolition of customs duties. Finally, negotiations are continuing with Lebanon and Tunisia. The institutional transition underway in these countries may change or accelerate the negotiation process depending on the decisions taken by the new authorities.

The negotiation process with Morocco was rife with difficulties. It was not until December 2010 that Brussels and Rabat reached an agreement, under the Belgian Presidency of the EU, as Spain took great care to exclude this issue from its political agenda given the scale of criticism coming from the Spanish agricultural sector. The agreement signed covers reciprocal liberalisation measures on the trade of agricultural, food and fish products. It envisages strengthening the position of European exporters on the Moroccan market (in particular for processed products). This represents an important offensive for the EU where full liberalisation will be progressively introduced in the next ten years. In the agricultural products sector, the agreement will enable the immediate liberalisation of 45% of the EU's exports, in terms of pecuniary value, increasing to 70% by 2020. The fruit and vegetable sector, canned food, dairy products and oilseeds will be subject to full liberalisation. This agreement only sets quotas for the six products considered sensitive, such as tomatoes, courgettes, cucumbers, garlic, mandarins and strawberries. However, those new quotas are higher than in the past. The EU and Morocco have also decided to broach discussions on the protection of geographical indications (GI) considering that six Moroccan products already benefit from this classification. It is notable that the European Parliament (EP) must still ratify or reject the agricultural agreement with Morocco (following the Treaty of Lisbon, the Parliament must now approve all international agreements negotiated by the European Commission with third party countries). Nonetheless, there have been recurrent protests against ratifying, as evidenced by the lobbying activities conducted by Copa-Cogeca (EU agricultural and cooperatives union) in Brussels and several local authorities from Southern Europe. The vast majority of MEPs on the Agriculture Committee have, moreover, already stated their opposition to the Morocco agricultural agreement. The Trade Committee's members have taken a far more nuanced position. In principle, this case will be examined by the EP plenary in June 2011.[3]

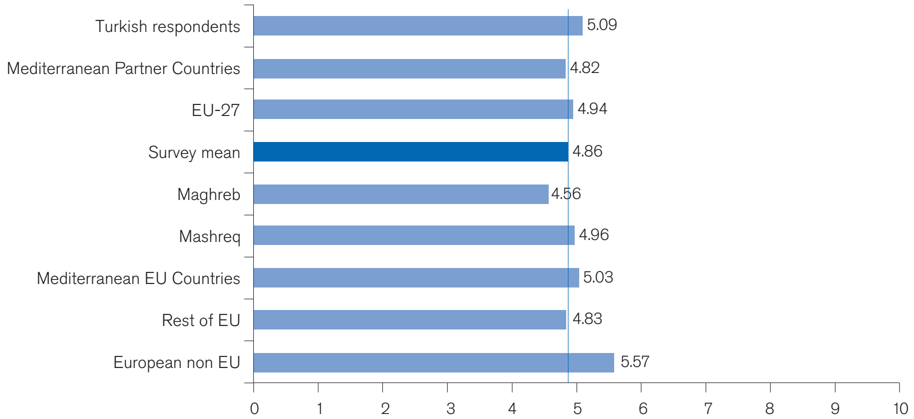
At the same time, the EU encourages the liberalisation of South-South trade, particularly through the Agadir Agreement, an initiative which receives technical and financial support from the EU and aims to establish a free trade area among four Southern Mediterranean Countries (Jordan, Egypt, Morocco and Tunisia). But, here again, progress has been slow and agriculture is not a priority.

Many scientific studies, including some driven by CIHEAM (*Centre international de hautes études agronomiques méditerranéennes*), have focused on the economic, social and environmental risks to the MPCs agriculture sector, which is mainly based on small family farms, ill-equipped to face the competition pressures derived from liberalised trade, and most often disconnected from local and national trade markets (urban consumption is essentially covered by foreign supplies). Moreover, it is worth noting that, in the fruit and vegetables sector, the MPCs already benefited from considerable preferential treatment in their access to European markets. Most studies on liberalising agricultural trade in the Mediterranean region also note the limited impact this process has on trade given that MPCs' agricultural supply growth is limited by the increasing environmental constraints.

It should also be highlighted that, based on Eurostat data, agriculture's share in total MPC exports to the EU in 2010 stood at less than 10% for most of those countries, with the exceptions of Morocco (25%), Lebanon (17%) and the Occupied Palestinian Territory (60%). Moreover, the MPCs represented a mere 7% of total European agricultural imports while absorbing close to 13% of EU agricultural exports. As a reminder, only Morocco and Turkey regularly post positive agro-trade balances with the EU-27. In general terms import-export flows favour Europe: around 7.7 billion in agricultural imports from the MPCs in 2010 (of which 45% from Turkey and 25% from Morocco), but 12 billion in exports to the MPCs. These impacts and realities are relatively unknown in public opinion and among some experts according to the Survey's results.

Graph 5: Assessing the progress in trade liberalisation of agriculture and processed agricultural products in the Euro-Mediterranean framework

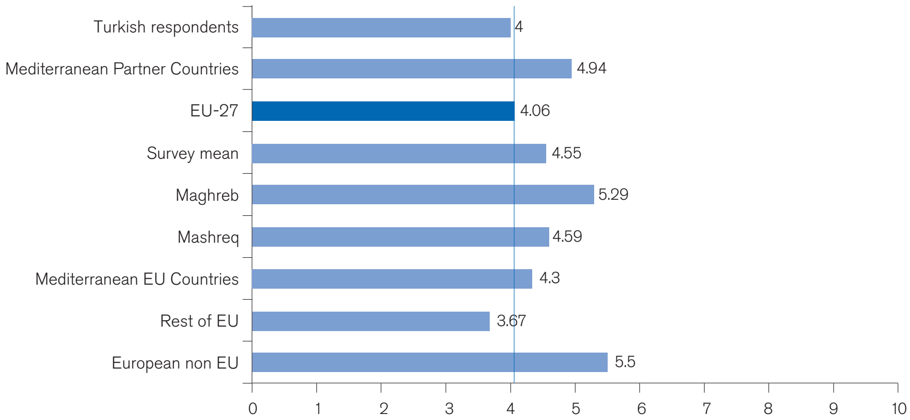
(average on a scale of 0-10, where 0 stands for very disappointing, and 10 for very positive)



Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

3. Please note the last version of this article was submitted in May, 2011. Therefore, the paper does not reflect any later events.

Graph 6: Probability of the EU offering to the Mediterranean Partner Countries anytime in the foreseeable future a full agricultural trade liberalisation to access the single market free of any barrier
(average on a scale of 0-10, where 0 stands for very disappointing, and 10 for very positive)



Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

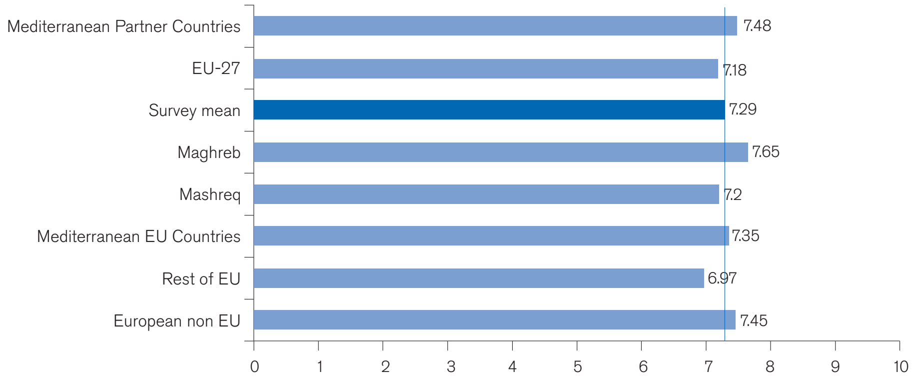
II. Knowing How to Link the Regional and the International Dimensions

The Survey has revealed that most people, in both Europe and the MPCs, believe that progress in Euro-Mediterranean agricultural liberalisation has been disappointing, particularly because of the slowness of its progress and European protectionism in this area. In this regard, the competition risks as well as the lack of public willingness within the EU to open up agricultural trade to MPCs are regularly mentioned. On the other hand, people rarely refer to the possibility of complementarily creating a shared Mediterranean supply both in the Euro-Mediterranean macro-region and across the rest of the world.

We should also bear in mind that this process does not solely depend on the evolution of Euro-Mediterranean relations: the liberalisation of agricultural trade in the Mediterranean is part of the WTO's broader framework where, in addition to Doha round deadlock, MPCs are split among different negotiating trade groups. As is the case within all international bodies, there is no common Euro-Mediterranean or even Mediterranean voice. Furthermore, another important observation is the progressive erosion of the EU's market share in the MPCs' agricultural trade. Increasingly, their imports are coming from agricultural powerhouses outside the region: the United States, Russia, Ukraine, Canada or Argentina for cereals and Brazil, which has recently become a key partner for Mediterranean Arab countries, for meat, poultry and sugar-.

Another strategic factor in the ongoing negotiations and Euro-Mediterranean agricultural trade is the thorny issue of Sanitary and Phytosanitary Standards (SPS). This is the hidden dimension of the liberalisation process. Although customs measures are progressively disappearing, non-tariff barriers are slowly being erected. As a matter of fact, the EU is increasingly concerned about the quality and safety of imported products. In the context of globalisation, food security risks are growing. The policies put in place on this issue are drastic. Considerable regulations have been produced to provide consumer health, to such an extent that we can even speak of a veritable "health shield" being created around Europe's borders. Therefore, even for those MPCs that are involved in the opening of trade with the EU, gaining access to the internal market is becoming more complex. Within this perspective, the creation of national food security agencies has often been advocated by the EU and special mention is made of SPS standards in all official publications on Euro-Mediterranean trade. Provisions on respecting international SPS standards obligations are included in all EU-MPC agreements. This has two goals: to increase qualitative food security within the MPCs and to facilitate Euro-Mediterranean trade. Some programmes are already set up and running. Worthy of mention are twinning projects on SPS between European civil servants and civil servants in some MPCs. If progress is not made on SPS standards, animal health and improved product traceability, broaden agricultural trade would be problematic. This crucial point of regulatory convergence is also mentioned regularly in the Survey.

Graph 7: Assessing the relevance for the next Ministerial Meeting in the field of food security, agriculture and rural development: Activities in the area of sanitary and phytosanitary norms
(average on a scale of 0-10, where 0 stands for very low, and 10 for very high)



Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

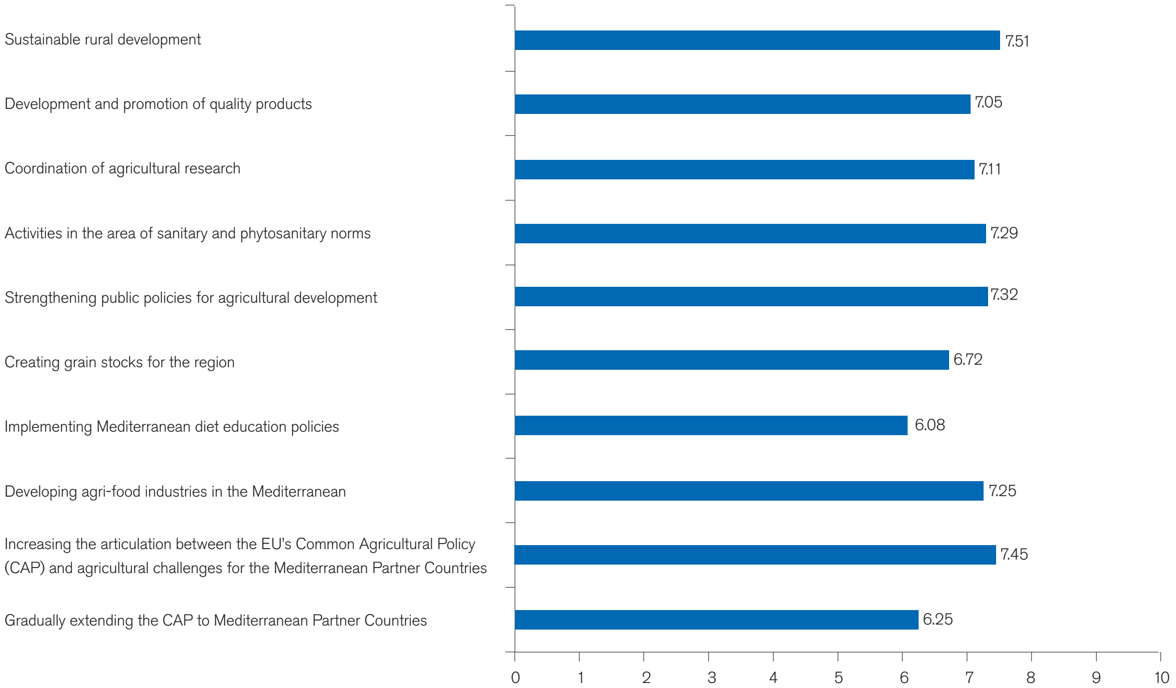
III. Moving Beyond Trade and Thinking Geopolitically

The scope of these issues reminds us that Euro-Mediterranean agricultural trade cannot be purely defined as a free trade issue. It is worth strengthening the geopolitical dimension of this area of cooperation, where socio-demographic, economic, sanitary, cultural and environmental challenges all come into play.

A broader perspective of agricultural and food issues in the region has been considered within the framework of the Union for the Mediterranean (UfM). It is true to say that this initiative, which is more focused on specific solidarity projects, comes at a time when agriculture has returned to the forefront on the international scene. Thus, at the UfM's founding summit, held in Paris on 13th July 2008, the 43 participating countries adopted a joint declaration in which food security, climate change, desertification, water management and food safety were cited among the partnership themes to be developed. In Marseilles, in November 2008, the UfM's Ministers for Foreign Affairs identified four major themes to achieve progress in Euro-Mediterranean agricultural cooperation: sustainable development of rural areas, promotion of quality products and geographical indications, strengthening SPS standards and coordinating agricultural research and training. This was the result of meetings between high-level civil servants organised in 2008 in which CIHEAM played the role of technical secretariat.

Unfortunately, since the debate in 2009, the UfM has stagnated and suffered the political ups and downs of a Mediterranean region where agitation has only increased. The current upheavals in the region have provoked serious doubts regarding the UfM's future and, generally, there are many clouds on the horizon of Euro-Mediterranean cooperation. November 2008's Marseilles Declaration scheduled a Euro-Mediterranean ministerial meeting on agriculture, rural development and food security. Egypt volunteered to host the event, which has not been held yet because of the political climate in the region. As the Survey's results show, this ministerial meeting could be made a strategic meeting in order to accentuate the agriculture's geopolitical dimension in Euro-Mediterranean cooperation. Of the 10 planned topics, most are appealing, although issues surrounding rural development and relating to the CAP were prioritised by respondents, with grades of 7.51 and 7.45 respectively.

Graph 8: totals Assessing the relevance for the next Ministerial Meeting in the field of food security, agriculture and rural development:
(average on a scale of 0-10, where 0 stands for very low, and 10 for very high)

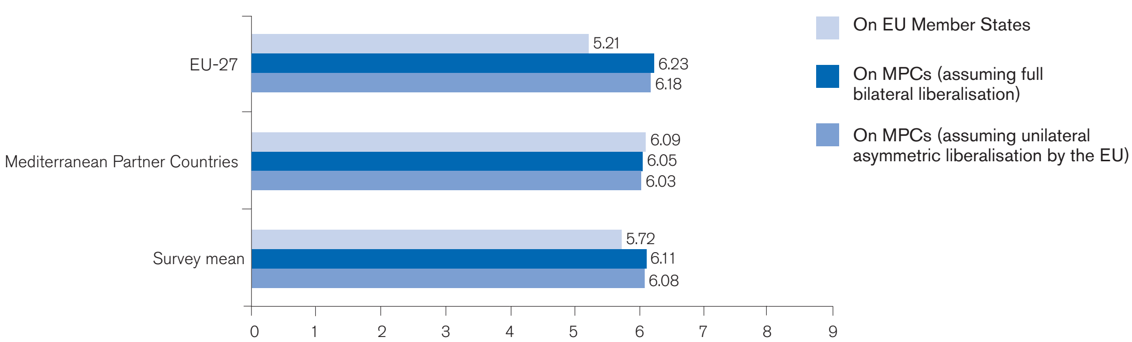


Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

IV. Future Perspectives

On a purely commercial level, implementing deepened free trade agreements could be prioritised with the aim of achieving fuller integration between the EU and the MPCs. It is possible to envisage this sort of agreement with the MPCs who have advanced status with the EU (Israel, Morocco, Jordan and soon perhaps also Tunisia). Moreover, monitoring the consequences of agricultural liberalisation between the EU and MPCs with agreements in this area will be essential. Destabilisation of family farmers, aggravation of food dependency, crisis in rural areas and heightened pressure on natural resources are often mentioned as the potential risks posed by this process. The debate is lively as regards the temporary asymmetry to be used and the means mobilised to facilitate the adaptation of agricultural systems in MPCs.

Graph. 9: Assessing the potential impact of full agricultural liberalisation
(average on a scale of 0-10, where 0 stands for very negative impact, and 10 for very positive impact)



Source: Compiled by the IEMed based on the results of the 2nd Euromed Survey

Politically speaking, this seems an immense task in the light of European reticence concerning developing agricultural relations with MPCs. The fears regarding trade and its economic impact undermine understanding of a major issue. Ways of stimulating regional cooperation should be explored while monitoring the social and environmental effectiveness of agricultural free trade agreements. To tackle market volatility and respond to cereal shortages in Mediterranean Arab countries, would we not envisage the establishment of emergency regional stockpiles? To spare the environment and preserve natural resources, at a time when climate related change is accelerating, would we not strengthen both technical and scientific multilateral actions on water and land? Are there no advantages to creating synergies among the region's producers in order to increase consumption of local foods and collectively promote the Mediterranean diet in Europe and across the globe? Would it not be worth reflecting on possible links after 2013 between the future of Europe's Common Agricultural Policy (CAP) and its action strategy in Mediterranean countries? This type of question was raised in the contents of the Survey. To an extent, they aim to reframe the triple question on the future of the Mediterranean, its relationship with Europe and the role that agriculture can play in strategically connecting these two geographical groupings with a shared destiny. Naturally, they are subject to the growing constraints weighing on the region (European weaknesses, distrust of the Euro-Mediterranean idea, lack of finance, degradation of multilateralism) and the emergence of new dynamics (multinational companies, political changes, penetration of the BRIC nations...).

Managing food insecurities in the Mediterranean region will become a geostrategic issue in the years to come. So, promoting and assuring a long-term vision is urgently needed. The recent events in the Arab world showed to what extent groups with low purchasing power and limited access to basic foodstuffs (bread, oils, sugar) join and supplement mass protests. Just like rising food prices, the problem of poor development in rural inland regions is an essential factor in the rebellions that have cut across the south and east of the Mediterranean. If Europe is serious about a real partnership that listens to the priorities of its southern neighbourhood, it can no longer ignore certain agricultural and rural realities. Bypassing this issue would underestimate the geopolitical threats that could stem from food insecurity and would represent a refusal to radically reform the bases of Euro-Mediterranean cooperation.

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CIHEAM Website: www.ciheam.org