Ministry of Agriculture and Agrarian Reform

NAPC

National Agricultural Policy Center

WORKING PAPER No.4

The EU-Mediterranean Association Agreements:

Options, Constraints and Opportunities for Syria

With the support of

Project GCP/SYR/006/ITA - Phase II

Food and Agriculture Organization of the United Nations

COOPERAZIONE ITALIANA

Ministry of Agriculture and Agrarian Reform

Foreword

The Working Paper series aims at supporting the Syrian development and modernization process by enriching public availability of documentation on agricultural economics and policy studies conducted at the National Agricultural Policy Center.

This paper was produced as result of the research activities carried out during the Individually Tailored Training phase conducted under the FAO Project GCP/SYR/006/ITA. "ASSISTANCE IN INSTITUTIONAL STRENGTHENING AND AGRICULTURAL POLICY" from September 2000 through April 2001 with the objective of letting trainees experiment how to prepare economic studies in the field of agricultural policy. This activity was the last phase of a three years long training program aiming at establishing a cadre of agricultural policy analysts for the NAPC and related institutions. In particular the paper on "The Euro-Mediterranean Association Agreements: Options, Constraints and Opportunities for Syria" was produced by a team composed by Abeer Munla Hasan, Mayada Hammoud, Jihad Mukdad, Abdul Rahma Nasmeh, Haitham Alashkar and Almuhannad Melhim working under the supervision of Mr . Fabrizio De Filippis, professor at the University of Rome, and international consultant for FAO.

The NAPC decided to publish this research under the Working Papers series in consideration of its contribution to a better understanding of agricultural trade between Syria and the EU

However, it is appropriate not to hide its limitations, which mainly stem from the prevalent training objective assumed for research activity, as well as from the lack of available statistical information and background literature specifically related to the subject of this study: to the best of our knowledge, no study has been carried out so far on the trade agreements between the EU and Syria. Nevertheless, we do believe that it does not reduce its innovative value within Syria as a methodology and stimulus for further studies.

Individual contribution to text writing

The discussion of all the topics covered by the research, the identification of the outline, the identification of the linkages among the different parts, most of the data collection and elaboration, the comments on the progress drafts and the final editing, have been done by the group as a whole. In this common framework, each trainee was assigned an individual responsibility concerning specific parts. In particular, the individual contributions to the report, in term of redaction of single chapters or sections were as follows.

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Table of Contents

Chapter 1 -Regional Trade Agreements: Building Blocks or Stumbling Blocks towards Free Trade?

1.1. Introduction

The issue of international cooperation arising after the Second World War generally involves both politics and economics. Political motivations, as much as, economic considerations are crucial in assessing the impact of international cooperation. This research will address gains and losses of Syrian agricultural trade on economic criteria.

The negotiations aiming at achieving economic integration were and are being concluded at multilateral and regional level.

The multilateral initiative was completed by the creation of the General Agreement on Tariffs and Trade (GATT) in 1946, signed by 23 contracting parties that agreed on the general objective of moving towards international free trade through progressive tariff reductions negotiated at a multilateral level. Several rounds took place during the period 1946-1996 and they eventually lead to the establishment of the World Trade Organization (WTO), which now has a number of contracting parties that exceeds 140 countries.

Trade agreements signed by different groups of countries increased since 1950s, in parallel with multilateral trade negotiation, and this resulted in a considerable number of regional trade agreements of different types. Some of these agreements have gone far towards a comprehensive economic integration like the one obtained among EU countries.

The question here is if the proliferation of regional trade agreements, especially over the last 10-15 years, is an indication that countries are turning to regional initiative to achieve world trade liberalization. This question resulted in a massive debate, which will be discussed briefly.

Although the two approaches of multilateralism and regionalism are quite different, they share, +somehow, the same objective, in moving towards trade liberalization in the context of progressive elimination of trade barriers.

The ambitious and hoped outcome is to bring about more welfare and economic prosperity to world countries. Whether this goal is guaranteed or not is still a questionable issue.

In this prospect, as we are interested in deepening the impact of regional trade agreements, one part of this study will be devoted to this analysis.

Before going through these issues, the identification and definition of some concepts is crucial.

1.2. Short Review on Regionalism and Multilateralism.

1.2.1. Regionalism

"Regionalism" is one of many different general terms that have the same meaning. "Regionalism", "regional trade agreement (RTA)", "regional trade area", "regional trade block", and "preferential trade agreement (PTA)", are all general terms that refer to a commitment among a group of countries to achieve some degree of economic integration through freer trade.

The formation of regional trade agreements is not new, and it is rapidly proliferating. The first wave of these agreements was in the 1950s and 1960s and it did not spread beyond Western Europe. During the early 1990s, many countries all over the world, especially in Europe and the Western Hemisphere, have been signing regional trade agreements and intensifying the existing ones at a rapid pace. Some important and active agreements in the world are the European Economic Area (EEA), the North America Free Trade Area (NAFTA), the Southern Common Market (MERCOSUR)1 and the Association of Southern Asian Nation (ASEAN). According to the level of economic integration among member countries, there are different types of regional agreements.

Preferential Trade Agreement (PTA)2:

It refers to a union between two or more countries in which tariffs on goods produced in the member countries are lower than tariffs imposed on goods produced outside.

Free Trade Area (FTA)

The member countries remove internal trade barriers but maintain independent trade policies toward nonmembers. This means that members eliminate tariffs among themselves but keep their original tariffs against the rest of the world. This allows members to protect specific sectors against competition from nonmembers. One drawback associated to the FTAs is the problem of custom administration, which is the need to control re-exports. As a matter of fact, if country A and B are member of FTA with zero tariffs on each other's imports, and A has a high tariff on a certain good while that of B is very low, traders will try to import this good into B then re-exporting it to A. This problem could be solved if member countries agree on moving towards another but more integrated form of regional agreements where they adopt what is called a Common External Tariff Structure.

Custom Union (CU)

embers not only eliminate tariffs among themselves, but also adopt the common external tariff structure against the rest of the world. In this case, re-export problem is effectively managed, but some member countries, which want to protect some of their sectors, will have to negotiate with other members a high common external tariff for these sectors.

Common Market

CU member countries commit to remove any barrier to the free movement of either goods and factors of production.

Economic Union (EU)

[1]This agreement is known by its Spanish name.
[2] PTA is frequently used in this study instead of the abbreviation of RTA.

It is the highest level of integration, in which not only trade policies are unified among members, but also their fiscal, monetary policies and labor regulations.

Selected examples of PTAs and their provisions in agriculture.

PTA	Current Members	Agricultural provisions
European Union (EU) (1957)	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, UK.	No internal trade barriers. Common Agriculture Policy (unified trade policy and support)
Southern Common Market (MERCOSUR) (1991)	Argentina, Brazil, Uruguay, Paraguay	Nearly all intra-regional tariffs are removed; the only agricultural product exempted from liberalization is sugar. A common external tariff is fixed, ranging between 0 and 20% for agricultural products (avg. 10%),- generally lower than previous tariff levels.
North American Free Trade Area (NAFTA) (1994)	Canada, USA, Mexico.	Agricultural trade treated bilaterally: Most agricultural tariffs between Canada an U.S. eliminated by Jan. 1, 1998; Restrictions on sensitive products (grain, meat, eggs, etc..); Agreement not to increase or introduce new tariffs. 15-year phase-out of all tariffs, quotas, licenses that are barriers to U.S.-Mexican agricultural trade. All 3 countries agreed to use their WTO schedules to discipline domestic support and export subsidies.

Source: Shron Sheffield, “Agriculture, the GATT and Regional Trade Agreements”, in the report of Regional Trade Agreements and U.S. Agriculture.

1.2.2. Multilateralism (GATT and WTO)

It refers to the multilateral trade negotiations governed by GATT/WTO. The essence of the multilateral approach is to liberalize trade on a non-discriminatory basis. In particular, the basic principles of GATT/WTO are:

- Most-Favored-Nation (MFN): it is a fundamental standard of the GATT, by which each contracting country is required to provide all other contracting parties with the same trade conditions offered to the most favored one.

- National Treatment: It condemns discrimination between foreign and national goods or services suppliers or between foreign and national holders of intellectual property rights

- In the case of goods, a basic GATT postulate is that tariffs should be the only instrument used to protect domestic sectors. Furthermore, tariffs should be predictable and stable. In this prospect, the following basic principles are adopted:

- Binding of tariffs[3].
- Prohibition of quantitative restrictions.
- Progressive reduction of tariffs.
- Emergency import measures (safeguards)[4].
- Tariffs binding renegotiating.

The GATT/WTO has also a special and differential treatment with respect to developing countries either in allowing greater flexibility in the use of economic and commercial policy instruments, or by conceding longer transitional periods for the implementation of commitments.

One more important issue within GATT/WTO is the set of rules to regulate regional trade. Article XXIV of the GATT contains the primary provisions covering PTAs, and is based on three main criteria:

1) Trade barriers must not increase the levels preceding the formation of a PTA (XXIV:5).
2) All internal trade barriers (including quantitative restrictions) must be eliminated "on substantially all trade" (XXIV: 8).
3) All PTAs must be reported to the GATT to determine if condition (1) and (2) are met and to allow contracting parties to provide input (XXIV: 7).

These provisions led to a lot of confusion in their application, and they needed to be clarified. The result was the "Understanding on the Interpretation of Article XXIV of the GATT 1994". More light will be given to this issue when we discuss the debate on PTAs and multilateral trade negotiations.

1.2.3. Impacts of PTAs

This issue has drawn the attention of a considerable number of economists. Critical studies and researches have been conducted to evaluate the outcome of PTAs, and have eventually come up with different and sometimes conflicting results.

Welfare Impacts

Trade creation and Trade diversion

Any discussion on the welfare effects of PTAs must inevitably begin with the influential concepts of trade creation and trade diversion.[5]. They can be defined as follows.

- Trade Creation: When countries enter a PTA, the reciprocal reduction or elimination of tariffs promotes the increase of trade flows among them over what they traded under protection. This effect is considered as a positive result of PTAs, firstly, because production efficiency improves when PTAs members import from lower cost PTA partner and less efficient domestic production falls. Secondly, the consumption efficiency improves when

[3] A "bound" tariff is a tariff that cannot be raised by a contracting part beyond the bound level, without the consensus of all the other contracting parties.

[4] Import restriction that can be adopted in emergency circumstances.

[5] These concepts were first introduced by Viner (1950)

consumers in a PTA can import at lower prices comparing with higher prices of domestic production.

- Trade Diversion: it occurs when a regional agreement promotes the substitution of supplies from member countries with supplies from nonmember countries. The problem is that this happen not because the member country is the cheapest possible source but because it enjoys a preferential tariff or no tariff. This is definitely a negative impact, because it tends to destroy efficient trade. As a matter of fact, in this case production shifts toward less efficient producers, and consumption efficiency decreases and consumers purchase at a higher level of prices.

The crucial issue is whether trade creation exceeds trade diversion. That is, if PTAs are net trade creating or destroying. In other words, if they are welfare improving or not. This an empirical question, and to answer it the assessment of PTA impacts should be done on an individual level. Actually, empirical evidence shows that PTAs do not have the same outcome in terms of welfare increase.

Unlikely from the “MFN basis” trade liberalization, PTAs, by definition, are preferential agreements. Hence, they have both trade-creating and trade-diverting impacts. Whether the trade creation or trade diversion effect dominates depends on many factors. A preferential trade agreement tends to be more trade creating than trade diverting in the following cases:

- The larger production costs differences are within the PTA.
- The smaller cost differences are between members and nonmembers.
- Higher pre-PTA tariffs.
- Lower post-PTA tariffs set between PTA and nonmembers.
- Greater member country’s supply and demand responsiveness.
- The pre-PTA structure of members’ economies is more competitive
- Larger the trade flows between complementary or “natural” partners.

Case studies on the long run impacts of some major PTAs (NAFTA, APEC[6], and expanded EU) show that trade diversion effects are likely to be smaller than trade creation ones. The conclusion seems to be that, being net trade-creating agreements, PTAs tends to increase global welfare.

The twin concepts of trade creation and trade diversion, however, focus exclusively on production costs, while other welfare gains could result from other factors. They may lead to a rationalization of the industry structure, with inefficient plants closing down and remaining ones operating at a more efficient scale. Foreign direct investment might be stimulated, leading to capital accumulation and higher economic growth. Dynamic gains could rise from learning by doing, improved product quality, and greater product variety.

Terms-of-Trade[7] impact

The absolute increase of global welfare could be a misleading indicator once the distribution of welfare between members and nonmembers is considered. This is to say that members of a PTA may enjoy welfare increase at the expense of nonmembers. Further, some PTAs could be net

[6] Asia-Pacific Economic Cooperation Forum.
[7] The relative prices of imports and exports.

trade creating in some sectors while net trade diverting in others. For example, the EU is net trade diverting in agriculture, but it can be considered net trade creating in many other sectors.

This distribution effect can be better explained by analyzing the terms-of-trade before and after the formation of a PTA.

If the PTA is large enough to exert market power in world markets, affecting the prices of its imports and exports, or if the costs of production increase as production expands, there can be a terms of trade effect. A PTA is likely to improve the terms of trade for members and lower them for the rest of the world.

To explain this more clearly, let us assume that Syria and Lebanon have formed a PTA and Jordan is the third (non-member) country. Let us assume too that Jordan, before the formation of PTA, exported vegetables to Syria and imported olives from it. In this starting situation, a possible outcome could be the: the price of vegetables imported from Jordan decreases, as a consequence of decreased vegetable demand, since Syria is now importing vegetables from Lebanon. While the price of olives exported to Jordan increases, as a consequence of decreased olive availability into Jordan's markets, Syria is now exporting olives to Lebanon and quite less quantity is offered to Jordan. This possible scenario is referred to as terms of trade effect. As a matter of fact, in this case, terms of trade of Jordan will decrease and, therefore, the PTA between Syria and Lebanon will have a trade diverting effect on Jordan, which would be the only net loser.

Finally in analyzing the impact of a PTA, it is very important to study not only the effects on members but also the attitude of non-member countries. Some indications can be obtained by examining trends of non-member import into PTAs. If import volumes do not fall, gains of members have most likely not come at the expense of third parties.

Different studies that examined the trends in extra-regional imports as a share of GDP did not show any marked tendency for PTAs to reduce trade with nonmembers. But these trade shares are only indicative, since they do not show how trade with nonmembers would evolve in the absence of PTAs.

1.2.4. Ptas And Multilateral Negotiations

This issue, as we mentioned before, has generated a debate about the desirability of PTAs and their contribution to multilateralism, and it will be better explained in the following part. The two concepts of PTAs as "building blocks" or "stumbling blocks" to multilateral free trade is the core issue of this debate and the two concepts need first to be defined.

Many countries of the world are vigorously seeking global liberalization of trade, which is considered the "first best strategy" from the perspective of economic theory. As we have already mentioned, it is widely accepted that the multilateral negotiation framework is the best tool for achieving this final goal. Nevertheless, the formation of PTAs is still increasing significantly in parallel with multilateral process. Although the two approaches differ in principles, mechanisms and provisions, they can have the same ultimate outcome, which is to bring about trade liberalization.

As a result of the rapid proliferation of PTAs, a massive debate and an intensive discussion have been generated among economists about the desirability of these agreements and their impacts on multilateral trading system. This debate includes arguments in favor of the PTAs and other arguments against them.

Both kinds of arguments have been dealt with from four different perspectives:

1. Whether PTAs are trade creating or trade diverting.

2. Whether PTAs play as building blocks or stumbling blocks to multilateralism.

3. Whether or not GATT rules really inhibit the negative effects of PTAs (related issue is the provisions of article XXIV).

4. Whether the PTAs have gone further than multilateral negotiation towards trade liberalization.

Arguments in favor of PTAs

a) PTAs are building blocks to multilateralism:

  – PTAs enhance Multilateral Trade Negotiations (MTNs), since they incentive or put pressure on other countries to liberalize and to integrate with other partners in the world as they get more benefits with lower transaction costs, larger market and deeper integration of policies and institutions.

  – PTAs lead the way for WTO, as often impose, among neighbors, cuts in protection that are deeper than the ones achieved globally, ,and keep the door open to allow new members to join.

  – The WTO negotiation process may be enhanced by fewer major players, if PTAs members are able to develop common position and tackle issues that are too deep or complex for MTNs.

  – PTAs and the WTO multilateral system can be mutually beneficial. For example, some PTAs are based on WTO/GATT mechanisms and provisions, which help to solidify WTO trade rules. Also, PTAs have enabled countries to move more quickly to reform their trade regimes.

b) PTAs are, on net, trade creating:

   Empirical evidence shows that interregional trade (with nonmembers) has continued to grow in spite of the PTAs.

c) PTAs are more agricultural trade liberalizing than MTNs:

   Some PTAs have gone far from MTNs in liberalizing agricultural trade by removing internal trade barriers and prohibiting the introduction of new trade barriers.

d) PTAs' potential negative effects are limited by the article XXIV of the GATT.

Arguments against PTAs.

The validity of many of the above arguments has been challenged, and other arguments that criticize PTAs have been made.

a) PTAs are stumbling blocks to MTNs:

  – The trade diverting impact of PTAs can create interests and strong motives in some groups (producers) to favor the formation of PTAs, and these groups can also influence policy makers to divert from multilateral trade liberalization initiatives as they get what they want from PTAs.

  – Countries of PTAs can make more gains at the expense of other partners[8] by blocking additional members and keeping external trade preferences.

[8] Terms- of-trade effects.

b) PTAs' development is dangerous in the world trading system and a distraction from the goal of multilateral trade liberalization[9]:

– PTAs are purely preferential agreements, which lower trade opportunities for third countries and are generally trade diverting.

c) PTAs have eliminated internal trade barriers to agriculture but keep high external tariffs structure against other countries' agricultural trade.

d) The GATT article XXIV provisions do not effectively regulate PTAs:

– It is not clear whether the concept of "trade barriers" applies to individual tariff lines or to the tariffs schedule as a whole. Moreover, it is not clear too if this provision refers to applied or to bound tariff rates.

– It requires the elimination of all internal barriers on "substantially all trade". Countries could, therefore, exempt less import-competitive sectors from the elimination of trade barriers. This often occurs in the case of agriculture

– It requires a plan and schedule for the formation of PTAs "within a reasonable amount of time". Again, it is not clear what constitutes a "reasonable" amount of time.

These confusing concepts of article XXIV of the GATT were clarified by the so-called Understanding on the Interpretation of Article XIVV of the GATT, which states:

i) Tariffs will be compared based upon an overall assessment of the weighted average of tariff rates and custom duties collected, and the data used on applied (not bound) tariffs.

ii) The "reasonable amount of time" should exceed 10 years only in exceptional cases.

This "Understanding", however, did not clarify what "substantially all trade" is valid for. As a consequence, political arguments may ultimately dominate here. One example is the political decision that was made at the time of the formation of the European Economic Community (EEC) in 1957, since the six countries making it up had threatened to withdraw from the GATT if the EEC was found not in conformity with article XXIV.

1.2.5 Towards More Favorable Ptas.

Many economists suggest that PTAs are neither inherently good nor bad, and their effects on world economies depend on the motives in forming them, the way they are formed, and how they change over time.

In order to achieve a better PTA, economists have addressed some suggestions that can make PTAs less trade distorting, and diminish their negative impacts on multilateral negotiation.

1- The use of trade levels instead of looking at pre- and post tariff levels as an indication of measuring the occurrence of trade diversion.

2- The requirement of the open accession clause that would minimize the possibility of trade diversion and make it possible for nonmembers to join.

3- The use of the lowest pre- PTA tariff rates as common external tariff'.

[9] A perspective put by Bhagwati. J.

4- The compliance with GATT/WTO agreements on agriculture, technical barriers to trade, sanitary and phytosanitary measures and rules of origin.

5- The emphasis on the notification and review process to put pressure on PTAs countries to comply.

1.3. Motivations for PTAs

Countries all over the world initiate trade agreements based on their own perspectives, which typically are more regionally oriented. PTAs, consequently, have been rapidly growing and are gaining a good reputation since the issues addressed by these agreements are more obvious to the public than those of multilateral agreements. As a consequence, their progress is virtually faster compared with the frustrating slow pace of multilateral negotiations.

Broadly speaking, whatever are the differences in the motivations among countries to form PTAs, there are few factors that seem to play a key role.

1- Generally speaking, PTAs are formed when countries recognize their economic interdependence with regional (or other) partners, which can be measured by the strength of regional trade and investment. The degree of regional interdependence can vary across countries, and because of this, the actual importance of PTAs may also differ substantially from one country to another.

2- Other objectives may be considered by members, such as strengthening political ties, managing migration flows and forming an alliance with other countries.

3- Smaller countries may seek increased security of market access by forming PTAs with larger countries.

4- Countries may want to lock in unilateral domestic policy reforms.

5- Trade diversion that resulted from forming PTAs or deepening the existing ones may incentive or even force non-member countries to join PTAs.

6- Members may want to promote industries that are not viable without a protected regional market. This idea, known as the argument of infant industries, is that they would be internationally competitive if given sufficient time to develop.

7- Members may want to improve their bargaining power in MTNs or express frustration for the slow pace of these negotiations.

1.4. Motivations for Syria

On one hand, Syria is one of the few countries in the world that has not started effective negotiations at multilateral level in order to join the WTO. On the other hand, it is still conducting formal talks with the EU in order to sign an association agreement with it.

While a consensus on the commencement of multilateral negotiations has not been fully achieved yet, the Syrian government seems to be strongly committed in forming a partnership agreement with its neighboring giant economy, in order to deepen its traditional economic relation with the EU and achieve more friendly political ties. This also could create a suitable environment in which Syria could start unilateral reforms of its fiscal and monetary policies, which eventually would help the country to harmonize its economic situation with this new environment.

The motivations for the Syrian government in this context could be presented in terms of the expected potential benefits that may happen due to a regional agreement. One of these benefits would be the increase of technical assistance and cooperation. Syria could benefit from a number of available Euro-Mediterranean programs such as Med-Techno, Med-Media and particularly Med-Invest. This will be further discussed in chapter 8.

The second major potential benefit that could come from increased integration between Syria and the EU is the opportunity of technology transfers and the harmonization of product standards. This could lead to an increase in product quality and the adoption of international norms and standards that would permit Syria to enter the EU markets and allow Syrian products to gain international acceptance. Therefore, Syria could have the possibility to increase its export base. In addition, the harmonization of trade regimes would improve access to foreign markets and increase potential trade and financial flows through Syrian's banking and payment systems.

The third potential benefit that would result from the agreement is an increase in foreign direct investments. Foreign direct investments by EU companies and other joint ventures with Syrian firms should constitute the backbone of the agreement.

One last but very important benefit that the agreement proposes is the increase in cooperation at social, cultural, economic and financial level between Syria and the EU.

In the case of agriculture, the expanding export markets for Syrian agricultural products would provide incentives to develop alternative crops. Syria could also promote its agro-industrial sector –foodstuffs in particular- that has access to a source of cheap agricultural raw materials.

The Syrian Government is realizing that any economic interest to pursue a protectionist commercial policy would isolate the country, especially taking into account the drastic change of the international economic environment, and the rapid expansion of trade in goods and services. In other words, as a small open economy, the domestic prices of most goods and services are determined on world markets. As a consequence, trade policy such as tariffs, quotas and other trade restrictions; cannot be used to improve the terms of trade.

On the basis of the debate we have reviewed, a question that has to be answered is whether the choice of the Syrian government to strengthen its links with the EU by signing an association agreement would become a stumbling block to multilateral negotiations.

In general terms, and according to the Syrian point of view, the decision of joining the WTO requires a wide national political consensus. More clearly, Syria has some precautions against the WTO in the sense that it seems to reflect only (or too much) the interests of the big industrial countries, in particular the USA, paying little attention to the demands of developing countries. In other words, it may happen that the liberalization of economic relations at a global level will redistribute world welfare in favor of developed countries and at the expense of developing countries. However, this is an open question, and the Syrian Government has started a national campaign to re-identify its position towards the WTO.

Apart from the political aspect of the Syrian position, there are some different economic reasons that stand against the Syrian membership to WTO, and in favor of a more limited agreement with the EU even on a preferential basis.

First of all, the WTO provisions seem to be less comprehensive in terms of economic cooperation, since they mainly contribute to trade liberalization paying little attention to the improvement of other aspects of economic relations such as financial and technical support. Hence, if Syria joins the WTO, Syrian products will be endangered by the competition of foreign products in the domestic market and this will put the Syrian producers into a hard race with their foreign counterparts.

Moreover, the sudden exposure to a highly competitive outside markets may create, at least in the short run, a domestic economic and social crisis, which may have negative impacts on the country stabilization. On one hand, the public sector which is the main player in the Syrian economy is now under a drastic but slow pace reform, and it needs a period of time to evolve and develop to have eventually the economic immunity with which it can face the forthcoming challenges. This argument is also compatible with the interests of the private sector, which still need to be protected in order to have enough space for development. According to this argument, joining the WTO will oblige Syria to reform its policies too fast and in a way that may conflict with the national interests, while the partnership with the EU may help Syria to reform in a more secure environment.

Finally, if Syria signed an association agreement with the EU, it could continue having some degree of protection for some of its agricultural products, which is not permitted by the WTO provisions of agriculture.

If all the previous arguments are against a membership of Syria to WTO, it must also be underlined the danger of not joining it, in terms of the risk of remaining isolated from the international game. Obviously, this risk will prove to be as much higher, as much the WTO will confirm in the future to be the most important forum for the regulation of international trade relations.

Chapter 2 -Syrian Agricultural Trade

2.1. Total trade

2.1.1. Exports

In the last decade, Syrian exports accounted for something more than 7.35% of GDP as annual average. Exports increased from 15.192 million SP in 1987 to 38.880 million SP in 1999, with an annual rate of increase of 8.1%.

The highest value of exports was 47.282 million SP in 1990, but the biggest increase in exports occurred in the years 1988-89 (from 15.093 to 33.740 million SP), due to increased export of oil.

As far as the different groups of countries are concerned, the highest annual rate of increase in exports in the last decade was the one of the Arab countries group, which reached 19.2%. It was followed by the exports to the EU, with a rate of increase of 10.4%, and the American countries with 10.2%. The only area showing a decline in annual rate of growth of Syrian exports has been the group of former socialist countries (-15.2%).

Table 2-1 in the Annex gives some more information about Syrian export development according to groups of countries, and the associated chart illustrates the fluctuation of Syrian exports during the last decade. As far as the Syrian exports to the EU are concerned, it can be underlined their sharp increase at the beginning of the decade, followed by a balanced increase till 1996, then by a sharp decrease in 1997 and 1998, with a strong recovery in 1999.

As shown by the “pie-chart” in the Annex, the share of the EU on total Syrian exports has substantially risen from 40% in 1987-1988 to 56% in 1998-1999.

2.1.2. Imports

During the last decade, Syrian import accounted for 7.9% of the annual average of GDP. Imports increased from 27.915 million SP in 1987 to 43.010 million SP in 1999 by an average annual rate of growth of 3.6%. The highest increase of imports occurred in the period 1993-94 (from 46.471 to 61.374 million SP, the maximum value of the decade).

As far as the different groups of countries are concerned, the highest annual rate of increase in imports has been the one of the American countries (5.3%), followed by the former socialist countries (2.5%), while Syrian imports from both the European Union and the Arab countries increased at a lower rate (1.5%).

Table 2-2 in the Annex gives more information about the flows of Syrian imports during the last decade.

Looking at the shares of the different groups of countries in total Syrian exports, it can be underlined the decrease of trade with the EU from 38% in 87-88 to 32% in 89-99. Also the share of former socialist countries decreased from 19% to 17%, while the Arab countries contribution remained stable at 8%.

On the opposite side, the share of the American countries on Syrian exports increased from 7% in 87-88 to 8% in 98-99, while the rest of the world showed the highest increase, from 28% to 35%, becoming the first market for Syrian export in 98-99.

2.1.3. The Syrian Trade Balance

The Syrian trade balance was negative along almost all the years of the period, with the exception of 1989, 1990 and 1991, reaching the highest surplus in 1990, with 20.346 million SP.

Generally, the Syrian trade balance was positive with the Arab countries and with the EU, and negative with the American countries and the rest of the world. As far as the former socialist countries are concerned, the Syrian trade balance was positive since the beginning of the period till 1991, then negative later on.

Table 2.3 in the Annex gives more details on the Syrian trade balance by group of countries in the last decade.

2.2. Syrian Agricultural Trade and its Contribution to Total Trade

2.2.1. Agricultural Exports

Agricultural exports formed 22.83% of total Syrian exports during the last 10 years 1990-1999, but a negative growth rate reaching –0.31% is noticed during the period.

The group of vegetable products realized a positive annual rate of growth (9.35%), reaching a share of 56% of total Syrian agricultural exports as an average of 98 and 99.

On the other hand, the exports growth rate decreased for live animal and animal products by –13.9% and their contribution was 25% in 90-91 and 7.3% in 98-99, this probably due to drought years.

The group of Arab countries is still the largest importer of Syrian agricultural exports, as it imported 68.8% of them in 1995 and 59.5% in 1999. The second “client” is the EU, whose share was 21.2% in 1995 and 16% in 1999. These reductions in the shares of Arab and EU countries have been compensated by the increase of former socialist countries and the rest of the world. As an individual Arab country, Saudi Arabia imported about 35% of Syrian agricultural products.

As far as specific products are concerned, raw cotton contribution reached 24.3%, tomato 17.2% and sheep 10% of Syrian total agricultural exports in 1999, while in 1995, raw cotton contributed up to 31.3%, barley 9.4% and tomato 9% of Syrian total agricultural exports

This indicates the great importance of cotton as a strategic crop and the sensitivity of barley, as it is imported and exported very much, depending on rainfalls.

By comparing tables 2.8 and 2.11 that illustrate the flows of Syrian exports listing them from the highest value to the lowest value according to countries and agricultural commodities, we notice a big concentration of a small number of countries for few commodities. The first ten flows exported from Syria in 1995 form 52.91% of the total values of the important agricultural commodities, whereas the percentage changed in 1999 to become 43.09%. The most important flows in 1999 have been the following:

- Tomatoes to Saudi Arabia accounting for 11.83% of total agricultural exports.
- Sheep to Saudi Arabia accounting for 7.12% of total agricultural exports
- Raw cotton not carded or combed to Italy accounting for 3.55% of total agricultural exports
- Lentils to Turkey accounting for 3.48% of total agricultural exports
- Fresh grapes to Saudi Arabia accounting for 3.44% of total agricultural exports.

This indicates a reduction in the concentration, even if it still remains extremely high.

2.2.2. Agricultural Imports

Agricultural imports formed 21.32% of total Syrian imports value during the last 10 years 90-99 and increased by a weak positive growth rate of 1.6%. Here, imports of vegetable products decreased by –1.65 % and contributed by 42% of total agricultural imports as an average of 98-99.

Contrary to the above, the percentage of animal and vegetable fats, oil and waxes and their cleavage products increased to 7.13% and accounted for 13% of total Syrian agricultural imports.

If we make a comparison between the year 95 and 99 with respect to agricultural imports according to groups of countries, we notice the following:

- The share of Arab countries in the total of Syrian agricultural imports increased from 6.8% in 1995 to 9.7% in 1999.
- The share of EU countries in the total of Syrian agricultural imports increased from 21% in 1995 to 25.6% in 1999.
- The share of Former Socialist countries in the total of Syrian agricultural imports decreased from 22.4% in 1995 to 16.1% in 1999.
- The share of American countries in the total of Syrian agricultural imports fixed on 23.8% in 1995 and 1999.

In 1999, we can notice that only 5 main imported commodities form half of total Syrian agricultural imports. They are: refined sugar (19.4%), maize not for sowing (9.2%), barley (7%), fish (6.4%) and husked rice (6.4%).

In 1995, we can see the most important five imported commodities were slightly different, and they were respectively as follows: refined sugar (12.3%), wood of other kinds (9.3%), fish (7.9%), husked rice (7.7%) and sheep (7.1% of total agricultural imports).

We notice that in 1999 the largest exporting country to Syria was France, with 12.3% of total Syrian agricultural imports, whereas in 1995 Romania was the largest exporter to Syria for the same percentage (12.4%).

By comparing tables 2.14 and 2.17, which indicate the flow of agricultural imports listed from the largest to the smallest value according to countries and agricultural commodities, we notice a big concentration of a small number of countries and of few commodities. The first ten imported flows to Syria were in 1995; they formed 49.9% of the total important agricultural imports. This percentage decreased to 44.9% in 1999.

The most important five flows in 1999 were the following:

- Refined sugar from France accounting for 8.69% of total agricultural imports

- Maize not for sowing from U.S.A. accounting for 6.3% of total agricultural imports

- Tea from Sri Lanka accounting for 5.43% of total agricultural imports

- Oil cake and other solid residues from Argentine accounting for 4.81% of total agricultural imports

- Wood of other kinds from Federal Russia accounting for 3.62% of total agricultural imports.

The list of commodities mentioned above indicates the expansion of import of those agricultural commodities from more countries and for more commodities than before.

Annex to Chapter 2

Composition of groups of countries

	Arab Countries	European Union Countries	Former Socialist Countries	American Countries	Other Countries
1	Jordan	Spain	China	Brazil	Iran
2	Bahrain	German Rep	Ukraine	Canada	Turkey
3	Saudi Arabia	Portugal	Federal Russia	argentine	Srilanka (Ceylon)
4	Iraq	Italy	Byelorussia	U.S.A .	Cyprus
5	Kuwait	Belgium	Bulgaria		India
6	Lebanon	France	Poland		Hong Kong
7	Yemen	Luxembourg	Czech. Rep.		Japan
8	Qatar	Netherlands	Rumania		Switzerland
9	United Arab Emirates	Ireland	Hungary		Norway
10	Tunisia	Denmark	Serbia		Different Countries
11	Algeria	United Kingdom	Cuba		
12	Sudan	Greece			
13	Libya	Sweden			
14	Morocco	Finland			
15	A.R.E.	Austria			
16	Somalia				
17	Mauritania				

Table 2.1 Total Syrian Exports (million S.P.)

Country	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Growth 99-87 %	Average 87,88	Average 98, 99
Arab Countries	986	1985	5636	8829	8838	8616	8353	10423	10437	8969	11456	9037	8150	19.2	1486	8594
European Union Countries	7207	5114	10564	19711	18503	21849	21467	22216	25364	27853	23980	16331	23669	10.4	6161	20000
Former Socialist Countries	5568	6248	14227	16160	9252	2166	1889	3517	3187	2489	1546	1021	765	-15.2	5908	893
American Countries	204	258	807	423	232	299	1081	569	746	214	214	298	652	10.2	231	475
Other Countries	1227	1488	2506	2159	1679	1790	2528	3093	4828	5362	6757	5756	5644	13.6	1358	5700
Total	15192	15093	33740	47282	38504	34720	35318	39818	44562	44887	43953	32443	38880	8.1	15143	35662
GDP at market prices		448779	372387	389469	420242	476850	501546	539929	570975	612896	628148	675888	66368 8	3.6		
Share on GDP(%)		3.4	9.1	12.1	9.2	7.3	7.0	7.4	7.8	7.3	7.0	4.8	5.9			

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistics, Statistical Abstract 1988-2000

Table 2.1 Total Syrian Exports (million S.P.)

Country	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Growth 99-87 %	Average 87,88	Average 98, 99
Arab Countries	986	1985	5636	8829	8838	8616	8353	10423	10437	8969	11456	9037	8150	19.2	1486	8594
European Union Countries	7207	5114	10564	19711	18503	21849	21467	22216	25364	27853	23980	16331	23669	10.4	6161	20000
Former Socialist Countries	5568	6248	14227	16160	9252	2166	1889	3517	3187	2489	1546	1021	765	-15.2	5908	893
American Countries	204	258	807	423	232	299	1081	569	746	214	214	298	652	10.2	231	475
Other Countries	1227	1488	2506	2159	1679	1790	2528	3093	4828	5362	6757	5756	5644	13.6	1358	5700
Total	15192	15093	33740	47282	38504	34720	35318	39818	44562	44887	43953	32443	38880	8.1	15143	35662
GDP at market prices		448779	372387	389469	420242	476850	501546	539929	570975	612896	628148	675888	663688	3.6		
Share on GDP(%)		3.4	9.1	12.1	9.2	7.3	7.0	7.4	7.8	7.3	7.0	4.8	5.9			

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistics, Statistical Abstract 1988-2000

Table 2.2: Total Syrian Imports (million S.P.)

Country	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Growth 99-87 %	Average 87,88	Average 98, 99
Arab Countries	2973	1291	1325	1685	1583	2225	2890	3842	4129	4656	3825	3441	3572	1.5	2132	3507
European Union Countries	10937	9985	10644	11939	12854	15341	17994	21685	18185	19648	14502	14242	13125	1.5	10461	13684
Former Socialist Countries	5448	4869	3330	3565	4814	6993	8080	9052	10912	11294	8071	7090	7324	2.5	5159	7207
American Countries	1891	1948	2183	3506	3968	3499	4301	5252	4967	6604	4780	3758	3533	5.3	1920	3646
Other Countries	6666	8947	6062	6241	7847	11120	13206	21543	14663	18183	14033	15194	15456	7.3	7807	15325
Total	27915	27040	23544	26936	31066	39178	46471	61374	52856	60385	45211	43725	43010	3.7	27478	43368
GDP at market prices		448779	372387	389469	420242	476850	501546	539929	570975	612896	628148	675888	663688	3.6		
Share on GDP. (%)		6.0	6.3	6.9	7.4	8.2	9.3	11.4	9.3	9.9	7.2	6.5	6.5			

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistics, Statistical Abstract 1988-2000 Note: Values in S.P. calculated at the official Exchange Rate of 11.25 S.P./US

Table 2.3 Syrian Trade Balance (million S.P.)

Country	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Arab Countries	-1987	694	4311	7144	7255	631	5463	6581	6308	4313	7631	5596	4578
European Union Countries	-3730	-4871	-80	7772	5649	6508	3473	531	7179	8205	9478	2089	10544
Former Socialist Countries	120	1379	10897	12595	4438	-4827	-6191	-5535	-7725	-8805	-6525	-6069	-6559
American Countries	-1687	-1690	-1376	-3083	-3736	-3200	-3220	-4683	-4221	-6390	-4566	-3460	-2881
Other Countries	-5439	-7459	-3556	-4082	-6168	-9330	-10678	-18450	-9835	-12821	-7276	-9438	-9812
Total	-12723	-11947	10196	20346	7438	-4458	-11153	-21556	-8294	-15498	-1258	-11282	-4130

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistics, Statistical Abstract 1988-2000

Note: Values in S.P. calculated at the official Exchange Rate of 11.25 S.P./US $.

Table 2.4 Syrian agro food exports

Main groups of products	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average 90,91	Average 98,99	Growth 99/90
Live animals & animal products	2759	1469	1375	1171	1012	630	1187	694	692	715	2114	704	-13.9
Vegetable products	2368	2172	2897	3790	5290	4294	5247	7005	5412	5295	2270	5354	9.35
Animal & vegetable fats, oil & waxes and their cleavage products	0.4	3	0.4	2	13	153	184	140	110	181	2	146	97.27
Hides & silk & wool & flax & cotton & other	2506	2553	2435	2401	2704	3178	2231	3273	3548	2245	2530	2897	-1.21
Prepared foodstuffs beverage, spirits & vinegar & tobacco	1505	1552	373	417	507	561	685	597	612	454	1529	533	-12.5
Total Agro food exports	9138.4	7749	7080.4	7781	9526	8816	9534	11709	10374	8890	8444	9632	-0.31
total exports	47282	38504	34720	35318	39818	44562	44887	43953	32443	38880	42893	35662	-2.15
Share of agro food exports	19.33	20.13	20.39	22.03	23.92	19.78	21.24	26.64	31.98	22.87	19.73	27.42	1.89

Source: Central Bureau of Statistic, Summary of Foreign Trade During 1990 to 1999

Note: Values in S.P. calculated at the official Exchange Rate of 11.20 S.P./US $.

Table 2.5 Syrian agro food imports

Main groups of products	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average 90,91	Average 98,99	Growth 99/90
Live animals & animal products	595	1013	1621	1792	1479	1031	1160	970	702	881	804	792	4.46
Vegetable products	4988	3939	3121	3422	5144	3706	3249	3621	3606	4293	4464	3950	-1.65
Animal & vegetable fats, oil & waxes and their cleavage products	661	777	925	1076	1016	1091	1198	1205	1179	1229	719	1204	7.13
Hides & silk & wool & flax & cotton & other	157	166	236	235	287	194	256	217	190	103	162	147	-4.58
Prepared foodstuffs beverage, spirits & vinegar & tobacco	2228	2226	1954	2333	3286	3128	3696	3396	3289	3444	2227	3367	4.96
Total Agro food imports	8629	8121	7857	8858	11212	9150	9559	9409	8966	9950	8375	9458	1.60
total imports	26936	31066	39178	46471	61374	52856	60385	45211	43725	43010	29001	43368	5.34
Share of agro food imports	32.04	26.14	20.05	19.06	18.27	17.31	15.83	20.81	20.51	23.13	29.09	21.82	-3.55

Source: Central Bureau of Statistic, Summary of Foreign Trade During 1990 to 1999

Note: Values in S.P. calculated at the official Exchange Rate of 11.25 S.P./US

Table 2.6 Syrian exports of main agro food products by groups of countries (Absolute values in "000" S.P.)1999

	code	COMMODITY	Arab. C.	EU. C.	F. Socialist	American	Other C.	Total	Share %
1	55/1.	Raw cotton not carded or combed	159756	517796	92918	113233	599743	1483446	24.3
2	7/1/d	Tomatoes	892930	0	154075	0	0	1047005	17.2
3	1/4/a	Sheep & lambs(000 heads)	609725	0	0	0	0	609725	10.0
4	8/6.	Apples, pears	382226	0	0	0	0	382226	6.3
5	8/4/a	Grapes fresh	364968	0	0	0	0	364968	6.0
6	7/1/g	Potatoes	73312	207838	0	0	0	281150	4.6
7	7/5/d	Lentils	36470	0	0	0	212067	248537	4.1
8	9/4/b	Pepper crushed or ground	151399	0	4368	0	51816	207583	3.4
9	55/5/a.	Cotton yarn not put for retail sale: Of raw single yarn	0	194144	0	0	0	194144	3.2
10	8/7/d	Cherries	171081	0	439	0	0	171520	2.8
11	8/2/a	Oranges	164815	0	561	0	0	165376	2.7
12	10/1.	Wheat and meslin	0	0	157136	0	0	157136	2.6
13	9/9/c	Cumin	51885	11119	0	76970	13011	152985	2.5
14	7/5/f	Chick peas	130955	0	0	0	1122	132077	2.2
15	8/2/b	Mandarins	123675	0	0	0	0	123675	2.0
16	8/9/c	Melon	119452	0	0	0	0	119452	2.0
17	20/5/b	Apricot paste dry	93813	0	0	0	0	93813	1.5
18	8/5/d	Pistachios	93789	0	0	0	0	93789	1.5
19	55/5/b.	Cotton yarn not put for retail sale: Of raw multiplied	0	46635	0	0	0	46635	0.8
20	9/9/a	Seed of anise	10347	0	0	12341	3863	26551	0.4
		Total main agro food products	3630598	977532	409497	202544	881622	6101793	100.0

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1999

Table 2.7: Syrian exports of main agro food products by groups of countries (% composition)1999

	code	COMMODITY	Arab. C.	EU. C.	F. Socialist	American	Other	Total
1	55/1.	Raw cotton not carded or combed	10.8	34.9	6.3	7.6	40.4	100.0
2	7/1/d	Tomatoes	85.3	0.0	14.7	0.0	0.0	100.0
3	1/4/a	Sheep & lambs(000 heads)	100.0	0.0	0.0	0.0	0.0	100.0
4	8/6.	Apples, pears	100.0	0.0	0.0	0.0	0.0	100.0
5	8/4/a	Grapes fresh	100.0	0.0	0.0	0.0	0.0	100.0
6	7/1/g	Potatoes	26.1	73.9	0.0	0.0	0.0	100.0
7	7/5/d	Lentils	14.7	0.0	0.0	0.0	85.3	100.0
8	9/4/b	Pepper crushed or ground	72.9	0.0	2.1	0.0	25.0	100.0
9	55/5/a.	Cotton yarn not put for retail sale of raw single yarn	0.0	100.0	0.0	0.0	0.0	100.0
10	8/7/d	Cherries	99.7	0.0	0.3	0.0	0.0	100.0
11	8/2/a	Oranges	99.7	0.0	0.3	0.0	0.0	100.0
12	10/1.	Wheat and meslin	0.0	0.0	100.0	0.0	0.0	100.0
13	9/9/c	Cumin	33.9	7.3	0.0	50.3	8.5	100.0
14	7/5/f	Chick peas	99.2	0.0	0.0	0.0	0.8	100.0
15	8/2/b	Mandarins	100.0	0.0	0.0	0.0	0.0	100.0
16	8/9/c	Melon	100.0	0.0	0.0	0.0	0.0	100.0
17	20/5/b	Apricot paste dry	100.0	0.0	0.0	0.0	0.0	100.0
18	8/5/d	Pistachios	100.0	0.0	0.0	0.0	0.0	100.0
19	55/5/b.	Cotton yarn not put for retail sale of raw multiple	0.0	100.0	0.0	0.0	0.0	100.0
20	9/9/a	Seed of anise	39.0	0.0	0.0	46.5	14.5	100.0
		Total main agro food products	59.5	16.0	6.7	3.3	14.4	100.0

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1999

Note: Values in S.P. calculated at the official Exchange Rate of 11.20 S.P./US $.

Table 2.8: Syrian Agro food Exports: main commodity -country flows (1999)

	COMMODITY	Country	Values	%
1	Tomatoes	Saudi Arabia	721919	11.83
2	Sheep & lambs(000 heads)	Saudi Arabia	434316	7.12
3	Raw cotton not carded or combed	Italy	216831	3.55
4	Lentils	Turkey	212067	3.48
5	Grapes fresh	Saudi Arabia	210065	3.44
6	Apples, pears	Saudi Arabia	210000	3.44
7	Raw cotton not carded or combed	Indonesia	162105	2.66
8	Wheat and meslin	Korea Democrat.	157136	2.58
9	Potatoes	Greece	153769	2.52
10	Tomatoes	Federal Russia	150626	2.47
	sub total first 10		2628834	43.09
11	Raw cotton not carded or combed	Turkey	150455	2.47
12	Cotton yarn not put for retail sale of raw single yarn	Portugal	114967	1.88
13	Raw cotton not carded or combed	U.S.A.	113233	1.86
14	Cherries	Saudi Arabia	111916	1.83
15	Oranges	Saudi Arabia	108113	1.77
16	Raw cotton not carded or combed	Portugal	97841	1.6
17	Raw cotton not carded or combed	Japan	95593	1.57
18	Pistachios	Lebanon	93789	1.54
19	Mandarins	Saudi Arabia	93736	1.54
20	Sheep & lambs(000 heads)	Qatar	89487	1.47
	sub total second 10		1069130	17.53
	sub total 20		3697964	60.62
21	Chick peas	Jordan	88973	1.46
22	Raw cotton not carded or combed	Algeria	87503	1.43
23	Sheep & lambs(000 heads)	Kuwait	85922	1.41
24	Pepper crushed or ground	Saudi Arabia	81005	1.33
25	Apples, pears	Egypt	78149	1.28
26	Grapes fresh	U.A. Emirates	74771	1.23
27	Melon	Saudi Arabia	72970	1.20
28	Raw cotton not carded or combed	Spain	71377	1.17

Table 2.8: Syrian Agro food Exports: main commodity -country flows (1999)

	COMMODITY	Country	Values	%
1	Tomatoes	Saudi Arabia	721919	11.83
2	Sheep & lambs(000 heads)	Saudi Arabia	434316	7.12
3	Raw cotton not carded or combed	Italy	216831	3.55
4	Lentils	Turkey	212067	3.48
5	Grapes fresh	Saudi Arabia	210065	3.44
6	Apples, pears	Saudi Arabia	210000	3.44
7	Raw cotton not carded or combed	Indonesia	162105	2.66
8	Wheat and meslin	Korea Democrat.	157136	2.58
9	Potatoes	Greece	153769	2.52
10	Tomatoes	Federal Russia	150626	2.47
	sub total first 10		2628834	43.09
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12	Cotton yarn not put for retail sale of raw single yarn	Portugal	114967	1.88
13	Raw cotton not carded or combed	U.S.A.	113233	1.86
14	Cherries	Saudi Arabia	111916	1.83
15	Oranges	Saudi Arabia	108113	1.77
16	Raw cotton not carded or combed	Portugal	97841	1.6
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18	Pistachios	Lebanon	93789	1.54
19	Mandarins	Saudi Arabia	93736	1.54
20	Sheep & lambs(000 heads)	Qatar	89487	1.47
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	sub total 20		3697964	60.62
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24	Pepper crushed or ground	Saudi Arabia	81005	1.33
25	Apples, pears	Egypt	78149	1.28
26	Grapes fresh	U.A. Emirates	74771	1.23
27	Melon	Saudi Arabia	72970	1.20
28	Raw cotton not carded or combed	Spain	71377	1.17

Table 2.8: Syrian Agro food Exports: main commodity -country flows (1999)

29	Raw cotton not carded or combed	Hong Kong	68244	1.12
30	Tomatoes	U.A. Emirates	66336	1.09
	sub total third 10		775250	12.72
	sub total 30		4473214	73.34
31	Tomatoes	Kuwait	61384	1.01
32	Apricot paste dry	Egypt	56154	0.92
33	Pepper crushed or ground	Turkey	51816	0.85
34	Cotton yarn not put for retail sale of raw single yarn	Italy	51531	0.84
35	Raw cotton not carded or combed	Korea Democr.	50334	0.82
36	Raw cotton not carded or combed	France	48148	0.79
37	Cumin	U.S.A.	47033	0.77
38	Raw cotton not carded or combed	Belgium	45916	0.75
39	Grapes fresh	Kuwait	41705	0.68
40	Apples, pears	Kuwait	40000	0.66
	sub total fourth 10		494021	8.09
	sub total 40		4967235	81.43
41	Raw cotton not carded or combed	South. Korea	39811	0.65
42	Cotton yarn not put for retail sale of raw multiple	Italy	37681	0.62
43	Raw cotton not carded or combed	India	35108	0.58
44	Raw cotton not carded or combed	Morocco	34895	0.57
45	Raw cotton not carded or combed	Thailand	31247	0.51
46	Potatoes	German Rep	30617	0.50
47	Cumin	Brazil	29937	0.49
48	Apples, pears	U.A. Emirates	25864	0.42
49	Potatoes	Lebanon	25099	0.41
50	Apricot paste dry	Saudi Arabia	25094	0.41
	sub total fifth 10		315353	5.16
	Total		5282588	86.59
	Total Main agro food exports		6101793	100

Table 2.9 Syrian export of main agro food products by groups of countries (absolute values in "000" S.P.)1995

	code	COMMODITY	Arab.Cs.	EU.C.	F.Socialist	American C.	Other	Total	Share %
1	55/1.	Raw cotton not carded or combed	656268	801930	6886	0	165355	1630439	31.29
2	10/3.	Barley	490492	0	0	0	0	490492	9.41
3	7/1/d	Tomatoes	471197	0	0	0	0	471197	9.04
4	1/4/a	Sheep & lambs(000 heads)	452901	0	0	0	0	452901	8.69
5	41/1/a	Hides and skins of sheep and lambs with the wool	1575	275162	0	0	2063	278800	5.35
6	8/4/a	Grapes fresh	240697	0	0	0	0	240697	4.62
7	10/1.	Wheat and meslin	155904	0	66445	0	0	222349	4.27
8	7/1/g	Potatoes	192572	4877	7921	0	0	205370	3.94
9	8/5/d	Pistachios	188969	0	0	0	0	188969	3.63
10	8/6.	Apples, pears	149283	0	0	0	0	149283	2.86
11	9/9/c	Cumin	70424	9883	0	19082	24652	124041	2.38
12	55/2.	Cotton linters	15212	34526	0	0	63420	113158	2.17
13	7/5/d	Lentils	84928	0	0	0	24245	109173	2.09
14	7/5/f	Chick peas	102259	0	0	0	0	102259	1.96
15	18/6.	Chocolate and food prepared	0	0	98767	0	0	98767	1.90
16	20/5/b	Apricot paste dry	87932	0	0	0	0	87932	1.69
17	8/9/c	Melon	84472	0	0	0	0	84472	1.62
18	15/7/c	Olive oil	75985	0	0	0	1933	77918	1.50
19	8/2/a	Oranges	39108	0	14819	0	0	53927	1.03
20	8/7/d	Cherries	29247	0	0	0	0	29247	0.56
		Total main agro food products	3589425	1126378	194838	19082	281668	5211391	100.00

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1995

Note: Values in S.P. calculated at the official Exchange Rate of 11.20 S.P./US $.

Table 2.9 Syrian export of main agro food products by groups of countries (absolute values in "000" S.P.)1995

	code	COMMODITY	Arab.Cs.	EU.C.	F.Socialist	American C.	Other	Total	Share %
1	55/1.	Raw cotton not carded or combed	656268	801930	6886	0	165355	1630439	31.29
2	10/3.	Barley	490492	0	0	0	0	490492	9.41
3	7/1/d	Tomatoes	471197	0	0	0	0	471197	9.04
4	1/4/a	Sheep & lambs(000 heads)	452901	0	0	0	0	452901	8.69
5	41/1/a	Hides and skins of sheep and lambs with the wool	1575	275162	0	0	2063	278800	5.35
6	8/4/a	Grapes fresh	240697	0	0	0	0	240697	4.62
7	10/1.	Wheat and meslin	155904	0	66445	0	0	222349	4.27
8	7/1/g	Potatoes	192572	4877	7921	0	0	205370	3.94
9	8/5/d	Pistachios	188969	0	0	0	0	188969	3.63
10	8/6.	Apples, pears	149283	0	0	0	0	149283	2.86
11	9/9/c	Cumin	70424	9883	0	19082	24652	124041	2.38
12	55/2.	Cotton linters	15212	34526	0	0	63420	113158	2.17
13	7/5/d	Lentils	84928	0	0	0	24245	109173	2.09
14	7/5/f	Chick peas	102259	0	0	0	0	102259	1.96
15	18/6.	Chocolate and food prepared	0	0	98767	0	0	98767	1.90
16	20/5/b	Apricot paste dry	87932	0	0	0	0	87932	1.69
17	8/9/c	Melon	84472	0	0	0	0	84472	1.62
18	15/7/c	Olive oil	75985	0	0	0	1933	77918	1.50
19	8/2/a	Oranges	39108	0	14819	0	0	53927	1.03
20	8/7/d	Cherries	29247	0	0	0	0	29247	0.56
		Total main agro food products	3589425	1126378	194838	19082	281668	5211391	100.00

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1995

Note: Values in S.P. calculated at the official Exchange Rate of 11.20 S.P./US $.

Table 2.10 Syrian export of main agro food products by groups of countries (% Composition)1995

	code	COMMODITY	Arab.Cs.	EU.C.	F.Socialist	American C.	Other	Total
1	55/1.	Raw cotton not carded or combed	40.25	49.18	0.42	0.00	10.14	100.00
2	10/3.	Barley	100.00	0.00	0.00	0.00	0.00	100.00
3	7/1/d	Tomatoes	100.00	0.00	0.00	0.00	0.00	100.00
4	1/4/a	Sheep & lambs(000 heads)	100.00	0.00	0.00	0.00	0.00	100.00
5	41/1/a	Hides and skins of sheep and lambs with the wool	0.56	98.70	0.00	0.00	0.74	100.00
6	8/4/a	Grapes fresh	100.00	0.00	0.00	0.00	0.00	100.00
7	10/1.	Wheat and muslin	70.12	0.00	29.88	0.00	0.00	100.00
8	7/1/g	Potatoes	93.77	2.37	3.86	0.00	0.00	100.00
9	8/5/d	Pistachios	100.00	0.00	0.00	0.00	0.00	100.00
10	8/6.	Apples, pears	100.00	0.00	0.00	0.00	0.00	100.00
11	9/9/c	Cumin	56.77	7.97	0.00	15.38	19.87	100.00
12	55/2.	Cotton linters	13.44	30.51	0.00	0.00	56.05	100.00
13	7/5/d	Lentils	77.79	0.00	0.00	0.00	22.21	100.00
14	7/5/f	Chick peas	100.00	0.00	0.00	0.00	0.00	100.00
15	18/6.	Chocolate and food prepared	0.00	0.00	100.00	0.00	0.00	100.00
16	20/5/b	Apricot paste dry	100.00	0.00	0.00	0.00	0.00	100.00
17	8/9/c	Melon	100.00	0.00	0.00	0.00	0.00	100.00
18	15/7/c	Olive oil	97.52	0.00	0.00	0.00	2.48	100.00
19	8/2/a	Oranges	72.52	0.00	27.48	0.00	0.00	100.00
20	8/7/d	Cherries	100.00	0.00	0.00	0.00	0.00	100.00
		Total main agro food products	68.88	21.61	3.74	0.37	5.40	100.00

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1995

Note: Values in S.P. calculated at the official Exchange Rate of 11.20 S.P./U

Table 2.11 Syrian Agro food Exports: main commodity-country flows (1995)

		commodity	country	values	%
1	55/1.	Raw cotton not carded or combed	Italy	545619	10.47
2	10/3.	Barley	Jordan	443092	8.50
3	41/1/a	Hides and skins of sheep and lambs with the wool	Italy	272046	5.22
4	1/4/a	Sheep & lambs(000 heads)	Saudi Arabia	241883	4.64
5	7/1/d	Tomatoes	Lebanon	241521	4.63
6	55/1.	Raw cotton not carded or combed	Morocco	236985	4.55
7	55/1.	Raw cotton not carded or combed	Algeria	219633	4.21
8	7/1/d	Tomatoes	Saudi Arabia	210147	4.03
9	8/5/d	Pistachios	Lebanon	186524	3.58
10	1/4/a	Sheep & lambs(000 heads)	Kuwait	159862	3.07
		sub total first 10		2757312	52.91
11	55/1.	Raw cotton not carded or combed	Tunisia	155669	2.99
12	55/1.	Raw cotton not carded or combed	Portugal	134317	2.58
13	55/1.	Raw cotton not carded or combed	Turkey	128246	2.46
14	10/1.	Wheat and meslin	Tunisia	114560	2.20
15	8/4/a	Grapes fresh	Saudi Arabia	109546	2.10
16	8/6.	Apples, pears	Saudi Arabia	80737	1.55
17	18/6.	Chocolate and food prepared	Federal Russia	77028	1.48
18	55/1.	Raw cotton not carded or combed	France	72725	1.40
19	7/1/g	Potatoes	U. A. Emirates	69877	1.34
20	10/1.	Wheat and meslin	Ukraine	66445	1.27
		sub total second 10		1009150	19.36
21	8/4/a	Grapes fresh	U. A. Emirates	66246	1.27
22	15/7/c	Olive oil	Lebanon	65455	1.26
23	55/2.	Cotton linters	Japan	63420	1.22
24	7/5/f	Chick peas	Lebanon	55006	1.06
25	1/4/a	Sheep & lambs(000 heads)	Qatar	51156	0.98
26	20/5/b	Apricot paste dry	Egypt	50038	0.96
27	8/4/a	Grapes fresh	Kuwait	45456	0.87
28	10/1.	Wheat and meslin	Libya	41344	0.79
29	7/1/g	Potatoes	Lebanon	36983	0.71
30	55/2.	Cotton linters	German Rep	34526	0.66

Table 2.11 Syrian Agro food Exports: main commodity-country flows (1995)

		commodity	country	values	%
		sub total third 10		509630	9.78
		sub total 30		4276092	82.05
31	7/1/g	Potatoes	Kuwait	33606	0.64
32	8/9/c	Melon	Saudi Arabia	33499	0.64
33	8/6.	Apples, pears	Kuwait	32345	0.62
34	9/9/c	Cumin	U. A. Emirates	30160	0.58
35	9/9/c	Cumin	Malaysia	24652	0.47
36	55/1.	Raw cotton not carded or combed	Japan	24543	0.47
37	9/9/c	Cumin	Saudi Arabia	24260	0.47
38	55/1.	Raw cotton not carded or combed	Jordan	24024	0.46
39	20/5/b	Apricot paste dry	Saudi Arabia	23513	0.45
40	7/1/g	Potatoes	Saudi Arabia	23325	0.45
		sub total fourth 10		273927	5.26
		sub total 40		4550019	87.31
41	7/5/f	Chick peas	Saudi Arabia	21965	0.42
42	8/9/c	Melon	Lebanon	21744	0.42
43	18/6.	Chocolate and food prepared	Rumania	21739	0.42
44	7/5/d	Lentils	Jordan	21199	0.41
45	10/3.	Barley	Lebanon	20924	0.40
46	55/1.	Raw cotton not carded or combed	German Rep	20665	0.40
47	8/6.	Apples, pears	U. A. Emirates	19592	0.38
48	9/9/c	Cumin	U.S.A.	19082	0.37
49	7/5/d	Lentils	Lebanon	18884	0.36
50	7/1/g	Potatoes	Jordan	18047	0.35
		sub total fifth 10		203841	3.91
		total 50		4753860	91.22
51	7/5/d	Lentils	Egypt	17813	0.34
52	7/5/f	Chick peas	Jordan	15881	0.30
53	7/5/d	Lentils	Switzerland	15268	0.29
54	8/7/d	Cherries	Kuwait	15267	0.29
55	55/2.	Cotton linters	Saudi Arabia	15212	0.29
56	8/2/a	Oranges	Federal Russia	14819	0.28
57	8/4/a	Grapes fresh	Bahrain	14285	0.27

Table 2.11 Syrian Agro food Exports: main commodity-country flows (1995)

		commodity	country	values	%
59	7/1/d	Tomatoes	Kuwait	13888	0.27
60	8/9/c	Melon	U. A. Emirates	13683	0.26
61	8/2/a	Oranges	Saudi Arabia	13578	0.26
62	8/2/a	Oranges	U. A. Emirates	13545	0.26
63	55/1.	Raw cotton not carded or combed	Greece	13403	0.26
64	8/9/c	Melon	Kuwait	13207	0.25
65	8/6.	Apples, pears	Egypt	13175	0.25
66	9/9/c	Cumin	Morocco	12955	0.25
67	7/5/d	Lentils	Algeria	12692	0.24
68	55/1.	Raw cotton not carded or combed	Malaysia	12566	0.24
69	10/3.	Barley	U. A. Emirates	12554	0.24
70	15/7/c	Olive oil	Saudi Arabia	10530	0.20
71	55/1.	Raw cotton not carded or combed	United Kingdom	9933	0.19
72	8/7/d	Cherries	Lebanon	9909	0.19
73	7/5/f	Chick peas	U. A. Emirates	9407	0.18
74	7/5/d	Lentils	Turkey	8977	0.17
75	7/5/d	Lentils	Saudi Arabia	8340	0.16
76	55/1.	Raw cotton not carded or combed	Lebanon	8126	0.16
77	7/1/g	Potatoes	Federal Russia	7921	0.15
78	8/2/a	Oranges	Jordan	7298	0.14
79	55/1.	Raw cotton not carded or combed	Egypt	7055	0.14
80	55/1.	Raw cotton not carded or combed	Rumania	6886	0.13
81	20/5/b	Apricot paste dry	Kuwait	6011	0.12
82	7/5/d	Lentils	U. A. Emirates	6000	0.12
83	9/9/c	Cumin	France	5972	0.11
84	7/1/g	Potatoes	Qatar	5680	0.11
85	7/1/d	Tomatoes	U. A. Emirates	5641	0.11
86	55/1.	Raw cotton not carded or combed	Belgium	5268	0.10
87	8/4/a	Grapes fresh	Qatar	5164	0.10
88	7/1/g	Potatoes	Bahrain	5054	0.10
89	7/1/g	Potatoes	German Rep	4877	0.09
90	55/1.	Raw cotton not carded or combed	Kuwait	4776	0.09
91	8/2/a	Oranges	Egypt	4687	0.09

Table 2.11 Syrian Agro food Exports: main commodity-country flows (1995)

		commodity	country	values	%
92	20/5/b	Apricot paste dry	Lebanon	4626	0.09
93	8/7/d	Cherries	Bahrain	4071	0.08
94	20/5/b	Apricot paste dry	Jordan	3744	0.07
95	8/6.	Apples, pears	Bahrain	3434	0.07
96	41/1/a	Hides and skins of sheep and lambs with the wool	German Rep	3116	0.06
97	9/9/c	Cumin	Egypt	3049	0.06
98	8/5/d	Pistachios	Bahrain	2445	0.05
99	8/9/c	Melon	Bahrain	2339	0.04
100	41/1/a	Hides and skins of sheep and lambs with the wool	Turkey	2063	0.04
101	9/9/c	Cumin	Greece	2057	0.04
102	15/7/c	Olive oil	Turkey	1933	0.04
103	9/9/c	Cumin	Netherlands	1854	0.04
104	41/1/a	Hides and skins of sheep and lambs with the wool	Bahrain	1575	0.03
		total main agro food exports		5211391	100.00

Table 2.12 Syrian imports of main agro food products by groups of countries (Absolute values in "000" S.P.)1999

	code	COMMODITY	Arab. Cs.	EU. Cs.	F.Socialis	American	Other Cs.	Total	Share %
1	17/1/b/2	Refined sugar	0	1279520	0	117528	288930	1685978	19.4
2	10/5/b	Maize not for sowing	0	0	135636	666817	0	802453	9.2
3	10/3.	Barley unmilled	0	425768	126410	0	58961	611139	7.0
4	16/4/a	Fish,prepared or preserved	299000	0	0	0	257157	556157	6.4
5	10/6/b	Rice husked	196806	56668	66228	5592	230473	555767	6.4
6	9/2.	Tea	0	20697	8511	0	474799	504007	5.8
7	15/13/b	Margarine	210442	0	0	0	236541	446983	5.1
8	23/4.	oil-cake and other solid residues	10956	0	13679	418119	0	442754	5.1
9	4/2/a	Milk powder	0	282638	128759	8599	9277	429273	4.9
10	44/5/b/10	Wood of sawn length wise (wood of other kinds)	0	5526	314122	17867	0	337515	3.9
11	9/1/a	Coffee unroasted	0	0	0	283143	7897	291040	3.4
12	15/7/I	Maize & sun flower oil	21194	14035	0	0	232632	267861	3.1
13	1/4/a	Sheep & lambs(000 heads)	0	0	228205	0	0	228205	2.6
14	15/12/b	Animal or vegetable oils hydrogen	10874	18410	0	0	197315	226599	2.6
15	8/1/b	Bananas	0	0	0	202046	0	202046	2.3
16	44/5/b/3	Wood of sawn length wise (White timber)	0	0	201747	0	0	201747	2.3
17	44/5/b/4	Wood of sawn length wise (Beech wood)	0	0	167268	0	0	167268	1.9
18	12/3/a	Seed, fruit spores for sowing	0	102211	0	47885	0	150096	1.7
19	12/1/d	Soya beans	0	0	0	149577	0	149577	1.7
20	8/5/d/2	Pistachios	0	0	0	0	134922	134922	1.6
21	12/1/h	Sesame seeds	89277	0	0	0	32059	121336	1.4
22	9/3/b	Row mate	0	0	0	107405	0	107405	1.2
23	21/7/b	Food preparations	0	20161	0	26858	0	47019	0.5
24	44/5/b/5	Wood of sawn length wise (Wood oak)	0	0	0	14802	0	14802	0.2
25	44/5/b/2	Wood of sawn length wise (Bayassi)	0	0	3662	0	0	3662	0.0
		Total main agro food products	838549	2225634	1394227	2066238	2160963	8685611	100.0

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1999

Note: Values in S.P. calculated at the official Exchange Rate of 11.25 S.P./US $.

Table 2.13: Syrian imports of main agro food products by groups of countries (% composition)1999

	code	COMMODITY	Arab. C.s	EU. Cs.	F.Socialist	American	Other Cs.	Total
1	17/1/b/2	Refined sugar	0.0	75.9	0.0	7.0	17.1	100.0
2	10/5/b	Maize not for sowing	0.0	0.0	16.9	83.1	0.0	100.0
3	10/3.	Barley unmilled	0.0	69.7	20.7	0.0	9.6	100.0
4	16/4/a	Fish, prepared or preserved	53.8	0.0	0.0	0.0	46.2	100.0
5	10/6/b	Rice husked	35.4	10.2	11.9	1.0	41.5	100.0
6	9/2.	Tea	0.0	4.1	1.7	0.0	94.2	100.0
7	15/13/b	Margarine	47.1	0.0	0.0	0.0	52.9	100.0
8	23/4.	oil-cake and other solid residues	2.5	0.0	3.1	94.4	0.0	100.0
9	4/2/a	Milk powder	0.0	65.8	30.0	2.0	2.2	100.0
10	44/5/b/10	Wood of sawn length wise (wood of other kinds)	0.0	1.6	93.1	5.3	0.0	100.0
11	9/1/a	Coffee unroasted	0.0	0.0	0.0	97.3	2.7	100.0
12	15/7/I	Maize & sun flower oil	7.9	5.2	0.0	0.0	86.8	100.0
13	1/4/a	Sheep & lambs(000 heads)	0.0	0.0	100.0	0.0	0.0	100.0
14	15/12/b	Animal or vegetable oils hydrogen	4.8	8.1	0.0	0.0	87.1	100.0
15	8/1/b	Bananas	0.0	0.0	0.0	100.0	0.0	100.0
16	44/5/b/3	Wood of sawn length wise (White timber)	0.0	0.0	100.0	0.0	0.0	100.0
17	44/5/b/4	Wood of sawn length wise (Beech wood)	0.0	0.0	100.0	0.0	0.0	100.0
18	12/3/a	Seed, fruit spores for sowing	0.0	68.1	0.0	31.9	0.0	100.0
19	12/1/d	Soya beans	0.0	0.0	0.0	100.0	0.0	100.0
20	8/5/d/2	Pistachios	0.0	0.0	0.0	0.0	100.0	100.0
21	12/1/h	Sesame seeds	73.6	0.0	0.0	0.0	26.4	100.0
22	9/3/b	Row mate	0.0	0.0	0.0	100.0	0.0	100.0
23	21/7/b	Food preparations	0.0	42.9	0.0	57.1	0.0	100.0
24	44/5/b/5	Wood of sawn length wise (Wood oak)	0.0	0.0	0.0	100.0	0.0	100.0
25	44/5/b/2	Wood of sawn length wise (Bayassi)	0.0	0.0	100.0	0.0	0.0	100.0
		Total main agro food products	9.7	25.6	16.1	23.8	24.9	100.0

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1999

Note: Values in S.P. calculated at the official Exchange Rate of 11.25 S.P./US $.

Table 2.14: Syrian Agro food Imports: main commodity -country flows (1999)

	COMMODITY	Country	Values	%
1	Refined sugar	France	754545	8.69
2	Maize not for sowing	U.S.A.	546909	6.30
3	Tea	Sri Lanka	471852	5.43
4	oil-cake and other solid residues	Argentine	418119	4.81
5	Wood of sawn length wise (wood of other kinds)	Federal Russia	314122	3.62
6	Fish, prepared or preserved	Morocco	299000	3.44
7	Refined sugar	Turkey	288930	3.33
8	Coffee unroasted	Brazil	283143	3.26
9	Barley unmilled	France	265665	3.06
10	Fish, prepared or preserved	Thailand	257157	2.96
	sub total first 10		3899442	44.90
11	Refined sugar	German Rep	251351	2.89
12	Sheep & lambs(000 heads)	Rumania	228205	2.63
13	Maize & sun flower oil	Turkey	209359	2.41
14	Wood of sawn length wise (White timber)	Rumania	201747	2.32
15	Rice husked	Egypt	196806	2.27
16	Margarine	Turkey	189063	2.18
17	Animal or vegetable oils hydrogen	Malaysia	186936	2.15
18	Margarine	U. A. Emirates	181315	2.09
19	Milk powder	Netherlands	172897	1.99
20	Bananas	Ecuador	159151	1.83
	sub total second 10		1976830	22.76
	sub total 20		5876272	67.65
21	Refined sugar	Belgium	156881	1.81
22	Wood of sawn length wise (Beech wood)	Rumania	155861	1.79
23	Pistachios	Iran	134922	1.55
24	Rice husked	Thailand	130091	1.50
25	Milk powder	Poland	120964	1.39
26	Maize not for sowing	Argentine	119908	1.38
27	Refined sugar	Brazil	114604	1.32
28	Row mate	Argentine	107405	1.24
29	Barley unmilled	Ukraine	102491	1.18
30	Rice husked	Australia	100382	1.16
	sub total third 10		1243509	14.32

Table 2.14: Syrian Agro food Imports: main commodity -country flows (1999)

	COMMODITY	**Country**	**Values**	**%**
	sub total 30		7119781	81.97
31	Soya beans	Argentine	83779	0.96
32	Barley unmilled	Austria	79029	0.91
33	Seed, fruit spores for sowing	Netherlands	75588	0.87
34	Maize not for sowing	Bulgaria	68151	0.78
35	Soya beans	U.S.A.	65798	0.76
36	Milk powder	Belgium	65374	0.75
37	Barley unmilled	Turkey	58961	0.68
38	Refined sugar	Netherlands	58467	0.67
39	Refined sugar	Italy	58312	0.67
40	Rice husked	Vietnam	48261	0.56
	sub total fourth 10		661720	7.62
	sub total 40		7781501	89.59
41	Seed, fruit spores for sowing	U.S.A.	47885	0.55
42	Margarine	Malaysia	47478	0.55
43	Maize not for sowing	Hungary	45220	0.52
44	Bananas	Costa Rica	42895	0.49
45	Milk powder	France	36665	0.42
46	Barley unmilled	United Kingdom	33831	0.39
47	Rice husked	Italy	32245	0.37
48	Sesame seeds	Nigeria	32059	0.37
49	Margarine	Oman	29127	0.34
50	Food preparations	U.S.A.	26858	0.31
	sub total fifth 10		374263	4.31
	Total		8155764	93.90
	Total Main agro food imports		8685611	100

Table 2.15 Syrian imports of main agro food products by groups of countries (absolute values in "000" S.P.)1995

	code	COMMODITY	Arab.Cs.	EU.Cs.	F.Socialist	American	Other Cs.	Total	Share %
1	17/1/b/2	Refined sugar	0	973238	0	36157	0	1009395	12.32
2	44/5/b/1	Wood of sawn length wise (wood of other kinds)	0	44162	691389	16982	10090	762623	9.31
3	16/4/a	Fish, prepared or preserved	249704	0	0	0	394284	643988	7.86
4	10/6/b	Rice husked	226942	39000	5096	134533	225026	630597	7.70
5	1/4/a	Sheep & lambs(000 heads)	0	0	582724	0	0	582724	7.11
6	15/13/b	Margarine	58305	4011	0	0	479344	541660	6.61
7	10/5/b	Maize not for sowing	0	0	54950	457769	0	512719	6.26
8	9/1/a	Coffee unroasted	0	0	0	350745	0	350745	4.28
9	8/5/d/2	Pistachios	0	0	0	0	336524	336524	4.11
10	9/2.	Tea	0	6471	0	4925	291718	303114	3.70
11	24/2/c	Cigarettes	0	26160	0	242367	15014	283541	3.46
12	44/5/b/3	Wood of sawn length wise (White timber)	0	0	263167	0	0	263167	3.21
13	8/1/b	Bananas	0	0	0	252210	0	252210	3.08
14	15/7/I	Maize & sun flower oil	23809	10082	0	0	204311	238202	2.91
15	23/4.	oil-cake and other solid residues	0	0	0	214961	0	214961	2.62
16	4/2/a	Milk powder	0	180593	0	0	0	180593	2.20
17	11/1/a	Wheat flour	0	139515	0	0	30152	169667	2.07
18	44/5/b/4	Wood of sawn length wise (Beech wood)	0	0	149785	0	0	149785	1.83
19	23/7/a	Sweetened forage, kind used in animal feeding	0	134178	3652	0	0	137830	1.68
20	9/3/a	Mate prepared	0	0	0	128826	0	128826	1.57
21	15/12/b	Animal or vegetable oils hydrogen	0	22036	0	0	92428	114464	1.40
22	8/5/b/2.	Walnuts	0	0	66337	0	48069	114406	1.40
23	17/1/a/1.	Raw beet-sugar	0	0	0	110175	0	110175	1.34
24	7/1/g/1	Potatoes for sowing	0	102499	0	0	0	102499	1.25
25	44/5/b/2	Wood of sawn length wise (Bayassi)	0	39506	20559	0	0	60065	0.73
		Total main agro food products	558760	1721451	1837659	1949650	2126960	8194480	100.00

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1995

Note: Values in S.P. calculated at the official Exchange Rate of 11.25 S.P./US $.

Table 2.16 Syrian imports of main agro food products by groups of countries (% Composition)1995

	code	COMMODITY	Arab.Cs.	EU.Cs.	F.Socialist	American	Other Cs.	Total
1	17/1/b/2	Refined sugar	0.0	96.4	0.0	3.6	0.0	100.0
2	44/5/b/1	Wood of sawn length wise (wood of other kinds)	0.0	5.8	90.7	2.2	1.3	100.0
3	16/4/a	Fish, prepared or preserved	38.8	0.0	0.0	0.0	61.2	100.0
4	10/6/b	Rice husked	36.0	6.2	0.8	21.3	35.7	100.0
5	1/4/a	Sheep & lambs(000 heads)	0.0	0.0	100.0	0.0	0.0	100.0
6	15/13/b	Margarine	10.8	0.7	0.0	0.0	88.5	100.0
7	10/5/b	Maize not for sowing	0.0	0.0	10.7	89.3	0.0	100.0
8	9/1/a	Coffee unroasted	0.0	0.0	0.0	100.0	0.0	100.0
9	8/5/d/2	Pistachios	0.0	0.0	0.0	0.0	100.0	100.0
10	9/2.	Tea	0.0	2.1	0.0	1.6	96.2	100.0
11	24/2/c	Cigarettes	0.0	9.2	0.0	85.5	5.3	100.0
12	44/5/b/3	Wood of sawn length wise (White timber)	0.0	0.0	100.0	0.0	0.0	100.0
13	8/1/b	Bananas	0.0	0.0	0.0	100.0	0.0	100.0
14	15/7/I	Maize & sun flower oil	10.0	4.2	0.0	0.0	85.8	100.0
15	23/4.	oil-cake and other solid residues	0.0	0.0	0.0	100.0	0.0	100.0
16	4/2/a	Milk powder	0.0	100.0	0.0	0.0	0.0	100.0
17	11/1/a	Wheat flour	0.0	82.2	0.0	0.0	17.8	100.0
18	44/5/b/4	Wood of sawn length wise (Beech wood)	0.0	0.0	100.0	0.0	0.0	100.0
19	23/7/a	Sweetened forage, kind used in animal feeding	0.0	97.4	2.6	0.0	0.0	100.0
20	9/3/a	Mate prepared	0.0	0.0	0.0	100.0	0.0	100.0
21	15/12/b	Animal or vegetable oils hydrogen	0.0	19.3	0.0	0.0	80.7	100.0
22	8/5/b/2.	Walnuts	0.0	0.0	58.0	0.0	42.0	100.0
23	17/1/a/1.	Raw beet-sugar	0.0	0.0	0.0	100.0	0.0	100.0
24	7/1/g/1	Potatoes for sowing	0.0	100.0	0.0	0.0	0.0	100.0
25	44/5/b/2	Wood of sawn length wise (Bayassi)	0.0	65.8	34.2	0.0	0.0	100.0
		Total main agro food products	6.8	21.0	22.4	23.8	26.0	100.0

Source: SYRIAN ARAB REPUBLIC, Central Bureau of Statistic, Summary of Foreign Trade During 1995

Note: Values in S.P. calculated at the official Exchange Rate of 11.25 S.P./US $.

Table 2.17: Syrian Agro food Imports: main commodity-country flows (1995)

		commodity	country	values	%
1	44/5/b/10	Wood of sawn length wise (wood of other kinds)	Federal Russia	691389	8.44
2	17/1/b/2	Refined sugar	Belgium	573456	7.00
3	1/4/a	Sheep & lambs(000 heads)	Rumania	518789	6.33
4	10/5/b	Maize not for sowing	U.S.A.	445393	5.44
5	16/4/a	Fish, prepared or preserved	Thailand	366466	4.47
6	15/13/b	Margarine	Turkey	348243	4.25
7	9/1/a	Coffee unroasted	Brazil	345726	4.22
8	9/2.	Tea	Sri Lanka	284358	3.47
9	44/5/b/3	Wood of sawn length wise (White timber)	Rumania	263167	3.21
10	8/1/b	Bananas	Ecuador	252210	3.08
		sub total first 10		4089197	49.90
11	16/4/a	Fish, prepared or preserved	Morocco	243604	2.97
12	24/2/c	Cigarettes	U.S.A.	234824	2.87
13	10/6/b	Rice husked	Egypt	226942	2.77
14	17/1/b/2	Refined sugar	France	201424	2.46
15	8/5/d/2	Pistachios	Iran	191862	2.34
16	23/4.	oil-cake and other solid residues	Argentine	170090	2.08
17	10/6/b	Rice husked	Thailand	166730	2.03
18	15/7/I	Maize & sun flower oil	Turkey	165999	2.03
19	8/5/d/2	Pistachios	Turkey	144662	1.77
20	10/6/b	Rice husked	U.S.A.	134533	1.64
		sub total second 10		1880670	22.95
		sub total 20		5969867	72.85
21	4/2/a	Milk powder	Netherlands	134412	1.64
22	15/13/b	Margarine	Malaysia	131101	1.60
23	9/3/a	Mate prepared	Argentine	128826	1.57
24	23/7/a	Sweetened forage, kind used in animal feeding	Belgium	128444	1.57
25	17/1/b/2	Refined sugar	German Rep	128074	1.56
26	44/5/b/4	Wood of sawn length wise (Beech wood)	Rumania	124545	1.52
27	7/1/g/1	Potatoes for sowing	Netherlands	102499	1.25
28	15/12/b	Animal or vegetable oils hydrogen	Malaysia	84942	1.04
29	1/4/a	Sheep & lambs(000 heads)	Bulgaria	63935	0.78
30	17/1/a/1.	Raw beet-sugar	U.S.A.	60040	0.73
		sub total third 10		1086818	13.26

Table 2.17: Syrian Agro food Imports: main commodity-country flows (1995)

		commodity	country	values	%
		sub total 30		7056685	86.12
31	17/1/b/2	Refined sugar	Italy	58633	0.72
32	10/6/b	Rice husked	India	58296	0.71
33	11/1/a	Wheat flour	Netherlands	56422	0.69
34	11/1/a	Wheat flour	Belgium	55454	0.68
35	8/5/b/2.	Walnuts	Rumania	52687	0.64
36	15/13/b	Margarine	U. A. Emirates	52194	0.64
37	17/1/a/1.	Raw beet-sugar	Brazil	50135	0.61
38	23/4.	oil-cake and other solid residues	U.S.A.	44871	0.55
39	8/5/b/2.	Walnuts	Iran	42312	0.52
40	44/5/b/10	Wood of sawn length wise (wood of other kinds)	Finland	41838	0.51
		sub total fourth 10		512842	6.26
		sub total 40		7569527	92.37
41	10/5/b	Maize not for sowing	Rumania	39142	0.48
42	10/6/b	Rice husked	Italy	39000	0.48
43	15/7/I	Maize & sun flower oil	Cyprus	38312	0.47
44	17/1/b/2	Refined sugar	Brazil	36157	0.44
45	11/1/a	Wheat flour	Turkey	30152	0.37
46	11/1/a	Wheat flour	Italy	27639	0.34
47	44/5/b/4	Wood of sawn length wise (Beech wood)	Bulgaria	25240	0.31
48	16/4/a	Fish, prepared or preserved	Turkey	23850	0.29
49	44/5/b/2	Wood of sawn length wise (Bayassi)	Austria	22879	0.28
50	44/5/b/2	Wood of sawn length wise (Bayassi)	Rumania	20559	0.25
		sub total fifth 10		302930	3.70
		total 50		7872457	96.07
51	4/2/a	Milk powder	France	19200	0.23
52	15/7/I	Maize & sun flower oil	Saudi Arabia	18634	0.23
53	24/2/c	Cigarettes	France	17652	0.22
54	44/5/b/10	Wood of sawn length wise (wood of other kinds)	U.S.A.	16982	0.21
55	10/5/b	Maize not for sowing		15808	0.19
56	24/2/c	Cigarettes	Japan	15014	0.18
57	15/12/b	Animal or vegetable oils hydrogen	Netherlands	14420	0.18
58	8/5/b/2.	Walnuts	China	13650	0.17
59	10/5/b	Maize not for sowing	Argentine	12376	0.15
60	17/1/b/2	Refined sugar	Spain	11651	0.14

Table 2.17: Syrian Agro food Imports: main commodity-country flows (1995)

		commodity	country	values	%
61	44/5/b/2	Wood of sawn length wise (Bayassi)	German Rep	10645	0.13
62	4/2/a	Milk powder	Denmark	10550	0.13
63	4/2/a	Milk powder	Switzerland	10286	0.13
64	44/5/b/10	Wood of sawn length wise (wood of other kinds)	Malaysia	10090	0.12
65	24/2/c	Cigarettes	United Kingdom	8508	0.10
66	15/12/b	Animal or vegetable oils hydrogen	Italy	7616	0.09
67	24/2/c	Cigarettes	Brazil	7543	0.09
68	15/12/b	Animal or vegetable oils hydrogen	Turkey	7486	0.09
69	9/2.	Tea	United Kingdom	6471	0.08
70	4/2/a	Milk powder	Belgium	6145	0.07
71	15/13/b	Margarine	Egypt	6111	0.07
72	16/4/a	Fish, prepared or preserved	Egypt	6100	0.07
73	15/7/I	Maize & sun flower oil	France	5986	0.07
74	44/5/b/2	Wood of sawn length wise (Bayassi)	Spain	5982	0.07
75	8/5/b/2.	Walnuts	Turkey	5757	0.07
76	23/7/a	Sweetened forage, kind used in animal feeding	Netherlands	5734	0.07
77	15/7/I	Maize & sun flower oil	Egypt	5175	0.06
78	10/6/b	Rice husked	Bulgaria	5096	0.06
79	9/1/a	Coffee unroasted	Argentine	5019	0.06
80	9/2.	Tea	Brazil	4925	0.06
81	9/2.	Tea	Malaysia	4607	0.06
82	15/7/I	Maize & sun flower oil	Netherlands	4096	0.05
83	15/13/b	Margarine	Netherlands	4011	0.05
84	16/4/a	Fish, prepared or preserved	Indonesia	3968	0.05
85	23/7/a	Sweetened forage, kind used in animal feeding	Rumania	3652	0.04
86	9/2.	Tea	India	2753	0.03
87	44/5/b/10	Wood of sawn length wise (wood of other kinds)	Austria	2324	0.03
		total main agro food imports		8194480	100.00

Chapter 3 -Agricultural Trade between EU and Mediterranean Countries, with Special Reference to Syria

3.1. Data Type and Source

The data analysis in chapter 2 was carried out using a national source of trade data, providing some indications on the role and evolution of Syrian agricultural trade with reference to the most important traded agricultural products and groups of countries.

In this chapter we will focus on the trade relations between EU and Mediterranean countries from another side, covering the issue of trade and in particular agricultural trade. More light will be given to the trade relations between Syria and the EU.

In order to describe trade relations between the two major destinations, it was needed to use a more comprehensive source of data other than the national one. "Eurostat", which is a European statistical database on trade, was the source of data.

The related data for the analysis in this chapter was extracted according to some specifications:

- Import and export values both for countries and for some selected broad categories of agricultural products. The term "import" here will refer to the EU import from Mediterranean partners.

- The selected country groups: the EU 15[10], the Mediterranean countries[11] and the World. It was also needed to distinguish between the two different aggregations of Extra[12] and Intra[13] trade of the EU.

- The selected categories of raw and processed agricultural products are: cereals, fresh legume and vegetables, dried legume and vegetables, citrus, other fresh fruits, dried fruits, vegetable fibers, oil seeds, coffee, tea, spices, flowers, raw tobacco, live animals for food, other livestock products, forestry, fisheries and hunting, other products, processed cereals, sugar and sweets, fresh and frozen meat, prepared and preserved meat, processed fish, processed

[10] EU15 includes France, United Kingdom, Spain, Portugal, Ireland, Belgium, Luxemburg, Swiss, Netherlands, Italy, Germany, Sweden, Finland, Denmark, Greece and Austria.

[11] Med-countries include: Syria, Tunisia, Morocco, Algeria, Libya, Lebanon, Cyprus, Egypt, Malta, Turkey and Israel.

[12] The trade between the EU as one country and the rest of the world.

[13] The trade among member states within the EU.

vegetables, processed fruits, dairy products (cheese), oils and fats, oil seed cakes, wine and other beverages.

- The analysis covered the period 1988-1999;the first and last two years were presented in averages.

Having build up the related database, simple indicators were calculated such as trade balance14, standardized trade balance15, variation16 and similarity indexes17.

3.2. Trade Relations between EU and Mediterranean Countries

3.2.1. Total Trade

As we can see in the graph 1 of the annex, the shares of Mediterranean countries in EU total trade with the Mediterranean region are quite different. On this ground, we can distinguish among several cases, but we will consider only three groups of countries.

On one hand, there is the group of the most important Mediterranean partners of the EU, which includes countries such as Turkey, Israel, Morocco and Algeria. Average figures of 1998-1999 show that the overall share of these 4 countries in total EU trade with the Mediterranean region was 66% in the case of EU imports from the Mediterranean region and 65% of EU exports to the same region. (See pie 1 in the annex).

On the other hand, there are countries such as Syria, Lebanon, Cyprus and Malta, which are by far less important partners, with low shares in EU trade with Med-region; they only make up 6% and 10% of EU imports and exports to Med-countries respectively. (See table 3.2 in the annex).

A unique case is Libya, which is an important exporter to the EU because of its oil exports, while its imports from the EU are negligible. Libya's export to the EU, however, has decreased dramatically in the last 12 years and this might be a consequence of the embargo.

Another important aspect that is worth to highlight is how the position of Mediterranean countries either as a group or on individual basis has changed in relation with EU trade over the period 1988-1999.

Countries like Turkey, Tunisia and Morocco showed a remarkable increase in their shares both on import and on export sides (See graph 2), accompanied by high import and export growth in terms of absolute values. It can be assumed that this result has come as a consequence of the Association Agreements that these countries have already signed with the EU. Anyway, more light will be given to this point in chapter 7.

Looking at the other side of the picture, we find that the trade balance of Turkey and Morocco worsened as these countries became more net importer from the EU. This was caused by a rate of increase of their import much higher than their export. Tunisia in the meantime kept its position as a net importer with no deterioration.

Another picture is the case of Lebanon and Egypt. While they keep a smooth export growth, their imports have increased dramatically causing more deterioration in their position as net importers.

Algeria, Libya and Syria are the only Med-countries that are net exporter to the EU (according to 1999 figures), and the high share of oil exports in total trade could explain this. Moreover, Syria

[14] The difference between exports and imports.
[15] The ratio of trade balance on total trade (export+import). We distinguish between two cases:
The case of net-importing when the ratio<0. The case of net-exporting when the ratio>0.
[16] It represents the percentage of growth. Negative variation refers to a negative growth.
[17] This will be discussed in a separate section of this chapter.

has improved significantly its position as a net exporter to the EU during the last 12 years since its export has grown more than its import from the EU (See table 3.1 in the annex).

3.2.2. Agricultural Trade by Country

As a matter of fact, a relatively high share of EU agricultural trade regards to internal exchange among EU member countries; in particular, intra-EU trade flows accounted in 1998-1999 for 71% of total EU agricultural export and 65% of total EU agricultural import (See table 3.4 in the annex).

The picture of agricultural trade between EU and Mediterranean countries is quite different from the one of total trade. The Mediterranean countries make up only 7% of EU total extra agricultural imports, and only 10.8% of EU extra agricultural exports.

As for individual Med-countries, Turkey, Morocco and Israel are the most important agricultural importers from the EU with a share of about 3%, 1.5%, and 1.4% respectively (See graph 3 in annex). Whereas, for agricultural export to the EU, Algeria, Egypt and again Turkey are the main Mediterranean exporters with shares of about 2%, 1.5% and 1.4% respectively.

In the case of Syria, we find the same picture of very low shares in either export or import. Nevertheless, its agricultural export to the EU has improved significantly during the last 12 years representing a unique case in the Med-region comparing with other Mediterranean countries who continued a smooth export growth or in some cases, such as Lebanon and Cyprus had a decrease in their agricultural trade to the EU with negative export growth.

Moreover, it has to be underlined that the EU is a net exporter of agricultural products to the Mediterranean countries as a whole. In particular the EU is a net importer from Turkey, Israel, Morocco and Tunisia, and a net exporter to Egypt, Malta and Cyprus, particularly strong in the cases of Algeria, Libya and Lebanon (See table 3.3 in the annex). Tunisia is the only net exporter of agricultural products to the EU whose position has been improving over the last 12 years.

Finally, Syria is a net importer of agricultural products from the EU. However, it has improved its position due to the big increase of its agricultural export to the EU.

3.2.3. Agricultural Trade by Product

The most important exported agricultural products from the Mediterranean countries as a whole to the EU are processed cereals, dried fruits, fresh legumes and vegetables, processed vegetables, citrus and processed fruits.

On the import side, the most important products are processed cereals, cereals, fresh and frozen meat, sugar and sweets and cheese.

As far as Syria is concerned, 73% of EU import from Syria is due to vegetable fibers (cotton is included), while sugar and sweets, cereals and dairy products represent respectively 55%, 11% and 10% of EU agricultural export to Syria.

In general, the trade position of the EU in the Mediterranean region is very favorable. As a matter of fact, EU is a net importer of raw agricultural products, and net exporter of processed agricultural products, so capturing more value added (See table 3.7 in the annex).

Syria was by the end of 1989 a net importer of both raw and processed agricultural products from the EU. A drastic increase of domestic production of raw agricultural products during the last 12 years makes it possible for Syria to improve its export position in this type of products and this is the case in the export with the EU. Syria, therefore, became a net exporter of raw agricultural products to the EU. However, its position in the trade of processed products has worsened (See table3.9 in the annex).

One last important point is that the Mediterranean countries as a whole have increased their processed agricultural exports and consequently their share in total agricultural import to the EU has significantly increased. As we mentioned, in the case of Syria the picture, unfortunately, is opposite, with an increase in the value and share of raw agricultural products and a worsening of processed products (See tables 3.7 and 3.9 in the annex).

At the level of specific agricultural products, it is interesting to know that the group of Mediterranean countries has significantly improved its export to the EU in processed cereals, dairy products, prepared and preserved meat and cereals. In addition, the EU export position has worsened in these products. It has become a net importer of processed cereals from the Mediterranean countries comparing with a net exporting position 10 years ago.

Syrian agricultural export profile has changed dramatically during the last 12, years showing very interesting jumps in terms of growth of some sectors such as oilseed, dairy products, oilseed cakes, sugar and sweets and above all vegetable fibers (See table 3.10 in the annex). Syrian agricultural exports in general increased in terms of absolute values.

3.3. The Similarity Index of Mediterranean Countries' Agricultural Exports to the EU

This index gives an indication of the degree of similarity in the composition by products of the agricultural exports to the EU among different Mediterranean countries.

By using this index, we can identify the possibility of competition among Mediterranean countries in their trade with the EU. As a matter of fact, the larger is the product similarity of country A with country B, the higher is the possibility of competition between them.

The formula used to estimate the similarity index between countries is:

$$PSij= \Sigma \text{ (min Pit, Pjt)}.$$

Where Pit is the percentage share of product t in a country's total agricultural export to the EU and Pjt is the share of the same product in total agricultural export from j to the EU.

According to the similarity indexes for Mediterranean countries, we find that the countries that may be the most competitive in comparison with Syria are Egypt and Lebanon and at lower degree Israel and Turkey. One possible explanation could be that these countries have a similar trade composition of agricultural exports, which may be due to the similarity of the agricultural production profile in these countries and a similar comparative advantage.

However, the similarity between Syria and these countries has decreased over the last 12 years. This might be due to the fact that these countries have become more specialized in processed agricultural product exports, while Syria has become more specialized in raw agricultural product export.

As far as the other countries are concerned, Israel and Morocco and to some degree Tunisia have a high competitive position with respect to all the Med-countries. One possible explanation is the increasing efficiency of the agricultural sector in these countries as a consequence of their adhesion to the association agreements with the EU. (See table 3.23, 3.24 in the annex).

Table 3.1 EU Total trade with Mediterranean countries (Millions of Euro)

	1988 / 1989					1998 / 1999				
	Import	**Export**	**E+I**	**Balance**	**SB (%)**	**Import**	**Export**	**E+I**	**Balance**	**SB (%)**
Algeria	3,841.5	4,782.5	8,624.0	941.0	10.9	5,090.0	5,472.6	10,562.6	382.6	3.6
Cyprus	705.2	964.4	1,669.6	259.2	15.5	1,260.2	1,423.8	2,684.0	163.6	6.1
Egypt	2,622.1	3,050.5	5,672.6	428.4	7.6	4,901.6	4,821.5	9,723.1	-80.1	-0.8
Israel	3,650.2	4,002.3	7,652.5	352.1	4.6	8,715.0	9,591.6	18,306.6	876.6	4.8
Lebanon	475.9	459.0	934.9	-16.9	-1.8	1,506.1	1,440.6	2,946.7	-65.5	-2.2
Libya	3,955.6	4,595.6	8,551.2	640.0	7.5	4,174.5	4,504.9	8,679.4	330.5	3.8
Malta	593.5	791.5	1,385.0	198.0	14.3	1,351.0	1,422.8	2,773.7	71.8	2.6
Morocco	2,402.1	2,911.6	5,313.8	509.5	9.6	5,896.6	5,962.2	11,858.8	65.6	0.6
Syria	530.3	771.7	1,301.9	241.4	18.5	1,484.9	1,856.4	3,341.3	371.5	11.1
Tunisia	1,751.8	2,240.7	3,992.5	488.8	12.2	5,008.0	5,318.1	10,326.1	310.1	3.0
Turkey	4,511.7	5,425.3	9,936.9	913.6	9.2	17,479.1	16,824.6	34,303.7	-654.5	-1.9
Med. Coun.	25,554.4	30,470.5	56,024.9	4,916.1	8.8	57,501.2	59,309.4	116,810.6	1,808.1	1.5

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.2: EU Total trade with Mediterranean countries (% composition and variations)

	1988 / 1989		1998 / 1999		total variation 98-99/88-89		annu. variation 98-99/88-89	
	Import	Export	Import	Export	Import	Export	Import	Export
Algeria	15.0	15.7	8.9	9.2	32.50	14.43	2.85	1.36
Cyprus	2.8	3.2	2.2	2.4	78.70	47.63	5.98	3.97
Egypt	10.3	10.0	8.5	8.1	86.93	58.06	6.46	4.68
Israel	14.3	13.1	15.2	16.2	138.75	139.65	9.09	9.13
Lebanon	1.9	1.5	2.6	2.4	216.46	213.88	12.21	12.12
Libya	15.5	15.1	7.3	7.6	5.53	-1.97	0.54	-0.20
Malta	2.3	2.6	2.3	2.4	127.63	79.75	8.57	6.04
Morocco	9.4	9.6	10.3	10.1	145.47	104.77	9.40	7.43
Syria	2.1	2.5	2.6	3.1	180.03	140.57	10.85	9.18
Tunisia	6.9	7.4	8.7	9.0	185.87	137.35	11.08	9.03
Turkey	17.7	17.8	30.4	28.4	287.42	210.12	14.50	11.98
Med Countries	100.00	100.00	100.0	100.0	125.02	94.65	8.45	6.89

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.3 : EU Agro-food Trade with Single Mediterranean Countries (Millions of Euro)

	1988 / 1989					1998 / 1999				
	Import	Export	E+I	Balance	SB(%)	Import	Export	E+I	Balance	SB(%)
Syria	40.4	190.0	230.3	149.6	65.0	112.2	200.7	312.9	88.5	28.3
Tunisia	225.5	225.3	450.9	-0.2	-0.05	389.9	287.1	677.0	-102.8	-15.2
Morocco	669.1	196.1	865.2	-473.0	-54.7	1022.8	454.2	1476.9	-568.6	-38.5
Algeria	20.4	902.2	922.6	881.7	95.6	31.4	1003.7	1035.1	972.3	93.9
Cyprus	141.6	131.6	273.3	-10.0	-3.6	107.3	203.1	310.4	95.7	30.8
Egypt	161.1	729.7	890.8	568.6	63.8	246.0	741.4	987.5	495.4	50.2
Israel	709.1	260.9	970.0	-448.2	-46.2	774.3	490.8	1265.1	-283.5	-22.4
Lebanon	29.6	179.6	209.1	150.0	71.7	24.4	422.5	446.9	398.1	89.1
Libya	2.5	440.2	442.7	437.8	98.9	3.2	476.8	480.0	473.6	98.7
Malta	8.4	96.2	104.6	87.8	84.0	10.3	178.1	188.4	167.8	89.0
Turkey	892.9	292.3	1185.2	-600.6	-50.7	1952.6	706.8	2659.3	-1245.8	-46.8
Med.Countries	2904.6	3787.6	6692.2	882.9	13.2	4686.8	5339.5	10026.3	652.7	6.5
Extra EU Trade	47341.9	28987.3	76329.2	-18354.6	-24.0	65976.2	49429.7	115405.9	-16546.5	-14.3
Intra EU Trade	80727.6	81215.9	161943.5	488.3	0.3	126347.9	126282.4	252630.3	-65.5	0.0
World	128069.5	110203.2	238272.6	-17866.3	-7.5	192324.1	175712.1	368036.2	-16612.0	-4.5

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.4 : EU Agro-food Trade with Single Mediterranean Countries (% composition and variations)

	1988 / 1989		1998 / 1999		total variation 98-99/88-89		annu. variation 98-99/88-89	
	Import	**Export**	**Import**	**Export**	**Import**	**Export**	**Import**	**Export**
Syria	0.09	0.66	0.17	0.41	177.99	5.64	10.77	0.55
Tunisia	0.48	0.78	0.59	0.58	72.87	27.41	5.63	2.45
Morocco	1.41	0.68	1.55	0.92	52.85	131.63	4.33	8.76
Algeria	0.04	3.11	0.05	2.03	53.82	11.26	4.40	1.07
Cyprus	0.30	0.45	0.16	0.41	-24.21	54.25	-2.73	4.43
Egypt	0.34	2.52	0.37	1.50	52.72	1.60	4.33	0.16
Israel	1.50	0.90	1.17	0.99	9.19	88.12	0.88	6.52
Lebanon	0.06	0.62	0.04	0.85	-17.47	135.32	-1.90	8.93
Libya	0.01	1.52	0.00	0.96	30.69	8.31	2.71	0.80
Malta	0.02	0.33	0.02	0.36	23.23	85.16	2.11	6.35
Turkey	1.89	1.01	2.96	1.43	118.68	141.78	8.14	9.23
Med.Countries	6.14	13.07	7.10	10.80	61.36	40.97	4.90	3.49
Extra EU Trade	100.00	100.00	100.00	100.00				
Extra EU Trade	36.97	26.30	34.30	28.13	39.36	70.52	3.37	5.48
Intra EU Trade	63.03	73.70	65.70	71.87	56.51	55.49	4.58	4.51
World	100.00	100.00	100.00	100.00	50.17	59.44	4.15	4.78

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.5 EU Agro-food Trade with Syria by Main EU Partner Countries(Millions of Euro)

	1988 / 1989					1998 / 1999				
	Import	**Export**	**E+I**	**Balance**	**SB(%)**	**Import**	**Export**	**E+I**	**Balance**	**SB(%)**
Germany	10.2	25.7	35.8	15.5	43.3	20.4	10.4	30.8	-9.9	-32.3
France	4.4	75.8	80.2	71.4	89.0	8.3	64.7	73.1	56.4	77.1
Italy	18.1	6.0	24.1	-12.1	-50.1	37.7	9.9	47.6	-27.8	-58.3
Spain	1.8	7.6	9.5	5.8	60.9	10.0	13.7	23.7	3.6	15.4
Others	5.9	74.9	80.8	69.1	85.5	35.8	102.0	137.8	66.2	48.0
Total EU	40.4	190.0	230.3	149.6	65.0	112.2	200.7	312.9	88.5	28.3

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.6 EU Agro-food Trade with Syria by Main EU Partner Countries (% composition and variations)

	1988 / 1989		1998 / 1999		total variation 88-89/98-99		annu. variation 88-89/98-99	
	Import	Export	Import	Export	Import	Export	Import	Export
Germany	25.2	13.5	18.1	5.2	100.3	-59.4	7.2	-8.6
France	10.9	39.9	7.4	32.2	89.6	-14.6	6.6	-1.6
Italy	44.8	3.2	33.6	4.9	108.5	65.2	7.6	5.1
Spain	4.6	4.0	8.9	6.8	441.5	79.4	18.4	6.0
Others	14.5	39.4	31.9	50.8	511.1	36.1	19.8	3.1
Total EU	100.0	100.0	100.0	100.0	178.1	5.6	10.8	0.6

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.7: EU Agro-food Trade with all Mediterranean Countries by products (Thousands of Euros)

	1988 _ 1989				1998 _ 1999			
	Imp	**Exp**	**Balanc**	**SB**	**Imp**	**Exp**	**Balance**	**SB**
Cereals	17552	736952	719401	95	73414	712277	638863	81
Fresh Legume and Vegetables	222340	72702	-149638	-51	460441	124361	-336081	-57
Dried Legume and Vegetables	78016	5594	-72422	-87	36322	11849	-24474	-51
Citrus	361972	1168	-360804	-99	370204	2254	-367950	-99
Other fresh fruits	124969	7909	-117060	-88	318181	24698	-293483	-86
Dried fruits	356716	14943	-341773	-92	698303	16217	-682087	-95
Vegetables fiber	202080	18036	-184045	-84	193807	109200	-84607	-28
Oil Seeds	14652	4531	-10121	-53	47937	16567	-31370	-49
Coffee and Tea and Spices	40961	12150	-28811	-54	78737	13229	-65509	-71
Flowers	103620	10636	-92984	-81	174954	27354	-147600	-73
Row Tobacco	53459	26473	-26987	-34	129165	62443	-66722	-35
Live Animals for Food	4451	101033	96582	92	1478	226912	225434	99
Other Livestock Products	15862	8464	-7398	-30	11884	4857	-7027	-42
Forestry	12798	25815	13018	34	37594	47513	9920	12
Fisheries and Hunting	112295	2165	-110131	-96	149724	15634	-134090	-81
Other Products	15305	19604	4300	12	20371	39917	19546	32
Processed Cereals	8261	388961	380701	96	1407436	854980	-552456	-24
Sugar and Sweets	22337	493941	471604	91	48609	469900	421291	81
Fresh and Frozen Meat	60459	206138	145679	55	70235	567311	497077	78
Prepared Meat Preserved	12737	32287	19550	43	54636	160540	105905	49
Processed Fish	237656	49730	-187926	-65	218970	86176	-132794	-44
Processed Vegetables	179182	96470	-82713	-30	367708	109980	-257728	-54
Processed Fruits	410664	12728	-397936	-94	345964	59208	-286756	-71
Dairy Products	4445	610037	605592	99	232680	369575	136895	23
Cheese	2513	89558	87046	95	8204	409481	401277	96
Oils And Fats	81343	333246	251903	61	217038	278511	61474	12
Oil Seed cakes	31186	176522	145336	70	114079	396413	282335	55
Wine	20226	9790	-10437	-35	31843	147412	115569	64
Other Beverages	31426	97346	65920	51	58504	223912	165408	59
Other Processed Food Products	85879	220507	134628	44	73801	278602	204801	58
Total Raw Agricultural Products	1739037	1069649	-669388	-24	1472210	1081896	-390314	-15
Total Processed Agricultural	1165574	2717910	1552337	40	1878949	3881961	2003012	35
Total Agro-food Trade	2904610	3787559	882949	13	3351159	4963856	1612698	19

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.8 EU Agro-food with all Mediterranean Countries by products

	88-89		98-99		Var 98-99\88-89		Var 98-99\88-	
	Imp	**Exp**	**Imp**	**Exp**	**Imp**	**Exp**	**Imp**	**Exp**
Cereals	0.6	19.5	2.2	14.3	318.3	-3.3	15.4	-0.3
Fresh Legume and Vegetables	7.7	1.9	13.7	2.5	107.1	71.1	7.6	5.5
Dried Legume and Vegetables	2.7	0.1	1.1	0.2	-53.4	111.8	-7.4	7.8
Citrus	12.5	0.0	11.0	0.0	2.3	93.0	0.2	6.8
Other fresh fruits	4.3	0.2	9.5	0.5	154.6	212.3	9.8	12.1
ried fruits	12.3	0.4	20.8	0.3	95.8	8.5	6.9	0.8
Vegetables fibber	7.0	0.5	5.8	2.2	-4.1	505.5	-0.4	19.7
Oil Seeds	0.5	0.1	1.4	0.3	227.2	265.6	12.6	13.8
Coffee and Tea and Spices	1.4	0.3	2.3	0.3	92.2	8.9	6.8	0.9
Flowers	3.6	0.3	5.2	0.6	68.8	157.2	5.4	9.9
Row Tobacco	1.8	0.7	3.9	1.3	141.6	135.9	9.2	9.0
Live Animals for Food	0.2	2.7	0.0	4.6	-66.8	124.6	-10.4	8.4
Other Livestock Products	0.5	0.2	0.4	0.1	-25.1	-42.6	-2.8	-5.4
Forestry	0.4	0.7	1.1	1.0	193.8	84.1	11.4	6.3
Fisheries and Hunting	3.9	0.1	4.5	0.3	33.3	622.3	2.9	21.9
Other Products	0.5	0.5	0.6	0.8	33.1	103.6	2.9	7.4
Processed Cereals	0.3	10.3	42.0	17.2	16938.1	119.8	67.2	8.2
Sugar and Sweets	0.8	13.0	1.5	9.5	117.6	-4.9	8.1	-0.5
Fresh and Frozen Meat	2.1	5.4	2.1	11.4	16.2	175.2	1.5	10.7
Prepared Meat Preserved	0.4	0.9	1.6	3.2	329.0	397.2	15.7	17.4
Processed Fish	8.2	1.3	6.5	1.7	-7.9	73.3	-0.8	5.7
Processed Vegetables	6.2	2.5	11.0	2.2	105.2	14.0	7.5	1.3
Processed Fruits	14.1	0.3	10.3	1.2	-15.8	365.2	-1.7	16.6
Dairy Products	0.2	16.1	6.9	7.4	5134.6	-39.4	48.6	-4.9
Cheese	0.1	2.4	0.2	8.2	226.5	357.2	12.6	16.4
Oils And Fats	2.8	8.8	6.5	5.6	166.8	-16.4	10.3	-1.8
Oil Seed cakes	1.1	4.7	3.4	8.0	265.8	124.6	13.8	8.4
Wine	0.7	0.3	1.0	3.0	57.4	1405.8	4.6	31.2
Other Beverages	1.1	2.6	1.7	4.5	86.2	130.0	6.4	8.7
Other Processed Food Products	3.0	5.8	2.2	5.6	-14.1	26.3	-1.5	2.4
Total Raw Agricultural Products	59.9	28.2	43.9	21.8	-15.3	1.1	-1.7	0.1
Total Processed Agro Products	40.1	71.8	56.1	78.2	61.2	42.8	4.9	3.6
Total Agro-food Trade	10	10	10	10	15.4	31.1	1.4	2.7

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.9 EU Agro-food Trade with Syria by Products (Thousands of Euro)

	1988 -1989				1998 - 1999			
	Imp	Exp	Balance	SB (%)	Imp	Exp	Balance	SB (%)
Cereals	30	56788	56758	100	89	22694	22605	99
Fresh Legume and Vegetables	167	1516	1349	80	5648	3511	-2137	-23
Dried Legume and Vegetables	1512	3	-1509	-100	947	89	-858	-83
Citrus	2	0	-2	-100	8	0	-8	-100
Other fresh fruits	10	3	-7	-58	30	0	-30	-100
Dried fruits	43	51	8	8	103	51	-52	-34
Vegetables fibber	15930	22	-15908	-100	82126	0	-82126	-100
Oil Seeds	5	318	313	97	462	35	-428	-86
Coffee and Tea and Spices	1333	17	-1317	-98	2378	35	-2343	-97
Flowers	12	80	68	75	40	202	162	67
Row Tobacco	63	0	-63	-100	66	1024	958	88
Live Animals for Food	0	1956	1956	100	5	1544	1539	99
Other Livestock Products	2315	146	-2170	-88	656	32	-625	-91
Forestry	121	172	51	17	235	213	-22	-5
Fisheries and Hunting	314	37	-278	-79	373	6	-367	-97
Other Products	1	1302	1301	100	1154	1347	194	8
Processed Cereals	69	33926	33857	100	77	8151	8074	98
Sugar and Sweets	25	56734	56709	100	184	110882	110698	100
Fresh and Frozen Meat	9689	582	-9107	-89	13241	139	-13102	-98
Prepared Meat Preserved	0	2070	2070	100	172	101	-71	-26
Processed Fish	51	238	187	65	0	137	137	100
Processed Vegetables	416	223	-193	-30	1227	400	-827	-51
Processed Fruits	87	88	1	0	270	152	-119	-28
Dairy Products	8	7602	7594	100	104	19913	19809	99
Cheese	0	852	852	100	0	75	75	100
Oils And Fats	0	9155	9155	100	572	5233	4662	80
Oil Seed cake	91	10866	10775	98	833	9116	8283	83
Wine	0	144	144	100	2	141	140	98
Other Beverages	30	1773	1744	97	20	3286	3266	99
Other Processed Food Products	8035	4319	-3717	-30	1162	12374	11213	83
Total Row Agricultural Products	21854	62407	40553	48	94316	30807	-63509	-51
Total Processed Agro Products	18498	127573	109075	75	17859	169881	152023	81
Total Agro-food Trade	40352	189979	149627	65	112175	200688	88514	28

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.10 EU Agro-food Trade with Syria by products (% composition and variations)

	1988 -1989		1998 - 1999		Var 98-99\88-89		Var 98-99\88-89	
	Imp	Exp	Imp	Exp	Imp	Exp	Imp	Exp
Cereals	0.1	29.9	0.1	11.3	195.0	-60.0	11.4	-8.8
Fresh Legume and Vegetables	0.4	0.8	5.0	1.7	3291.9	131.6	42.2	8.8
Dried Legume and Vegetables	3.7	0.002	0.8	0.0	-37.4	2866.7	-4.6	40.4
Citrus	0.004	0.000	0.0	0.0	400.0	_	17.5	_
Other fresh fruits	0.024	0.001	0.0	0.0	210.5	-100.0	12.0	-100.0
Dried fruits	0.1	0.03	0.1	0.0	139.5	1.0	9.1	0.1
Vegetables fiber	39.5	0.01	73.2	0.0	415.6	-100.0	17.8	-100.0
Oil Seeds	0.01	0.2	0.4	0.0	10166.7	-89.1	58.9	-19.9
Coffee and Tea and Spices	3.3	0.0	2.1	0.0	78.4	112.1	6.0	7.8
Flowers	0.03	0.04	0.0	0.1	247.8	154.1	13.3	9.8
Row Tobacco	0.2	0.0	0.1	0.5	4.8	_	0.5	_
Live Animals for Food	0.0	1.0	0.0	0.8	_	-21.1	_	-2.3
Other Livestock Products	5.7	0.1	0.6	0.0	-71.7	-78.4	-11.8	-14.2
Forestry	0.3	0.1	0.2	0.1	93.8	23.9	6.8	2.2
Fisheries and Hunting	0.8	0.0	0.3	0.0	18.6	-83.6	1.7	-16.5
Other Products	0.0	0.7	1.0	0.7	230600.0	3.5	116.9	0.3
Processed Cereals	0.2	17.9	0.1	4.1	10.9	-76.0	1.0	-13.3
Sugar and Sweets	0.1	29.9	0.2	55.3	634.0	95.4	22.1	6.9
Fresh and Frozen Meat	24.0	0.3	11.8	0.1	36.7	-76.1	3.2	-13.3
Prepared Meat Preserved	0.0	1.1	0.2	0.1	_	-95.1	_	-26.1
Processed Fish	0.1	0.1	0.0	0.1	-100.0	-42.5	-100.0	-5.4
Processed Vegetables	1.0	0.1	1.1	0.2	195.2	79.1	11.4	6.0
Processed Fruits	0.2	0.05	0.2	0.1	210.3	73.1	12.0	5.6
Dairy Products	0.02	4.0	0.1	9.9	1286.7	162.0	30.1	10.1
Cheese	0.00	0.4	0.0	0.0	_	-91.2	_	-21.6
Oils And Fats	0.0	4.8	0.5	2.6	_	-42.8	_	-5.4
Oil Seed cakes	0.2	5.7	0.7	4.5	819.9	-16.1	24.8	-1.7
Wine	0.00	0.1	0.0	0.1	_	-2.1	_	-0.2
Other Beverages	0.1	0.9	0.0	1.6	-32.2	85.3	-3.8	6.4
Other Processed Food Products	19.9	2.3	1.0	6.2	-85.5	186.5	-17.6	11.1
Total Row Agricultural Products	54.2	32.8	84.1	15.4	331.6	-50.6	15.7	-6.8
Total Processed Agro Products	45.8	67.2	15.9	84.6	-3.5	33.2	-0.4	2.9
Total Agro-food Trade	100.0	100.0	100.0	100.0	178.0	5.6	10.8	0.5

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.11 EU Exports of Raw Agricultural Products to Mediterranean Countries (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Syria	42.6	82.2	103.3	37.8	17.8	22.7	17.3	6.7	5.2	13.3	14.3	47.3
Tunisia	78.5	139.8	91.9	54.9	57.5	63.8	109.8	128.7	56.5	133.7	113.7	118.5
Morocco	52.8	103.8	116.4	131.0	191.1	152.2	168.8	299.9	207.5	181.8	253.0	249.3
Algeria	224.9	310.1	250.9	144.2	165.0	183.7	319.4	236.9	140.2	207.1	286.9	360.0
Cyprus	26.4	43.5	38.5	35.3	22.8	28.3	27.2	22.2	33.6	46.5	25.6	26.9
Egypt	160.2	144.5	230.7	67.3	85.1	201.8	248.2	187.9	204.8	223.6	233.6	162.4
Israel	51.1	55.8	45.9	56.9	27.5	46.9	63.7	39.1	31.5	54.2	48.5	52.4
Lebanon	19.8	26.9	13.4	24.0	23.3	70.2	68.7	76.0	82.3	114.3	119.4	110.9
Libya	104.2	145.4	188.4	141.5	80.4	165.8	71.0	98.2	77.5	125.1	65.2	58.0
Malta	20.3	20.8	18.6	19.2	26.0	26.4	29.1	22.0	25.6	29.0	24.8	28.4
Turkey	48.8	211.2	184.9	86.9	77.6	174.7	77.6	257.8	278.5	294.1	185.3	237.3
Med.Countries	847.4	1291.9	1295.0	827.5	788.9	1151.4	1224.3	1392.0	1154.6	1439.0	1384.3	1530.8
Extra EU Trade	5117.9	6742.4	6085.4	5458.4	6335.5	6610.9	6845.7	7704.5	8424.5	8656.3	8349.7	9961.7
Intra EU Trade	24810.2	27162.9	27932.2	30449.5	30049.6	28240.2	31599.1	33283.2	33830.2	33811.6	35188.1	36200.4
World	29928.1	33905.3	34017.6	35907.9	36385.1	34851.1	38444.8	40987.7	42254.7	42468.0	43537.8	46162.1

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.12: EU Imports of Raw Agricultural Products from Mediterranean Countries (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Syria	17.2	26.5	61.7	74.8	55.4	68.9	95.8	108.9	93.2	136.1	111.6	77.0
Tunisia	70.4	76.7	95.3	96.0	86.8	83.3	84.3	73.7	71.4	77.0	95.7	88.8
Morocco	328.2	381.5	417.3	530.7	464.7	435.9	426.1	451.9	538.6	475.2	474.7	547.4
Algeria	10.1	8.5	11.3	10.5	18.1	16.8	14.3	15.2	26.9	18.2	22.7	20.7
Cyprus	102.2	111.7	126.7	104.9	95.7	87.8	82.4	126.8	124.4	55.5	73.1	79.2
Egypt	152.5	117.9	99.5	118.1	103.8	98.0	125.3	208.5	163.9	153.3	197.6	192.1
Israel	362.5	361.8	431.2	444.7	413.2	344.8	349.6	403.0	539.4	553.6	592.0	565.0
Lebanon	3.9	2.4	1.9	2.1	1.9	1.4	2.0	3.8	3.2	2.0	2.3	2.2
Libya	1.1	1.1	3.4	1.4	0.9	1.4	0.7	1.2	1.3	2.0	0.7	0.5
Malta	5.8	6.7	4.5	2.8	2.8	5.1	3.9	5.1	9.1	7.3	7.5	9.3
Turkey	622.0	703.8	711.6	851.7	772.6	801.0	1028.3	1013.8	1084.3	1194.2	1202.3	1239.7
Med.Countries	1677.6	1800.5	1968.5	2241.2	2017.6	1946.0	2214.2	2414.0	2658.5	2678.2	2790.0	2825.7
Extra EU Trade	24765.84	25422.52	23757.29	24400.09	23482.63	22054.47	27024.26	31545.64	31485.61	33586.34	33920.95	31946.1
Intra EU Trade	25956.19	27367.85	27995.35	31026.97	30581.51	26839.3	30152.41	33466.58	33766.27	34019.87	35705.35	35848.1
World	50722.0	52790.4	51752.6	55427.1	54064.1	48893.8	57176.7	65012.2	65251.9	67606.2	69626.3	67794.1

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.13: EU Exports of Processed Agricultural Products to Mediterranean Countries (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Syria	114.0	141.2	159.0	137.4	168.3	190.6	189.6	182.1	150.3	169.5	198.6	141.1
Tunisia	108.0	124.3	120.2	86.7	84.7	91.3	126.3	212.9	139.5	181.2	199.2	142.8
Morocco	106.8	128.8	104.1	106.4	106.7	118.8	124.7	221.3	157.8	166.1	184.3	221.8
Algeria	535.1	734.1	722.3	749.4	676.9	713.5	766.2	679.0	659.8	738.4	762.3	598.3
Cyprus	86.7	106.7	102.3	111.6	132.6	125.1	129.5	143.3	143.7	157.2	176.9	176.8
Egypt	596.9	557.8	422.6	352.3	348.9	450.9	399.4	419.5	376.0	438.2	548.4	538.6
Israel	190.1	224.8	241.1	242.8	264.6	306.8	373.0	404.7	414.7	480.4	461.6	419.1
Lebanon	148.5	163.8	152.1	208.7	173.7	197.0	237.6	271.4	255.0	315.1	314.9	300.0
Libya	270.2	360.7	326.6	266.7	279.9	323.7	251.4	390.5	376.9	380.1	498.8	331.6
Malta	68.3	83.0	83.7	94.6	105.5	109.8	107.6	131.9	130.2	152.2	150.8	152.2
Turkey	152.2	172.4	360.1	197.9	218.6	259.4	237.7	537.8	564.7	599.1	566.4	424.6
Med. Countries	2501.8	2934.1	2961.2	2681.7	2692.2	3009.3	3090.2	3746.3	3478.8	3891.1	4195.5	3568.5
Extra EU Trade	21139.5	24974.8	24434.4	24893.9	26137.2	28156.1	31550.1	35492.0	37711.1	41942.9	40728.4	39819.5
Intra EU Trade	52020.2	58438.5	59408.1	64854.5	69065.2	69688.4	76528.0	82945.2	83204.3	85527.8	88016.5	93159.8
World	73159.7	83413.3	83842.5	89748.4	95202.4	97844.5	108078.0	118437.2	120915.4	127470.7	128744.9	132979.4

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.14: EU Imports of Processed Agricultural Products from Mediterranean Countries (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Syria	18.4	18.6	18.3	16.9	27.7	30.8	37.9	54.8	35.8	13.8	16.9	18.8
Tunisia	152.5	151.4	153.9	264.5	173.4	180.1	288.1	294.8	185.3	257.9	233.3	362.0
Morocco	284.8	343.7	402.1	382.1	338.3	325.5	402.9	420.0	459.1	471.2	484.6	538.8
Algeria	12.6	9.6	13.7	12.1	10.0	9.6	9.4	14.4	14.6	9.5	9.6	9.8
Cyprus	31.4	37.9	45.1	37.6	32.3	29.8	35.8	36.4	37.2	32.1	31.1	31.3
Egypt	25.1	26.6	24.2	34.5	30.9	39.1	38.3	50.1	43.5	40.1	42.9	59.4
Israel	328.1	365.9	367.1	295.7	304.7	239.1	221.8	212.3	204.9	189.8	194.8	196.8
Lebanon	25.5	27.4	23.8	16.8	9.7	11.7	14.6	15.8	20.2	21.7	22.2	22.2
Libya	1.0	1.7	3.3	1.3	2.8	7.7	14.9	16.0	11.0	10.6	2.4	2.9
Malta	1.6	2.7	3.6	2.6	5.0	2.2	2.2	2.8	2.2	1.6	1.9	1.9
Turkey	210.7	249.3	309.8	374.6	357.3	371.4	490.3	572.2	592.7	700.0	685.0	778.1
Med.Countries	1092.2	1238.9	1365.1	1439.5	1295.5	1252.0	1564.4	1701.8	1619.8	1756.5	1732.1	2025.8
Extra EU Trade	21654.7	22840.6	22729.4	23752.8	24794.0	23610.5	26396.4	27349.0	29962.4	28950.1	32719.7	33365.6
Intra EU Trade	51065.4	57065.8	58950.6	64758.9	69100.3	65014.0	72281.9	80126.6	79834.1	84006.8	88647.4	92495.1
World	72720.1	79906.4	81680.0	88511.7	93894.3	88624.6	98678.3	107475.6	109796.5	112956.8	121367.1	125860.7

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.15: EU Agro-food Export to Mediterranean Countries (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Syria	156.6	223.4	262.3	175.2	186.0	213.3	207.0	188.8	155.5	182.8	213.0	188.4
Tunisia	186.5	264.2	212.2	141.6	142.3	155.1	236.1	341.6	196.0	314.9	312.9	261.3
Morocco	159.6	232.6	220.5	237.4	297.8	271.0	293.5	521.2	365.3	347.9	437.3	471.1
Algeria	760.1	1044.2	973.1	893.6	841.9	897.3	1085.6	915.8	799.9	945.5	1049.2	958.3
Cyprus	113.1	150.2	140.8	146.8	155.3	153.4	156.6	165.6	177.3	203.7	202.5	203.6
Egypt	757.2	702.3	653.2	419.7	434.0	652.7	647.6	607.4	580.8	661.7	781.9	700.9
Israel	241.2	280.6	287.0	299.7	292.0	353.8	436.7	443.8	446.2	534.6	510.1	471.5
Lebanon	168.4	190.7	165.5	232.6	197.0	267.1	306.3	347.4	337.4	429.3	434.2	410.8
Libya	374.4	506.1	515.0	408.2	360.2	489.5	322.4	488.7	454.3	505.2	564.1	389.6
Malta	88.6	103.8	102.2	113.8	131.5	136.2	136.7	153.9	155.8	181.2	175.6	180.6
Turkey	201.0	383.6	545.0	284.8	296.3	434.1	315.3	795.7	843.2	893.2	751.7	661.9
Med.Countries	3349.1	4226.0	4256.2	3509.2	3481.0	4160.7	4314.4	5138.3	4633.4	5330.0	5579.7	5099.3
Extra EU Trade	26257.4	31717.2	30519.8	30352.2	32472.7	34767.1	38395.8	43196.5	46135.6	50599.3	49078.1	49781.3
Intra EU Trade	76830.4	85601.4	87340.3	95304.1	99114.8	97928.6	108127.0	116228.4	117034.5	119339.4	123204.6	129360.2
World	103087.7	117318.6	117860.1	125656.3	131587.5	132695.7	146522.8	159424.9	163170.1	169938.6	172282.7	179141.5

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.16: EU Agro-food Imports from Mediterranean Countries (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Syria	35.6	45.1	80.0	91.7	83.1	99.7	133.7	163.7	128.9	149.9	128.6	95.8
Tunisia	222.9	228.2	249.2	360.6	260.2	263.4	372.4	368.4	256.8	334.9	329.0	450.8
Morocco	612.9	725.3	819.4	912.8	803.0	761.4	829.0	871.9	997.7	946.5	959.4	1086.1
Algeria	22.7	18.1	25.0	22.6	28.1	26.5	23.7	29.6	41.6	27.7	32.3	30.5
Cyprus	133.5	149.7	171.8	142.5	128.0	117.6	118.2	163.3	161.6	87.6	104.2	110.4
Egypt	177.7	144.5	123.7	152.6	134.7	137.1	163.6	258.6	207.4	193.5	240.5	251.6
Israel	690.5	727.7	798.3	740.4	717.9	583.9	571.4	615.3	744.4	743.4	786.8	761.8
Lebanon	29.4	29.7	25.6	18.9	11.5	13.1	16.6	19.6	23.4	23.7	24.5	24.3
Libya	2.2	2.8	6.7	2.8	3.6	9.0	15.6	17.2	12.3	12.6	3.1	3.4
Malta	7.4	9.4	8.1	5.3	7.8	7.3	6.1	7.9	11.3	8.9	9.4	11.2
Turkey	832.7	953.1	1021.4	1226.3	1130.0	1172.4	1518.6	1586.0	1677.0	1894.3	1887.3	2017.9
Med.Countries	2769.8	3039.4	3333.5	3680.8	3313.1	3198.0	3778.6	4115.9	4278.3	4434.7	4522.1	4851.6
Extra EU Trade	46420.5	48263.2	46486.7	48152.9	48276.6	45665.0	53420.7	58894.6	61448.0	62536.4	66640.6	65311.7
Intra EU Trade	77021.6	84433.6	86945.9	95785.9	99681.8	91853.3	102434.3	113593.2	113600.4	118026.6	124352.7	128343.1
World	123442.1	132696.8	133432.6	143938.8	147958.4	137518.4	155855.0	172487.8	175048.4	180563.0	190993.4	193654.9

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.17: EU Agro-food Trade Balance by Mediterranean Countries (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Syria	121.0	178.2	182.3	83.4	102.9	113.6	73.2	25.1	26.6	32.9	84.4	92.6
Tunisia	-36.4	36.0	-37.0	-219.0	-117.9	-108.3	-136.2	-26.8	-60.8	-20.0	-16.1	-189.5
Morocco	-453.3	-492.7	-598.8	-675.4	-505.2	-490.5	-535.4	-350.7	-632.4	-598.6	-522.1	-615.1
Algeria	737.4	1026.1	948.2	871.0	813.8	870.8	1061.9	886.2	758.4	917.8	1016.8	927.9
Cyprus	-20.4	0.5	-31.0	4.3	27.3	35.8	38.4	2.3	15.6	116.1	98.3	93.2
Egypt	579.5	557.8	529.5	267.1	299.2	515.6	484.0	348.8	373.5	468.3	541.5	449.4
Israel	-449.3	-447.1	-511.3	-440.7	-425.9	-230.2	-134.7	-171.5	-298.2	-208.8	-276.7	-290.2
Lebanon	138.9	161.0	139.8	213.7	185.5	254.1	289.8	327.8	313.9	405.6	409.7	386.5
Libya	372.2	503.3	508.3	405.4	356.6	480.5	306.8	471.6	442.1	492.5	561.0	386.2
Malta	81.2	94.4	94.1	108.4	123.7	128.8	130.6	146.0	144.5	172.3	166.2	169.4
Turkey	-631.7	-569.5	-476.4	-941.5	-833.7	-738.3	-1203.3	-790.3	-833.9	-1001.0	-1135.6	-1356.0
Med.Countries	579.3	1186.6	922.7	-171.6	167.9	962.7	535.9	1022.4	355.1	895.4	1057.6	247.7
Extra EU Trade	-20163.2	-16545.9	-15966.9	-17800.6	-15803.9	-10897.9	-15024.9	-15698.1	-15312.4	-11937.2	-17562.5	-15530.5
Intra EU Trade	-191.2	1167.8	394.4	-481.8	-567.0	6075.3	5692.7	2635.2	3434.1	1312.8	-1148.1	1017.1
World	-20354.4	-15378.2	-15572.6	-18282.4	-16370.9	-4822.7	-9332.1	-13062.9	-11878.3	-10624.4	-18710.7	-14513.4

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.18: EU Standardized Agro-food Trade Balance by Mediterranean Countries

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Syria	63.0	66.4	53.3	31.3	38.2	36.3	21.5	7.1	9.3	9.9	24.7	32.6
Tunisia	-8.9	7.3	-8.0	-43.6	-29.3	-25.9	-22.4	-3.8	-13.4	-3.1	-2.5	-26.6
Morocco	-58.7	-51.4	-57.6	-58.7	-45.9	-47.5	-47.7	-25.2	-46.4	-46.2	-37.4	-39.5
Algeria	94.2	96.6	95.0	95.1	93.5	94.3	95.7	93.7	90.1	94.3	94.0	93.8
Cyprus	-8.3	0.2	-9.9	1.5	9.6	13.2	14.0	0.7	4.6	39.9	32.0	29.7
Egypt	62.0	65.9	68.2	46.7	52.6	65.3	59.7	40.3	47.4	54.8	53.0	47.2
Israel	-48.2	-44.3	-47.1	-42.4	-42.2	-24.5	-13.4	-16.2	-25.0	-16.3	-21.3	-23.5
Lebanon	70.2	73.0	73.2	85.0	89.0	90.7	89.7	89.3	87.0	89.5	89.3	88.8
Libya	98.9	98.9	97.4	98.7	98.0	96.4	90.7	93.2	94.7	95.1	98.9	98.3
Malta	84.6	83.4	85.3	91.0	88.9	89.8	91.5	90.3	86.5	90.6	89.8	88.3
Turkey	-61.1	-42.6	-30.4	-62.3	-58.5	-46.0	-65.6	-33.2	-33.1	-35.9	-43.0	-50.6
Med.Countries	9.5	16.3	12.2	-2.4	2.5	13.1	6.6	11.0	4.0	9.2	10.5	2.5
Extra EU Trade	-27.7	-20.7	-20.7	-22.7	-19.6	-13.5	-16.4	-15.4	-14.2	-10.6	-15.2	-13.5
Intra EU Trade	-0.1	0.7	0.2	-0.3	-0.3	3.2	2.7	1.1	1.5	0.6	-0.5	0.4
World	-9.0	-6.2	-6.2	-6.8	-5.9	-1.8	-3.1	-3.9	-3.5	-3.0	-5.2	-3.9

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.19: EU Total trades. Imports by country of origin (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Algeria	4,035.08	4,901.00	6,029.97	6,374.84	5,142.15	4,496.59	4,376.64	4,843.22	5,443.23	6,635.21	5,038.21	5,909.77
Cyprus	394.87	517.73	576.54	605.68	570.33	699.45	618.12	736.96	561.87	371.29	427.10	588.14
Egypt	1,635.95	2,437.69	2,285.97	2,198.23	2,487.63	2,223.74	2,780.73	2,185.60	2,770.64	2,557.20	2,384.74	2,326.01
Israel	2,706.28	3,045.69	3,256.16	3,328.99	3,312.23	3,337.27	3,989.31	4,536.97	5,197.30	6,164.07	6,742.35	7,404.53
Lebanon	110.55	99.74	89.24	88.53	76.91	63.83	89.79	110.85	122.88	151.36	156.28	206.99
Libya	5,220.85	6,307.08	7,895.45	8,066.03	6,922.59	6,135.07	5,956.12	5,799.13	7,008.03	7,628.91	5,658.56	6,843.67
Malta	366.23	545.44	626.44	678.35	830.73	835.69	990.81	1,044.38	771.13	676.29	744.92	812.96
Morocco	2,260.59	2,667.79	3,042.15	3,170.35	3,302.20	3,383.08	3,694.30	4,005.61	4,205.45	4,708.22	5,281.82	5,462.70
Syria	419.86	772.96	1,234.46	1,350.03	1,509.15	1,664.06	1,570.75	1,732.87	1,987.76	1,991.04	1,467.37	2,154.68
Tunisia	1,522.36	1,975.14	2,250.37	2,331.58	2,464.79	2,492.63	3,036.55	3,350.94	3,624.49	4,002.07	4,284.86	4,745.50
Turkey	4,321.42	5,509.02	5,912.55	6,210.24	6,556.62	6,532.02	7,515.82	9,224.90	10,134.72	11,800.66	13,563.48	14,913.26
Med Countries	23,108.06	28,869.13	33,286.80	34,480.80	33,257.91	32,131.70	34,758.09	37,696.37	41,989.60	46,854.35	45,907.45	51,530.36

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.20: EU Total trades. Exports by country of destination (Millions of Euro)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Algeria	3,647.97	4,664.05	4,913.67	4,340.69	3,956.34	4,084.37	4,591.07	4,693.91	4,000.19	4,302.45	5,141.80	5,035.50
Cyprus	1,015.55	1,411.14	1,248.96	1,482.58	2,008.57	1,851.24	1,980.11	1,995.77	1,770.72	1,901.53	2,093.32	2,259.44
Egypt	3,608.32	3,663.30	3,998.04	3,959.03	3,518.02	4,330.55	4,471.15	4,933.63	5,593.52	6,562.70	7,418.41	7,316.96
Israel	4,594.14	4,958.86	5,111.55	5,714.44	6,413.72	7,429.14	8,805.61	9,523.91	10,146.78	11,191.43	10,687.67	11,778.64
Lebanon	841.28	818.19	744.64	1,282.19	1,278.55	1,718.61	2,160.37	2,458.86	2,722.64	3,077.96	2,855.87	2,674.24
Libya	2,690.32	2,884.09	2,620.57	2,784.96	2,155.78	2,711.86	1,995.55	2,250.53	2,463.14	2,724.38	2,690.35	2,166.21
Malta	820.75	1,037.63	1,185.53	1,368.91	1,530.88	1,743.46	1,844.50	1,973.96	1,842.31	1,962.93	1,957.00	2,032.59
Morocco	2,543.68	3,155.49	3,512.64	3,649.79	3,908.36	4,194.55	4,331.19	4,704.51	4,627.51	5,250.56	6,511.38	6,461.63
Syria	640.66	770.38	821.72	850.92	1,031.08	1,340.58	1,567.21	1,362.87	1,367.32	1,316.18	1,502.40	1,558.14
Tunisia	1,981.32	2,506.19	2,942.35	3,042.87	3,464.51	3,607.18	3,756.21	4,138.15	4,292.15	5,227.39	5,731.12	5,890.75
Turkey	4,701.93	5,341.51	7,163.94	7,239.23	7,827.99	11,322.63	8,451.19	12,740.63	17,502.76	21,461.88	21,394.73	18,735.97
Med Countries	28,000.72	32,071.82	35,051.54	36,334.70	37,857.88	45,253.85	44,944.13	51,796.17	57,470.51	66,131.35	69,095.01	67,088.40

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.21: EU Total trades. Imports by country of origin (%)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Algeria	17.46	16.98	18.12	18.49	15.46	13.99	12.59	12.85	12.96	14.16	10.97	11.47
Cyprus	1.71	1.79	1.73	1.76	1.71	2.18	1.78	1.95	1.34	0.79	0.93	1.14
Egypt	7.08	8.44	6.87	6.38	7.48	6.92	8.00	5.80	6.60	5.46	5.19	4.51
Israel	11.71	10.55	9.78	9.65	9.96	10.39	11.48	12.04	12.38	13.16	14.69	14.37
Lebanon	0.48	0.35	0.27	0.26	0.23	0.20	0.26	0.29	0.29	0.32	0.34	0.40
Libya	22.59	21.85	23.72	23.39	20.81	19.09	17.14	15.38	16.69	16.28	12.33	13.28
Malta	1.58	1.89	1.88	1.97	2.50	2.60	2.85	2.77	1.84	1.44	1.62	1.58
Morocco	9.78	9.24	9.14	9.19	9.93	10.53	10.63	10.63	10.02	10.05	11.51	10.60
Syria	1.82	2.68	3.71	3.92	4.54	5.18	4.52	4.60	4.73	4.25	3.20	4.18
Tunisia	6.59	6.84	6.76	6.76	7.41	7.76	8.74	8.89	8.63	8.54	9.33	9.21
Turkey	18.70	19.08	17.76	18.01	19.71	20.33	21.62	24.47	24.14	25.19	29.55	28.94
Med Countries	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.22: EU Total trades. Exports by country of destination (%)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Algeria	13.03	14.54	14.02	11.95	10.45	9.03	10.22	9.06	6.96	6.51	7.44	7.51
Cyprus	3.63	4.40	3.56	4.08	5.31	4.09	4.41	3.85	3.08	2.88	3.03	3.37
Egypt	12.89	11.42	11.41	10.90	9.29	9.57	9.95	9.53	9.73	9.92	10.74	10.91
Israel	16.41	15.46	14.58	15.73	16.94	16.42	19.59	18.39	17.66	16.92	15.47	17.56
Lebanon	3.00	2.55	2.12	3.53	3.38	3.80	4.81	4.75	4.74	4.65	4.13	3.99
Libya	9.61	8.99	7.48	7.66	5.69	5.99	4.44	4.34	4.29	4.12	3.89	3.23
Malta	2.93	3.24	3.38	3.77	4.04	3.85	4.10	3.81	3.21	2.97	2.83	3.03
Morocco	9.08	9.84	10.02	10.04	10.32	9.27	9.64	9.08	8.05	7.94	9.42	9.63
Syria	2.29	2.40	2.34	2.34	2.72	2.96	3.49	2.63	2.38	1.99	2.17	2.32
Tunisia	7.08	7.81	8.39	8.37	9.15	7.97	8.36	7.99	7.47	7.90	8.29	8.78
Turkey	16.79	16.65	20.44	19.92	20.68	25.02	18.80	24.60	30.46	32.45	30.96	27.93
Med Countries	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.23: Agricultural export Similarity Among the Mediterranean countries (average 88-89-90)

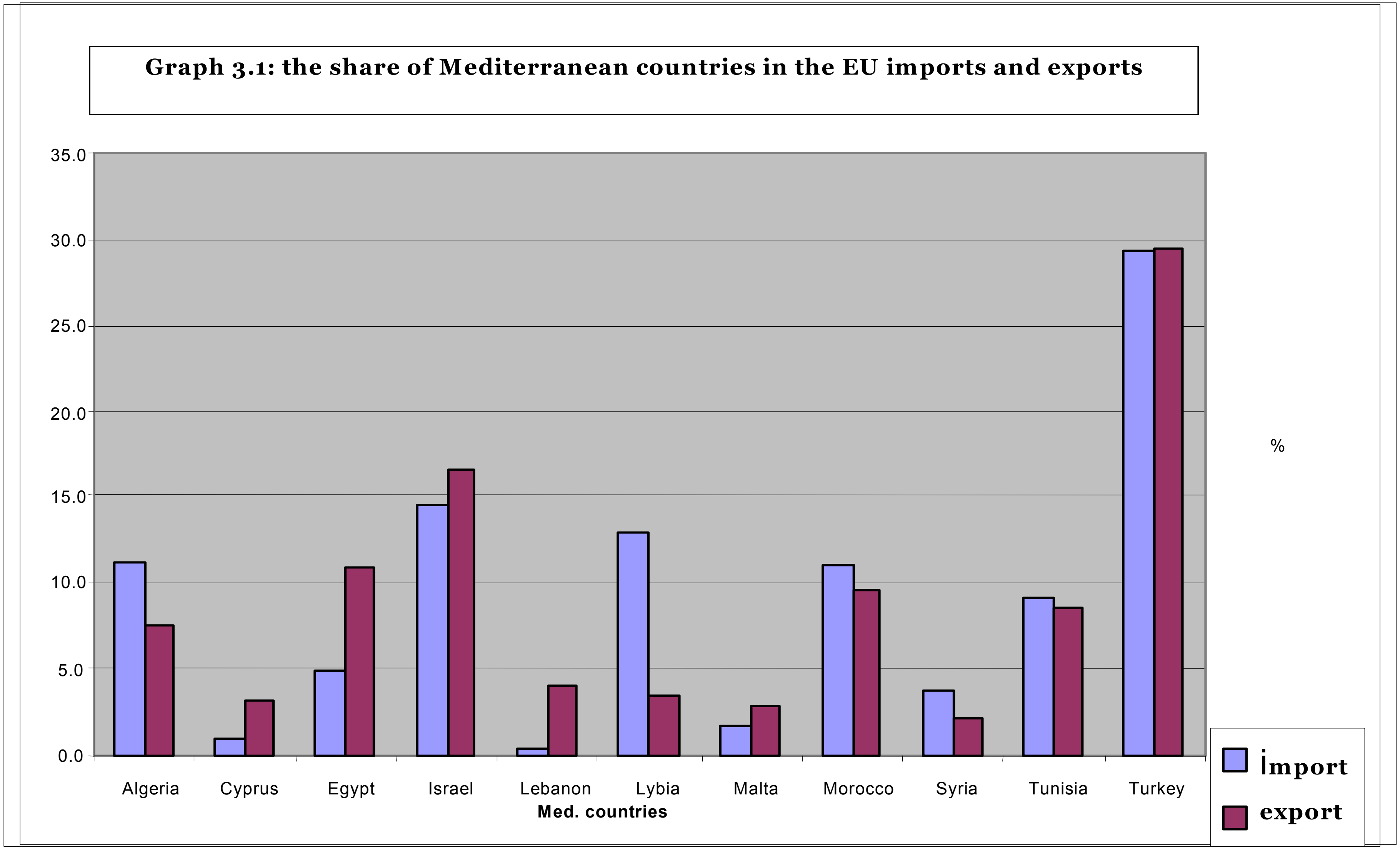
1-Syria	1	2	3	4	5	6	7	8	9	10	11
2- Tunisia	6										
3- Morocco	9	43									
4- Egypt	46	17	35								
5- Lebanon	39	9	10	16							
6- Libya	16	23	25	19	38						
7- Israel	14	21	40	23	13	9					
8- Malta	8	14	35	28	12	15	31				
9- Algeria	5	29	16	11	13	7	21	13			
10- Cyprus	6	22	53	36	15	13	43	34	26		
11- Turkey	18	19	35	28	13	12	36	31	17	22	

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 3.24: Agricultural exports Similarity Among the Mediterranean countries (average 97-98-99)

1-Syria	1	2	3	4	5	6	7	8	9	10	11
2- Tunisia	5										
3- Morocco	11	37									
4- Egypt	41	12	32								
5- Lebanon	17	12	21	23							
6- Libya	3	13	17	8	18						
7- Israel	15	22	46	36	23	10					
8- Malta	7	14	32	39	21	17	25				
9- Algeria	4	31	23	14	36	14	25	24			
10- Cyprus	8	17	49	40	32	11	44	41	33		
11- Turkey	12	21	35	21	25	10	35	14	18	21	

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)


Graph 3.1: the share of Mediterranean countries in the EU imports and exports
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
%
Algeria
Cyprus
Egypt
Israel
Lebanon
Lybia
Malta
Morocco
Syria
Tunisia
Turkey
Med. countries
import
export

Chapter 4 -The Common Agricultural Policies of the EU (CAP)

4.1. Origin and Objectives of the CAP

The well understanding of the special and problematic features of agriculture by the six original Member States of the EU justified the adoption of a common agricultural policy (CAP).

On one hand, the EU considered that the relative poverty of a large proportion of the agricultural and rural population of the union requires specific and protective policy measures married to a longer-term policy of rural development. On the other hand, EU governments agreed that agriculture suffers from special social and economic problems that do not affect other sectors, in particular the tendency for consumer expenditure on food to remain static, while expenditure on other consumer goods increases.

The above reasons with many others were enough for the majority of the Six[18] to refuse a free trade system for agriculture, since it would have reduced the income opportunities of their farmers. A great deal of arguments[19] had taken place before the decision of including agriculture in the "common market" system[20] with separate rules. The formal framework was finally achieved with the "Treaty of Rome", signed on March 5, 1957.

A basic aim of the CAP was therefore to provide farmers with an income comparable to that of their industrial counterparts while providing consumers with adequate supplies of food at reasonable prices. More precisely, the Treaty of Rome (Article 39) states the following objectives for the CAP:

1- to increase agricultural productivity by prompting technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production;

2- thereby, to ensure a fair standard of living to the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

3- to stabilize markets:

4- to assure the availability of supplies;

5- to ensure that supplies reach consumers at reasonable prices.

[18] The six European countries that originally made up the EU were France, Netherlands, Italy, West Germany, Belgium and Luxembourg.
[19] The European Economic Community's Preparatory Conference at Messina in 1955.
[20] National agricultural policies are to be replaced by a common agricultural policy.

4.2. The Evolution of the CAP.

4.2.1. The Early Years of the CAP

In order to achieve the objectives of the CAP, the Six selected market price support regime as the main policy tool. This approach already formed the basis of national agricultural policies, and required adjustment to be implemented at community level. Then the Community established a harmonized system of market protection for nearly all products through the application of common rules on competition in agricultural trade between Member States, and the creation of a uniform Community-wide market organization system.
The system of market price support was (and in part still is) implemented by three basic instruments[21]: import levies; export refunds and intervention prices. These instruments were operated through national customs authorities and intervention agencies, and were financed via the EU budget.

The adoption of the market price support system led to a number of consequences:

- The relatively high support prices of agricultural products accompanied by technical changes resulted in a considerable increase of farm output[22], and the Community consequently became self-sufficient in most products[23].

- The Community expenditure in intervention purchases and export subsidies for wheat, dairy products and sugar increased drastically, since production continued to overweigh the general consumer food demand.

- The market price support became very costly and difficult to sustain. For example, in the year 1972, agricultural expenditure accounted for about two thirds of the Community budget, while revenue from agricultural levies covered less than half of the fund expenditure.

In addition to the market support regime, the original financial plan for the CAP envisaged the allocation of one third of the budget to structural measures. The aim of these measures was to switch current small-scale European farming pattern into medium family farm, and prompting the efficiency and viability of the remaining farms through farm modernization, cessation of farming, land reallocation and the supply of guidance and training in new skills.

4.2.2. From 1973 to 1992, Crises and Needs to Reform

By the year 1973 the EU-6 has enlarged with the accession of three new Member States: Great Britain, Ireland and Denmark. This enlargement made the Community a much more important player in world markets for agricultural products; the Nine accounted for about one third of world trade in farm production and foodstuffs.

Despite the preliminary expectations that the enlargement would bring significant change to the CAP, the policy design and instruments remained largely unchanged.

Increasingly, the EU degrees of self-sufficiency in a broad range of products increased rapidly. Surpluses led to a rapid growth of budgetary costs due to intervention purchases of surpluses and subsidized export for their disposal. Furthermore, although the CAP spending doubled in real terms between the mid-1970s and the mid-1980s, the real agricultural incomes showed a tendency to decrease.

[21] To be fully described when explaining current CAP market policies.
[22] 30% in the years after 1963.
[23] Except beef, fresh fruit and vegetables.

These growing and evolving crises forced the Community to change, even to a small extent, its policies and to carry out eventually a variety of measures that sought to curb growing costs and surpluses. By these measures, a new phase of CAP evolution started and continued until the reform of 1992. In particular:

- Co-responsibility levies were introduced, that is a form of tax on production.

- Guarantee thresholds were applied to a range of products. Under this system, support prices for the forthcoming marketing year will be reduced automatically if aggregate production exceeded a pre-set level.

- Stimulation of domestic consumption for several commodities was set up, through consumer subsidies or by marketing campaigns financed by Community funds.

- Production quotas for individual farms or cooperatives were imposed on the milk sector.

- Diversification of production by several schemes was introduced to encourage the switch of cattle enterprises from milk to beef production and from cereals to oilseeds.

These measures, however, did not solve the fundamental problems of the CAP. Farm incomes remained static, and budgetary concerns persisted. Surpluses reached chronic levels in some sectors.

These previous outcomes continued to persist even after the accession of other three countries (Greece, Spain and Portugal). The forthcoming access of East Germany after the break-up of the Soviet Union and the on going multilateral negotiations under GATT/WTO forced EU Member States to start a new phase with the realization of the 1992 reform.

4.2.3. The 1992 Reform

By the beginning of the 1990s, external pressures for CAP reform were becoming intense. In particular, the Community faced tough demands for changes in the context of the Uruguay Round negotiations of the GATT.

The international and internal pressure led to the so-called “Mac Sharry” reform. This reform involved substantial cuts, to be spread over three years, at the level of support prices for all the main product groups, and a reduction in milk quotas. Payments to compensate farmers for the price cuts would be on a per hectare basis calculated on a historical yield (thus decoupled from physical production). The so-called “professional farmers” would be obliged to set-aside in rotation a pre-fixed proportion of their arable areas.

In addition to price reforms, the Mac Sharry proposals included measures to encourage less intensive farming in the interests of the environment and to aid forestation of agricultural land.

4.2.4. Agenda 2000

The Commission unveiled proposals for reforming the main sectors of the EU farm economy as well as for rural development in the spring of 1998. After the agreement on the Agenda 2000 package at the EU summit and consultation with the European Parliament, the formal texts were adopted by the Council of Ministers for agriculture in May 1999.

While in some respects the policy as finally agreed is not as far-reaching as it was originally proposed, it remains the most radical and wide-ranging reform of the CAP in history. This reform is a step towards supporting broader rural economy rather than agricultural production, and ensures that farmers are rewarded not only for what they produce, but also for their general contribution to society.

The Agenda 2000 reform covered the arable crops, beef, dairy and wine sectors. The rules concerning olive oil and tobacco had already been reformed in 1998. Taken together, these sectors make up over half of EU agricultural production. The reform also includes new arrangements for rural development for the period 2000-06.

The guaranteed prices that farmers receive were cut by 20% in the beef sector and 15% in the arable crops and dairy sectors. The cut was introduced gradually with the objective of bringing European farmers into closer touch with world market prices, thus helping improve the competitiveness of agricultural products on domestic and world markets with positive impacts on both internal demand and export levels.

Equally important, the changes should contribute to the progressive integration of the new Member States from Central and Eastern Europe into the EU.

Like the previous reforms, the EU maintains its commitments to support farm incomes. This is achieved by means of direct payments, which were increased to compensate the further decrease of guaranteed prices.

Concerning rural development, the EU new policy seeks to establish a coherent and sustainable framework for the future of rural areas. It complements the reforms of the markets by other actions that promote a competitive, multi-functional farming in the context of a comprehensive strategy for rural development.

Each Member State sets up its own programs for rural development. It must correspond to the framework of objectives agreed at European level and receive financial support from the EU.

A rural program can consist of many different measures such as help for young farmers, training courses and measures to promote more environmentally-friendly farming methods. Indeed, the actions taken to promote the environment are the only compulsory element of the new generation of rural development programs. This represents a decisive step towards the recognition of the role that agriculture plays in preserving and improving Europe’s natural heritage.

A key element in the EU strategy for rural development is the involvement of local people in finding solutions to local problems. “Leader”, one of the four Community initiatives under the Structural Funds, builds on the successes of previous Leader programs in creating new jobs and developing a network to exchange know-how on rural development issues.

The integration of environmental goals into the CAP and the development of the role that farmers can play in managing natural resources and contributing to landscape conservation are increasingly important objectives for the CAP. The so called ‘agro-environmental measures’ will support sustainable development of rural areas and will respond to society’s increasing demand for environmental services by encouraging farmers to use farming practices compatible with environmental protection and natural resources conservation.

As an additional measure which will help in the further ‘greening’ of the CAP, the compensatory allowances in support of farming in less favored areas (LFAs) have been extended to areas where farming is limited by the existence of specific environmental restrictions. Forestry, for its part, has been recognized as an integral part of rural development, serving an ecological, economic and social function.

Moreover, EU Member States may also make direct payments to farmers conditional on the observance of environmental requirements. In other words, Member States should define environmental measures to be applied by farmers, as well as proportionate penalties for environmental infringements. These could involve, where appropriate, the reduction or cancellation of direct payments.

Another important issue of the reform concerns the preparation of the eastward enlargement of the EU. The EU has created a specific instrument, known as Sapard, to help the farm sectors and rural economies of the candidate countries to prepare for membership. Under this scheme, an annual aid is set aside for structural and rural development programs. Priorities include: investing in farms, developing processing and marketing structures, improving veterinary and plant health controls and encouraging economic diversification in rural areas.

One final issue of this CAP reform is that it contains important elements of simplification in various sectors. In the wine sector, for instance, there is now one regulation where previously there were 23. In rural development, again, there is now one regulation instead of the previous nine.

In summary, the Agenda 2000 reform could help to develop a genuinely multi-functional, sustainable and competitive agricultural sector, which will also assist in securing the future of the most fragile rural regions. It recognizes that agriculture has a key role to play in preserving the countryside and natural spaces and in the vitality of rural life. It also seeks to respond to consumer concerns on food safety, quality and animal welfare. Finally, the reform of the CAP aims at ensuring that the rural environment is protected and improved for future generations.

Notwithstanding, EU still faces some challenges that keep the road open for new and further reforms. Some of these challenges are internal issues. The high budgetary cost remains a crucial factor. Another reason of further reform is the expected accession of Central and Eastern European Countries (CEECs). The last one is the pressure that will come from the new round of negotiation on agriculture within the WTO.

4.3. The Current CAP Market Regimes

Since the time of its inception, the European Community aimed at supporting the incomes of its farmers, and to maintain their standards of living at the level of their urban counterparts. This objective is so far considered as valid, and the general logic of the EC with respect to this issue seems to be persistent. This consideration would be better clarified by the discussion of the mechanisms (policies) through which the EU achieves its objective.

In this framework, the mechanisms that we are going to describe represent the core of the CAP market regime, and consider the benchmark from which any possible change or forthcoming reform would start.

Generally speaking, these mechanisms are split into four main and broad categories:

4.3.1. Price and Income Support System

The goal of this system is to apply common price levels through different mechanisms for the main products or providing farmers with payments. The specific measures of this regime are the following:

Target Price

The officially regarded optimum price, which the farmer should receive, plus the transportation to the area of consumption.

Intervention Price24

Public authorities intervene in the market through public purchases of agricultural products25- provided that they meet the prescribed quality. This effectively means that producers are guaranteed minimum prices, independently of market developments. This generous policy26 is no longer unquestionable, and policy makers became less supporting of such high budgetary cost

[24] Called also “basic price” or “reference price”.
[25] Products that have intervention price: Cereals, dairy products, beef, sugar and fruit and vegetables.
[26] Farmers are able to sell their products at the predetermined intervention price whatever was their physical production.

policy, which also caused, with the increased use of export subsidies, the depreciation of world market prices.

As we saw in the previous section, this fact has been taken into consideration in reforming the CAP. This is to say that the continued reforming process has made it easier for European agriculture to participate more in the world agricultural market and guide production towards effective demand, taking into account consumers' requirements in terms of quality. As a result, intervention prices of some products, in particular for cereal crops and beef and veal, have been lowered bringing market prices down, thus narrowing the gap between internal prices and world prices.

Direct Compensatory Payments

They were introduced, but on a per hectare basis, in the 1992 reform, which paved the way for a move to lower levels of price support, and a need to compensate producers for their losses from price reduction. These payments should be compatible with the WTO agreements, which put pressure on EU authorities to reduce these payments over time with the purpose of stimulating efficiency and competitiveness among farmers.

EU farmers therefore receive aids that are fixed and tied to the historical average yield (calculated for the period 1986-1990), and no longer according to their physical production (decoupled from physical production). Moreover, farmers who are involved in animal husbandry receive per head age payment.

Set-aside

It is a voluntary program to limit production by restricting the use of land. It has been offered in the EU since 1988; producers who set-aside at least 20 % of the arable area previously planted to supported crops receive a per hectare payment based on revenue forgone. After the 1992 reform a compulsory set-aside has been introduced, as a condition imposed to "professional producers" to receive direct compensatory payments.

4.3.2. Import Regime

What we have been described so far is the mechanisms undertaken by the EU authorities to set up an internal market price support. In order to prevent internal market support being weakened by lower-priced imports from outside the community, the EU established an import levy system, designed so as to maintain a "Threshold Price" under which imports from third country could not pass. To enter the community, the prices of imports were raised by the imposition of import levies (taxes). These levies applied to core commodities such as cereals, sugar, dairy products and most other livestock products, and were calculated so as to cover the difference between prices on world markets and pre-determined "threshold" (minimum import) prices.

However, under pressure of negotiation within the Uruguay round of the GATT partners, the EU agreed to dismantle the variable levy system. Consequently, the external protection for most products has taken the form of fixed tariffs with an annual-staged reduction that reach a total agreed percentage up to a maximum of 36% by the year 2000/2001.

Regarding the present situation, the EU continues to impose conventional border protection measures to its imports in order to offer Union producers a degree of protection during their main marketing periods. In addition, some other new systems were introduced in place of previously existed ones to implement the European Union's commitments under the GATT Uruguay Round Agreement to improve market access for imports from third countries.

Frontier Protection

On import to the EU, most products are subject to the rate of duty listed in the Common Custom tariffs, unless eligible for concessionary rates under third country trade agreements such as the

Europe Agreements, Mediterranean trade arrangements, the Lome Convention or the Generalized Scheme of preferences. Tariff levels are generally higher in periods of Union production and lower outside those periods. This, for instance, is normally applied to non-processed fruit and vegetable products. Meanwhile for processed fruits and vegetables the rules of origin applicable to each of the above-mentioned agreements are of particular importance in determining the country of origin of processed products. An additional import levy may also be charged on the percentage of added sugar in processed fruit vegetable products under the sugar regime.

Countervailing Charge

In addition to the above-mentioned duties, this type of charges may be applied to provide reinforced protection to EU producers. By definition, it is an additional levy imposed on imported goods to offset subsidies provided to producers or exporters by the government of the exporting country. In particular, these charges may be applied on certain fresh fruits and vegetables from particular countries in particular seasons, and on certain goods (e.g. dried grapes and wine) when the import price fails to meet a predetermined reference protection to EU producers.

Quantitative Restrictions

Although GATT/WTO market access commitments obliged member countries to convert non-tariff barriers (NTBs) to trade into tariff equivalent (tariffication), the EU did exempt from these commitments some sensitive products such as olive oil, beef meat and some processed food products. The EU, therefore, continues to use some quantitative measures on its border.

The most important are the so called “Tariff Rate Quota”, a quantitative threshold on imports during a given period beyond which a higher tariff is applied. The lower tariff rate applies to imports below the quota.

For some products are also imposed “Specific Rate Tariff”, e.g. levies that are defined in terms of specific amount.

In addition to these import restrictions, some other protection measures that cover only the sector of fruit and vegetables are relevant.

Entry Price System

It was introduced in place of the previous Reference Price System. Essentially, products imported at or above an established Entry Price are subject to an ad valorem duty only, which is levied as a percentage of the CIF[27] price of import. However, if products are imported below the Entry Price, a Tariff Equivalent must be paid in addition to the ad valorem duty. This is broadly intended to bring the import price up to the Entry Price level. The Prices and tariff equivalent are fixed in the GATT and are being reduced by 20 % over the six year implementation period of that Agreement.

Minimum Import Prices

Some fruit products such as dried grapes and processed cherries were provided for a minimum import price. This does no longer exist in order to comply with GATT provisions.

Import licenses

A system of import licenses helps the Commission to monitor market developments in a number of products. Licenses are valid for three months and are issued on application, unless the Commission decides that import trends in a particular product need to be monitored more

[27] Stands for COST, INSURANCE and FREIGHT. It is the landed cost of an import good on the dock or other entry point in the receiving country. It includes the cost of the international freight and insurance and usually also the cost of unloading onto the dock.

closely, in which case they are issued on the 5th working day after the application was lodged. This gives the Commission time to consider the implications for the Union market; after this time licenses are issued automatically, unless the Commission has found it necessary to introduce emergency safeguard measures.

More generally, WTO provisions on agriculture permits member countries, as well as the EU, to adopt specific regulations or duties protecting domestic markets and producers:

1) GATT Special Safeguard Clause: An additional duty is permitted to be levied on imports which fall below an established ‘trigger price’ or when volumes of imports exceed a ‘trigger volume’ which is calculated by a method defined in the GATT, based on traditional volumes of imports and market access opportunities.

2) Anti-dumping duty: It is levied on imported commodities, and is equal to the difference between the import price and the normal value of the product in the exporting country.

3) Sanitary and Phytosanitary regulations: restrict or prohibit the import of certain animal species or products, in order to prevent the introduction of pests and diseases that these animals may be carrying.

4.3.3. Export Regime

Like the variable levy system set up by the EU to protect and sustain internal market prices, the so-called “safeguard” system was also introduced for the same purpose, and has been carried out using export subsidies and levies.

Export Subsidies (Refunds or Restitution)

They are paid to EU producers to enable them to export competitively to the world market, when world market prices are below the domestic prices. The level of refunds may be uniform or varied for different destinations, e.g. for cereals. They may not be granted at all for certain products to certain destinations, e.g. for table wine.

Under the GATT/WTO agreement, the EU must gradually reduce the volume[28] of export subsidies and expenditure[29] on them over the same six years period.

Export Levies[30]

They are imposed on exports from the EU to prevent an outflow of production, when world market prices exceed EU domestic market prices.

[28] 21% total reduction over 6 years.
[29] 36% total reduction over 6 years.
[30] They have only been applied on five occasions (once for skim milk powder, twice for cereals and twice for sugar) in the course of more than 25 years.

Key and Sensible Agricultural Products with related Trade Measures.

Products	Type of Import Charge	Type of Export Measure
Cereals, rice, dairy products, sugar, pig meat, poultry meat, eggs and first-stage processed derivates of these products	Tariff 100 euro/kg (subject to a reference price system in the case of cereals and rice). Tariff quotas for cheese, sugar, pig meat and poultry meat.	Refund (subject to annual decrease in volume and expenditure up to 2000/01).
Beef, Olive oil.	Fixed per cent duty and tariff 100 euro/kg. Tariff quotas for olive oil from Mediterranean countries. Quotas for certain types of beef.	As for beef, it is treated as the products above. Refund; levy if necessary.
Mutton and lamb.	Fixed per cent duty, combined with a tariff quota for individual exporting countries	
Wine, fresh fruit and vegetables, fish, preserved fruit and vegetables	Fixed duties, but with regular provision for additional countervailing duties in cases where imports are less than minimum import price or reference price.	Refund, varied according to destination in the case of wine.
Potatoes	Not yet subject to a common organization of the market (support regime). Member States may still apply national measures in addition to the Common Custom Tariffs ad valorem duties	
Second-stage processed agro-products, derived from the basic products (in 1 above), and not covered in the Treaty of Rome.	Ad valorem duties and tariff quotas.	
Agricultural raw materials such as wool, rubber and cotton.	Ad valorem duties.	
Tobacco	Mixed Customs duties	Refund

4.3.4. Other Related Internal Policies

In all phases of the CAP reforming process, the prevailing concerns of EU authorities have been to offer producers fair prices, and to encourage specialization within the EU while taking into account trade with third countries. The reformed regime, therefore, provides aids schemes to producer organizations whose role has been significantly strengthened.

To give more light to this issue, we take as an example the sectors of fruits and vegetables both fresh and processed. Obviously, these two sectors are of a high importance to the Mediterranean countries that are negotiating Association Agreements with the EU. They receive different kinds of aids since they cover, on one hand, a considerable number of products.

- The fruit and vegetable sector is characterized by rapid fluctuations in supply and demand for products, which on the whole are highly perishable.

- The producers are facing an increasing competition from third countries' producers who are favored by their low cost production and would receive easier entry possibilities as a result of trade arrangements.

The most important types of aids are:

Operational Funds

To access Union funds, producers organizations must draw up operational program which will be 50% funded by the EU, up to an overall ceiling. The remaining costs must be met by the producers' organizations' operation fund, which is raised by national contributions from the member states. The operational fund is to be financed by members, in proportion to the volume or value of their production marketed through the producers' organization, with matching contributions from EU funds.

Product Withdrawal Compensation

It provides compensation from EU funds to producers withdrawing their production from the market. The prices of eligible products for EU compensation are set by the Council of Ministers.

Compensation is paid only for production of marketable quality and for limited quantity, which is subject to reduction over the following years. Until final quantity limit is reached by the marketing year 2002/3, a 'stabilizer mechanism' operates if needed. This reduces the value of compensation for the next marketing year if total withdrawals exceed defined 'threshold volumes' which are based on average production of 5 years. These 'threshold volumes' are updated and set shortly before the start of the marketing year.

Processing Aids

They are directed to producers who have entered into contracts with processors (the case of Citrus), in order to make processing as an alternative to withdrawal, or to processors of a limited range of products if they contract to pay producers a specific minimum price for raw materials. In the latter case, producers are secured by the minimum price they receive from processors, while processors are paid the difference between the minimum price and the price of raw materials on the world market as a processing aid.

In addition to the previously mentioned types of aid which, in general, cover a wide range of fruit and vegetable products, there are some other types of aid such as cultivation aid and storage aid that are granted for specific products

4.4. The Association Agreement with Syria in the Light of the CAP

One of the basic objectives of the association agreement between Syria and the EU from the Syrian point of view is to obtain trade concessions for Syrian agricultural products.

As we will see in chapter 8 of this study, the Syrian negotiators have identified the agricultural products for which they will ask trade concessions, on the basis of national interest.

The question here is to what extent and by which means the EU is really prepared to open its agricultural market; in particular its fruits and vegetables market, to Syrian exports.

Firstly, the other experiences of previous agreements between the EU and other Med-countries, as we will see in more details in chapter 7, tell us that a high reduction in tariffs and a liberalization of all agricultural products are far reaching demands. The EU accepted to offer other Med-countries only limited and very specific trade concessions, such as tariff quota and reference quantities.

This outcome of negotiations is also expected to be valid in the case of Syria. Hence, Syrian negotiators should ask only for a specific but well tailored piece of the big EU market pie, which the EU side could be prepared to concede.

One last point is that WTO rules still provide the EU with the right to exclude a substantial part of its agricultural products from the free trade provisions of the association agreement. However, further WTO negotiations will eventually lead to a more opening in the EU import markets. Accompanied by a reduction of market intervention and a move towards rural development policy, the EU is expected to have in the future a more liberalized market. The earlier Syria will signs an association agreement with the EU; the more relevant (and longer) trade preferences will gain.

Chapter 5 -Syrian Agricultural Policies and Trade Issues

5.1. The Evolution of Syrian Agricultural Policy

Agriculture in Syria is considered the most important sector from a social and economic point of view. Its average contribution to GDP from 1970 to 1992 was around 18.6 % (the highest was 19.6% in 1970, and the lowest 16.3% in 1985). The importance of agriculture comes from the fact that more than half of the population is living in rural areas, and a large part of it obtains its income from farming. More clearly, agricultural labor accounts for about 28% of total labor force.

Given the importance of the sector, the Syrian Government recognizes a high priority to agricultural policies in defining the overall national economic policies.

In order to highlight the historical evolution of Syrian agricultural policies over the last 30 years, it is worth distinguishing two historical phases taking place before and after1987.

5.1.1. The Period from 1970 to 1987

During the period from the early 70s to the mid 80s, Syrian economic policy was strictly oriented by the principles of central planning, with the government being actively involved in the setting, the supervision and the implementation of most economic activities (production, processing, marketing, etc).

The two most important general objectives of these policies were the following:

- Supporting the agricultural sector, taking into consideration social objectives, such as food security.
- Achieving self-sufficiency and improving the trade balance by decreasing import and increasing export.

To pursue the above-mentioned objectives, the Syrian government implemented the following policies:

- Compulsory implementation of agricultural production plan, i.e., the Government specified areas to be planted for strategic crops at all levels and farmers were obliged to follow these targets.
- Subsidization of some agricultural crops (e.g. wheat).
- Government monopoly on agricultural credit, which was provided to farmers at preferential terms.

- Public Agencies` monopoly of foreign trade of the most important commodities.
- Government pricing and marketing of many commodities, such as strategic crops and vegetables e.g. Wheat, Cotton, Sugar beet, Tobacco, Lentils and Chickpeas.
- Improving access to water and land resources through legislation and investment programs.

These policies achieved some positive results such as:

- Income improvements for a large number of farmers as a result of input and credit subsidization (both in-cash and in-kind), and high output prices;
- Improvement of agricultural infrastructures as a result of large-scale public investment projects, especially land reclamation, irrigation, research and extension.

The main shortcomings of these policies were:

- Inadequate attention to quality of agricultural production and sustainability of natural resource use;
- Scarce attention to national comparative advantages;
- High protection and trade imbalance
- Increasing public debt.

5.1.2. The Period After 1987

During this period Syrian policies have been changing mainly in response to changes in the global economic environment. The new policy approach has been characterized by the gradual move toward indicative, participated, and decentralized planning without renouncing to the government role in guiding resource allocation. The new approach gives more space to the private sector, especially in processing and marketing agricultural products. This transition toward a market-oriented economy aims at increasing competitiveness on international markets and enhancing efficiencies of Syrian agro-business. The most important features of this new phase have been the following:

- Improving marketing services through the establishment of new wholesale markets;
- Improving trade relations with Arab and foreign countries;
- In terms of domestic marketing, the trade of non-strategic crops including chickpeas and lentils was opened to include the private sector, while wheat, barley, cotton, sugar beet and tobacco were still marketed by state companies;
- Releasing the compulsory delivery of agricultural products;
- Promoting the establishment of marketing facilities including packing houses, stores and transportation companies;
- Promoting the establishment of agro food plants in order to control market bottlenecks.

- Promoting actions aimed at improving the degree of resource utilization, which is still receiving a smaller portion of agricultural investments.

To achieve the above-mentioned objectives, the Syrian government has carried out a set of policies, which can be summarized as follows:

– Developing agro-food industries, to increase the value added proportion of final agricultural products.

– Exploiting comparative and competitive advantages enjoyed by Syrian agricultural products.

– Encouraging new investments from external sources.

– Reducing prices fluctuations.

– Increasing openness toward the world market (WTO negotiation; Syria-EU association agreement, Arab Free trade area).

– In this period of time the agricultural planning policy aimed at improving the agricultural production in terms of quantity and quality, taking into consideration the available resources and the domestic and foreign supply and demand of agricultural commodities. Recently, the Agricultural Council has been given a larger role in the agricultural plan preparation within the indicative instructions of the agricultural development strategy. All parties concerned in the agricultural production contribute in the preparation of the plan whereas the central administration acts as a coordinator and carries out studies related to balances and agricultural policy analysis.

– Exploiting available chances to sign world and national agreements, which have suitable advantages for Syria.

5.2. Trade Policy

5.2.1. General Policy Framework

In 1998 the Syrian Government continued to reduce administrative barriers to imports. The private sector, responding to these and other reforms, has increased its imports beyond those of the public sector; however, due to price competitiveness and continued U.S. economic sanctions, U.S. exports to Syria have lagged behind those of other countries.

Prospects for Syrian private sector investment and imports continue to improve slowly, spurred by economic reforms. Liberalization actions over recent years permit private exporters to retain foreign exchange export earnings to finance permitted imports. Likewise, the government has continued broadening both its list of permitted private sector imports and investments by private sector companies in areas such as shipping, power generation and cement.

The Government uses its annual budget as its principal tool for managing the economy. Through 1992, the government's ability to raise official prices on many consumer items (effectively reducing subsidies), to improve tax collections, and to increase transfers from state enterprises, while reducing the commitment of Syrian resources to capital expenditures, enabled it to reduce budget deficits, leading to a balanced budget in 1992. However, the last five budgets registered a deficit ($310.8 million in 1994, $294.4 million in 1995, $201 million in 1996, $183.6 million in 1997, and $230.1 million in 1998). This was due to Syria's maintenance of large military and public sector establishments, and its heavy (but slowly diminishing) subsidization of basic commodities and social services. Declining oil income in 1998 exacerbated this problem.

Given Syria's anachronistic and nationalized financial system and inability to access international capital markets, monetary policy remains a passive tool used almost exclusively to cover fiscal deficits. All five country's banks are nationalized. The central bank has no policy role and interest rates are fixed by law. Most rates didn’t change in the last several years. Real interest rates reached a positive level only in 1997, as high inflation had previously undercut returns.

The drop in world oil prices had serious budget implications for the Government. Oil revenues had previously allowed Syria to remain within its commanded economy mode. Following a depression of worldwide oil prices and declining production, Syrian authorities are exploring new reserves and taking steps to diversify the economy.

5.2.2. Exchange Rate Policies

Until 1998 the Syrian Government continued to maintain a multiple exchange rate system. The official exchange rate remained fixed at 11.20 Syrian Pounds/US$ for valuations of some customs tariff rates and some bilateral debt payments. A second rate, the "Neighboring Country" rate, currently pegged at 46 SP/US$, applied to most state enterprise import/export except certain basic commodities and military/security items. This rate was devalued twice in 1997 to bring it more in line with the widely used offshore rate available in Lebanon, Jordan, and the Arab Gulf countries. During 1998, the offshore value of the pound fluctuated between 51 SP and 52.5 SP against the dollar. The government started to devalue the “Neighboring Country” rate to 46.45 SP by the beginning of 1999, in a further step to unify exchange rates, and this is what happened at the beginning of the year 2001.

Exchange controls are still strict. Syrian currency cannot be exported, although it can be imported. Outward private capital transfers are prohibited, unless approved by the Prime Minister or transacted under the Investment Law 10.

Prior to 1987, Syrian law required private exporters to surrender 100 percent of foreign exchange earnings to the central bank at the official rate. Now, private exporters may retain 75 to 100 percent of their export earnings in foreign exchange to finance imports of inputs and other items designated on a short list of basic commodities, surrendering the balance to the Commercial Bank of Syria at the less favorable "Neighboring Country" rate. Since 1991, the Commercial Bank of Syria will convert cash, travelers’ checks, and personal remittances for non-Syrians at the "Neighboring Country" rate. In 1996, Syrian citizens were permitted to open bank accounts in foreign currencies at the Commercial Bank of Syria.

5.2.3. Price and Tariff Policies

The Ministry of Supply and Internal Trade controls prices on virtually all products imported or locally produced, although enforcement in most sectors is spotty. The ministry also sets profit margin ceilings, generally up to 20 percent, on private sector imports. Local prices are computed at the 46 SP/US$ rate. In the agricultural sector, production of strategic crops (cotton and wheat) is controlled through a system of procurement prices and subsidies for many inputs, including seeds, fuel and electricity. Farmers may retain a portion of production, but the balance must be sold to the government at official procurement prices. Between 1989 and 1996, the government continued to increase farm gate prices to encourage production and to enable state marketing boards to purchase larger quantities of locally produced commodities. For the past four years, the Syrian Government's price of wheat has been significantly above the world price.

Most public sector contracts are awarded through the official tender system. These are open to international competition with no restrictions, other than language pertaining to the Arab

League boycott of Israel and the requirement to post a bid bond. The Syrian public sector bodies will accept positive statements of origin to deal with the boycott issue.

Syrian tariffs are very high for finished and luxury products, exceeding 250 percent for passenger cars. Income taxes are highly progressive. Marginal rates in upper brackets are 64 percent. Salaried employees also pay a graduated wage tax, reaching 17 percent. Tax evasion is widespread.

Syria has agreed with other Arab countries within the Arab League to reduce customs duties by 10 percent every year as of January 1, 1999. In addition, Syria and Lebanon agreed to reduce customs duties by 25 percent every year as of the same date.

In 1998, in the context of the negotiation process for the Association Agreement, Syria signed a Framework Agreement with the European Union, which allowed extension of new credits under the EU - Mediterranean Development Initiative.

5.2.4. Debt Management Policies

Syria's external debt amounted to $5 billion at the end of 1997 (equivalent to 30 percent of GDP in 1997, and including debt to Russia not denominated in rubles). About one-half is owed to bilateral creditors, notably Germany and Japan, with the remainder divided equally between 1) regional and international institutions; and 2) banks and suppliers. In addition, ruble-denominated debt owed to the Russian Federation, which is mostly in arrears, amounts to 2.5 billion rubles, which reflects the 65 percent discount provided under the Paris Club agreement with the Russian Federation. Negotiations on the size and settlement of the debt, and Syrian counterclaims, are continuing.

Syria has been pursuing a strategy to reduce its external debt, whose amount, as of May 1998, was $1.4 billion. Following an agreement with France in 1996, another agreement was concluded with the World Bank in July 1997 under which Syria repaid $272 million in principal arrears, while rescheduling the remaining $260 million in interest arrears over a five-year period. A resumption of World Bank technical assistance followed, although Syria cannot borrow yet from the IBRD until the debts are settled (however, the IFC is about to resume operations in Syria.). An agreement with the U.K. was also concluded in 1997, involving a cash payment. Negotiations with Germany are hampered by difficulties over the valuation of claims of the former German Democratic Republic on Syria.

5.2.5. Export Subsidies Policies

Local export financing and export subsidies are not available to either the public or the private sectors. Indeed, Syria is one of the few countries in the world that levies taxes on some private sector exports. However, recent government decisions allowing private firms to transact exports and imports at the "Neighboring Country" exchange rate, instead of the overvalued official rate, have encouraged private trade through official channels. Similar concessions to public sector companies to complete export transactions enhanced the foreign exchange position of these companies. The government is exporting wheat at prevailing international prices. Export prices are still below the cost of the government at the "Neighboring Country" rate of exchange.

5.3. Syrian Trade Policies and the Negotiation of the Association Agreement with the EU

In general, we can say that the Syrian trade policy is slowly changing, following the overall liberalization of the national economic system.

On the import side the process of tariff reduction and of import liberalization will go on gradually, and its effect stimulate efficiency. On the export side there are still some negative features, which must be removed to increase the penetration of Syrian commodities abroad. These negative aspects are as follows:

- Foreign trade laws are old, complicated and unable to cope with the rapid development of international markets and of the world economy.

- The capacity of market performance, which plays a major role in determining prices, is poor. It suffers from a clear instability, due to the lack of integration among producers, consumers and the government. So, it is necessary to find the best method of cooperation among the responsible authorities for market performance. It is necessary to encourage NGOs to play a larger role in marketing operations instead of mere services. An improved marketing capacity is closely related to increasing competition, which leads to more concentration on different marketing operations such as packing, storing, transporting and processing.

- Financial policies in the country have to be reformed towards modernization, especially by establishing new banking systems.

The most important goal for any country is to enhance its competitiveness in foreign markets, so specific policies have to be applied in order to achieve such a goal:

- Making studies on the competitive situation of this specific market through external promotion missions and fairs.

- Increasing market area by advertisement in external markets and developing post selling services

- Adopting measures or procedures aiming at enhancing domestic production in order to access external markets, and encouraging the trend toward bilateral, multilateral agreements and free trade areas.

- Obviously, during the negotiation concerning the Syrian-EU association agreement, the two parties will ask for (and will be prepared to offer) concessions or preferential treatment concerning tariffs. In other words, trade concessions will be the main issue that the negotiation will deal with, so each side will try to get, as much as possible.

On the import side

After the negotiations, the Syrian Government will gradually change its trade policies, by abolishing and reducing tariff on some products. This will lead to a new trade environment and trend towards market economy, in which the economic efficiency and the competitive advantage aspects will be taken into higher consideration. This change is good in the long run, but in the short run it could create problems especially for some sensible products, which have been traditionally protected by the domestic policy. As a matter of fact, these sensible products will be ready for free trade only in a longer time period, also as a result of the association, through a gradual tariff reduction.

Classification of these products in terms of sensibility is based on several measures or criteria such as protection or/ and import restriction.

The sensible imported products can be divided into two categories

1- List of banned or suspended products includes all products whose import is not allowed at all, for different reasons:

- Products banned from import for the purposes of protecting national products such as natural honey, fresh/dry grapes, unshelled almonds/walnuts/pistachio, canned tomatoes, tomatoes paste, and all type of wine.

- Products suspended from import for reasons related to the balance of payment such as pineapple, mushroom, asparagus, and alcohol.

- Products that are banned for different purposes (environmental and sanitary reasons) such as live quarries excluding canaries and parrots animal fat used for food processing or included in food, hydrated ghee from animal fat.

2- List of protected products by custom tariff, which includes the products on which the Syrian Government imposes a tariff in order to protect domestic production. The logic behind this policy is based on several reasons, such as:

- Protection of workers of the sector from external competition.

- Protection of the infant industries.

- Protection of some strategic crops by keeping domestic price higher than import price to achieve the government goals such as food security and self-sufficiency.

The question is if exposing these sensible products to world competition is better or worse than being protected and isolated from international markets. The action to be taken should include the following:

- Stopping inefficient firms, since they cannot cope with a competitive environment.

- Investing in sectors characterized by competitive and profitable production in order to encourage domestic producers to increase efficiency.

- Providing a high quality product to the domestic consumer, at a reasonable price.

On the export side

The Syrian negotiators will try to achieve the biggest advantages for the Syrian products to access the EU market. Obviously, from a Syrian point of view, there are priorities for some exportable products, especially in the fruits and vegetables sector. This priority is based on the sensibility of these products in terms of export competitiveness of Syrian production and in terms of degree of protection of EU market by import quotas and entry price systems.

In particular, for this sector the main concern of the Syrian Government is to get more space in the EU market in order to dispose the domestic surplus. But in this context the real problem will be the strong competition coming from other Mediterranean countries such as Morocco, Tunisia, and Turkey. Bearing this problem in mind, it could be better for Syrian negotiators not to insist in asking for complete trade liberalization (something that EU is not prepared to concede). Rather, asking for a reasonable slice of European market to be reserved for Syrian exports, through the concession of import quotas.

Annex to Chapter 5

Table 5.1Tariffs on main imported products

Product	Unified tax	Custom tariff
Refined sugar	14%	15 %
Flour of wheat	6%	1 %
Milled paddy rice for seed	6%	1%
Maize	6%	1 %
Bananas	27%	75 %
Tea	13%	7 %
Coffee	17%	30 %
Shortening	14%	15 %
Cake of Soya been	6%	1 %
Dry milk	13%	7 %
Potato for sowing	6%	1 %
Sweet potato	17%	30 %
Sesame seed	6%	1 %
Dates	17%	30%
Sheep	6%	1%
Fresh , frozen meet	13%	7 %
Ghee	13%	7 %
Oil of sunflower seed	13%	7 %
fat and industrial acids	6%	1%
Hydrogenated animal oils	13%	7 %
Guts	21%	50 %
Fresh , frozen, and dried fish	13%	7 %
Prepared mate	17%	30%
Raw mate′	13%	7%

Table 5.2 Self sufficiency ratio for selected agricultural products

Name of the product	Percentage of self sufficiency
Wheat	135%
Cotton lint	263%
Dried legume	152%
Apple	133%
Citrus	136%
Olive	114%
Poultry meat	107%
Eggs	105%

Prospect: Some Syrian resolutions in terms of trade policy

Resolution No. 1318 of 1988 related to exporters' obligation to import goods at the same value of the exported goods, or to exchange the foreign currency they earn from export at the Central Bank of Syria. The foreign exchange office at the CBS supervises the fulfillment of these obligations.

Resolution No. 1062 of 1988 permitting export of ghee as an exception of the export prohibition provisions.

Resolution No. 2189 of 1990 allowing private sector and joint venture exporters to sell the foreign currency earned from export to the Commercial Bank of Syria or to other importers at the rate of neighboring countries.

Provisions of resolution No. 279 of 1987 issued by the Ministry of Economy related to exporters' right to hold 75% of the foreign currency earned from export to finance imports. The remaining 25% can be exchanged at the neighboring countries rate.

Resolution No. 732 of 1991 permitting the export of olives as an exception of the export prohibition provisions.

Resolution No. 1915 of 1991 raising the amount of foreign currency earned from export of vegetables and fruit that can be held by exporters to import pickups and cold storage trucks to 75% instead of 50%.

Resolution No. 803 of 1997 allowing state farms and General Federation of Peasants to export sheep males (Al awwas) without fulfilling the condition of importing double the weight of live foreign sheep.

Resolution No. I of 1996, resolution No. 4 of 1996 and resolution No. 2 of 1997 exempting exporters of olives and olive oil from agricultural products export tax. Law no.7 of 1/7/1999 Article 1; canceling the legislative Decree no. 54 of 19/8/1952 related to the taxation of Syria exported cotton. Article 2; elimination of agricultural production tax levied under Law no. 384 of 28/4 1957 and its modifications on cotton, cotton seeds, yarn, textile and residues upon export or entry to processing plants. Executive Instructions no. 2535/4/9 of 15/4/1999: the General Establishment for Meat is allowed to export Awas sheep without importing double the exported quantity, provided returning the earned exchange currency.

Resolution allowing vegetables and fruit exporters to keep 100% of the foreign currency earned from export.

Resolution allowing to adopt agencies for exporting public sector establishment outside, to announce for the products of those establishments for commission.

Prime minister office resolution No.796 of 1987 allowing private sector importers to import tractors, pesticides, fodder, vaccines, and agriculture vehicles' tires under (180 days) credit facilities without paying any commission, deposit, or down payment.

Ministry of economy resolution No. 275 of 1988, concerning import of empty containers. The value can be paid from the foreign currency earned from export.

Resolution No. 1162 of 1988 allowing importers to import green houses and their accessories.

Resolution No. 1593 of 1989 allowing the entry of industrial machines installed abroad or in the Syrian free zones.

Resolution No. 980 of 1989 allowing importers to import industrial secondhand machines and equipment provided they are not older than five years and able to work properly. The machines should be delivered together with spare parts, the value of which equals at least 15% of the machines' value, under the condition of obtaining the approval of the technical committee in the Ministry of Industry.

Resolution No. 156 of 1989 permitting the import of new and secondhand tractors, harvesters, and harvesters-threshers with various capacities. They can be imported either from the country of origin or from any other country.

Resolution No. 2315 of 1990 allowing import of goods and materials against export of vegetables, fruit, and other agricultural products under letters of credits at a rate of 100% (verbal translation). Imported goods should not be prohibited under the Syrian law of trade.

Resolution No. 973 of 1990 allowing exporters of farm products, eggs, broiler, milk products and other foodstuff to keep 25% of the foreign currency earned from export. The held money is to be used to import pickups with the loading capacity not exceeding 3 tons, and cold storage trucks. Both vehicles should not be older than 3 years

Resolution No. 905 of 1990 allowing private sector importers (including industrialists, craftsmen, and other importers) to import raw materials exclusively imported by foreign trade organizations such as iron, wool, threads, milk, butter, metal tubes, etc. The value of these materials can be paid from different sources of foreign exchange (except credit facilities). Payment with credit facilities is restricted to owners of industrial establishments and craftsmen. Imported quantities are defined by the departments of industry according to the annual needs of these establishments.

Resolution No. 636 of 1990 permitting the import of sugar, tea, coffee and rice. The value can be paid by all methods of payment except credit facilities.

Resolution No. 273 of 1990 allowing private sector importers to import vegetable oil (maize oil, palm oil and soybean oil) as an exception to the import prohibition provisions. The value can be paid from the foreign currency earned from export.

Resolution No. 416 of 1990 allowing private sector importers to import all types of internal and external tires used for tourist cars, trucks, buses, minibuses, agricultural vehicles, etc. The value can be paid from the foreign currency earned from export.

Resolution No. 189 of 1991 allowing private sector importers to import children milk, infants' food, diet food and coffee essence. The value can be paid by all methods except credit facilities.

Resolution No. 1425 of 1991 authorizing directors of economy directorates in province to give some exceptions to the foreign trade law and currency regulations in force, upon the request of private and public sector organizations.

Resolution No. 1915 of 1991 allowing vegetables and fruit exporters to use 75% instead of 50% of the foreign currency earned from export to import pickups and cold storage trucks.

As for foreign trade regulations, the Ministry of Economy issued resolution No. 186 of 1992 relating to import and export license amendments.

Resolution No. 508 of 1992 issued by the Ministry of Economy exempting private sector importers from any deposit or banking guarantee used to be fulfilled in order to reduce import costs and simplify regulations.

Resolution No. 732 of 1997 permitting import of tropical fruit juice thickeners.

Resolution No. 519 of 9/ 9/1997 permitting import of whales liver oil, plastic tubes and aluminum sheets.

Resolution No. 766 of 2000 allowing industrial establishment (private mills) and pasta plants to import hard and soft wheat for milling and re-export the wheat flour equivalent quantities. The value of the hard wheat imported by pasta plants owners is to be paid either from the foreign currency earned from export or from the accounts of the plants established under investment law no. 10 of 1991 opened at the Commercial Bank of Syria.

Resolution No. 748 of 1999 allowing pasta plants owners to import flour for processing and re-export the equivalent quantity of the processed product. Imported flour should be consistent with the plant's production capacity. Flour value is to be paid from the foreign exchange earned from export

Resolution no. 1207 of 2000 as an exception of the manufacturing year regulations: private sector importers are allowed to import second hand trailers which can be paid from the foreign exchange earned from fruit and vegetable export.

Chapter 6 -The Mediterranean Policy of the European Community

6.1. The Conceptual and Historical Evolution of the Mediterranean Policy of the EU

6.1.1. The Barcelona Process1

The ministerial conference held in Barcelona on 27-28 November 1995 has established a Euro-Mediterranean partnership. A new chapter in the history of relations between the European Union and the countries of the Eastern and Western Mediterranean.

After two days of intense discussion and negotiation, the 15 Members of the Union, 12 Mediterranean nations and the Palestinian Authority have launched a process of political and economic cooperation with ambitious development and trade objectives. In addition to the Palestinian Authority, the Med12 includes Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon, the Palestinian autonomous territories, Syria, Turkey, Israel, Cyprus and Malta.

The Declaration comprises four chapters and an annex setting out priorities for a work program.

- Political and Security Partnership
- Economic and Financial Partnership
- Partnership in Social, Cultural and Human Affairs
- Follow-Up
- Work Program.

Political and Security Partnership

The participants stressed their convinction that peace, stability and security of the Mediterranean region are common assets. They have to be associated with the respect of human rights and fundamental liberties - including freedom of expression, equal rights of people and the right of self- determination.

The initial work program concerning this chapter aims at translating the Barcelona Declaration into concrete actions. Senior officials met in the first quarter of 1996 to begin work on an action plan. Foreign policy institues will be encouraged to create a cooperation network.

[1] Information is found in the web site of Euromed.net/information-notes/Barcelona Or Delsyr.cec.eu.int/euro.

Economic and Financial Partnership
As for the Mediterranean region, participating countries fixed three long term objectives for their partnership (See chart 6.7 in annex to chapter 6 showing the economical and financial partnership):

- speeding up the process of social and economic development;

-improving peoples' living conditions by raising employment and closing the development gap in the Euro-Mediterranean region (See chart 6.8 in annex to chapter 6 showing the big income gap between the EU and its Mediterranean partners);

- promoting cooperation and regional integration.

The main vehicle for progress in these directions will be the gradual establishment of a free trade area between the EU and the Med12 by 2010. This will involve the progressive elimination of tariff and non-tariff barriers on manufactured products and a progressive liberalization of trade in farm products and in services.

The Barcelona conference agreed that a key factor in developing free trade would be the cooperation and the growth of trade between the Med12 themselves. Participants decided that they would encourage companies to make cross-border agreements and to give a high priority to improving and protecting the environment. They will also decide to increase cooperation in the energy field and in modernizing and restructuring agriculture.

The work program concerning the Economic and the Financial Partnership consisted of periodic meetings at the levels of ministers, officials and experts to establish cooperation in many areas including:

-Developing the free trade area;

-Creating the right environment for investment;

-Encouraging European private sector involvement in industrial development;

-Encouraging agricultural diversification, good environmental farming practices, privatization in agriculture, alignment of veterinary and sanitary issues;

-Creating efficient multi-modal air and sea links across the Mediterranean;

-Promoting cooperation in the energy sector;

-Developing information and telecommunications infrastructures and new services in the Med.countries.

-Analyzing environmental problems in the Mediterranean basin and defining initiatives to deal with them;

-Encouraging research and development and assisting in the training of scientists and technicians;

-Planning and use of water resources.

Partnership in Social, Cultural and Human Affairs
Recognizing that mutual understanding can be greatly enhanced by human exchanges and a dialogue between different cultures, the conference agreed to establish a wide range of

cooperation not only in the world of politics but also in culture, religion, education, the media, as well as between trade unions and public and private companies.

The Declaration also recognizes the challenges posed by current population trends in the Med12 and says they must be counterbalanced by "appropriate policies to accelerate economic take-off". The participants agreed to strengthen their cooperation to reduce migratory pressures and illegal immigration. They also acknowledged the principle that countries of origins had "a responsibility for readmission" of illegal immigrants in Europe.

The work program concerning the Partnership in Social, Cultural and Human Affairs:

- Strengthens human resources development (teachers training and more cooperation among universities);

-Involves cities and regions in the partnership;

-Establishes dialogues among cultures and civilizations by means such as sponsored performances and coproductions;

-Encourages greater interaction between the media of the EU15 and the Med12;

-Sets up health care training and management

-Opens the discussions on migratory flows and pressures

-Promotes cooperation between law and authorities as part of the fight against terrorism, drug trafficking, organized crime and illegal immigration.

Follow-Up

Foreign Ministers from the 27 nations will meet periodically to review the progresses made in implementing the Barcelona Declaration and to agree on actions aimed at achieving its objectives.

Various sectoral meeting at ministerial level will be organized together with ad hoc conferences.

6.1.2. Regional Cooperation[31]

Regional cooperation is an innovatory approach of the Barcelona Process, benefiting from around 10 % of MEDA funds. Its aim is to create stronger integration among partners. Priorities for regional cooperation, identified and confirmed by the various Conferences of the Foreign Ministers, are:
-Political and security chapter: the regional cooperation projects are known as partnership-building, or confidence-building measures. Despite the existence of political obstacles, due to the Middle East peace process, certain measures were approved. The main measures in force are: training seminars for Euromed diplomats; the network of Institutes of Foreign Policy (EuroMeSCo); cooperation project between agencies of civil protection regarding natural and man-made disasters; and record of bilateral agreements. In addition, senior officials continue their work on the development of the chapter for peace and stability.

-Economic and financial chapter: this chapter involves industrial cooperation, energy, transport, environment, water and information. The main current regional programs concern the information society (45 million euro), environment (7 million euro) and energy (12 million euro). In the field of industrial cooperation, two Working Groups (now one) were established,

[31] The source of the information is the European Commission, External Relations DG (unit F.1), February 2000

the work of which is being re-orientated around four broad topics: promotion of investment, technological innovation, alignment of measures involving the single market and SMEs (Southern Med.Eastern countries) .

-Social, cultural and human chapter: the main sectors are culture (including audio-visual), youth, and cooperation in the fight against organized crime (including the fight against illegal immigration and drug trafficking). In this arena, the conclusions of the Stuttgart Conference indicate that prioritization work remains to be done. The main regional programs concern cultural heritage (17 million euro), youth (6 million euro) and the audio-visual sector (20 million euro). In this section, the promotion of activities of the civil society is a main objective.

Despite the willingness to make progress, regional cooperation encounters political (in particular because of the Israeli-Arab conflict) and technical obstacles (difficulty of managing programs with multiple actors). Moreover, the bilateral approch is considered more appealing by the majority of the partners, for negotiation process and for political reasons. This is particulary true for Arab countries, that feel more confortable in a bilateral framework than in a regional one, in which also Israel is involved.

6.1.3. Bilateral Cooperation

The Euro-Mediterranean Association Agreements (EMAA) concern 9 of the 12 Mediterranean Partners: Algeria, Egypt, Lebanon, Jordan, Morocco, Syria, Tunisia and the Palestinian Authority. The other three partners, Cyprus, Malta and Turkey, are covered by Association Agreements dating back to the 1960s and 1970s which envisage their eventual accession the European Union and provide inter alia customs union with the EC (completed with Turkey and well advanced with Cyprus).

The current sitution of the Euro-Mediterranean Association Agreement.32

PARTNER	CONCLUSION OF NEGOTIATIONS	SIGNATURE OF AGREEMENT	ENTRY INTO FORCE
Tunisia	June 1995	July 1995	March 1998
Israel	Septembe 1995	November 1995	June .2000
Morocco	November 1995	February 1996	March 2000
Palestinian Authority	December 1996	February 1997	July 1997
Jordan	April 1997	November 1997	-
Egypt	June 1999	-	-
Lebanon	In progress	June 2002	-
Algeria	In progress	-	-
Syria	In progress	-	-

The EMAA are preferential trade agreements but they try to go much further than this kind of agreement normally do. Much of the detailed provisions differ from one partner to another but the main common features are as follows:

Trade

Free trade has to be implemented in accordance with WTO rules over a transitional period which may last up to 12 years as regards tariff dismantling by the partners. Trade in agricultural products has to be "gradually liberalized" (through tariff reductions within quotas); a gradual liberalization of trade in services is provided starting from the GATS.

Other economic provisions

A number of other provisions are implemented in order to pursue the greatest possible harmonization between the EU and the Med. partners. They include maintenance of a high level of protection of intellectual property rights, gradual liberalization of public procurement, adjustment of provisions concerning competition, state aids and monopolies; provisions on liberalization of capital movements; economic cooperation in a wide range of sectors (industry, environment, energy, transport, customs, etc.).

Financial cooperation

As far as financial assistance to the partners is concerned, the Agreements indicate the main areas for such cooperation and for an economic dialogue, but no amounts of financial assistance are specified.

Social and cultural cooperation

The agreements contain provisions on workers' rights and other social matters as well as on the readmission of nationals and non-nationals illegally immigrated.

[32] European Commission, External Relations DG (unit F.1), March 2000

An Association Council (Ministerial) and a Committee (officials) have been set up together with an arbitration procedure. The agreements are of unlimited duration and may be denounced with a six-month period of notice. Each agreement has to be ratified by the Council of the European Union, all EU Member States and the Mediterranean Partner before it enters into force. This explains the gap between the signature and the entry into force of the agreement.

6.2. The MEDA Program3

The MEDA program is the principal financial instrument of the European Union (EU) for the implementation of the Euro-Mediterranean Partnership. For the period 1995-1999 it accounted for over € 3,400 million of the € 4,685 million of budgetary resources allocated for financial cooperation between the EU and its Mediterranean partners. In the year 2000 available MEDA funds amounted to € 945 million. These grants from the Community budget are accompanied by substantial lending from the European Investment Bank (EIB).

Some 90 % of the resources allocated to MEDA are channelled bilaterally to the partners (this relates to Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority). The other 10 % of the resources are devoted to regional activities: all the partners are eligible to benefit from it.

MEDA resources are subject to programming: three-year national indicative programs are drawn up jointly for the bilateral channel, and a regional indicative program covers multilateral activities.

The priorities for MEDA resources at bilateral level are:

-Support to economic transition: the aim is to prepare for the implementation of free trade through increasing competitiveness with a view at achieving sustainable economic growth, in particular through development of the private sector:

-Strengthening the socio-economic equilibruim: the aim is to alleviate the short-term costs of economic transition through appropriate measures in the field of social policy.

Examples of projects financed by MEDA are: structural adjustment programs in Morocco, Tunisia and Jordan; social fund for employment creation in Egypt; rehabilitation of the public administration in Lebanon; rural development in Morocco.

Examples of loans signed by the EIB are: projects to improve wastewater treatment and management of water resources in Egypt, Lebanon, Jordan, the West Bank and Gaza Strip, and Morocco; measures to reduce pollution and modernization of traffic control systems at airports in Algeria.

The regional indicative program complements and reinforces the bilateral ones and foresees the implementation of activities in all three domains of the Barcelona Declaration e.g. the political and security dimension; the economic and financial dimension; the social, cultural and human dimension.

The MEDA Program, endowed with € 3 475 millions in commitment credits for the period 1995-1999, has produced actual commitments of € 3 404 million for the period 1995-1999 and actual payments of € 890 million.

Over the period 1995-1999, commitments went to four main types of operations:

-Support to structural adjustment: 16 % of total commitments;

-Support to economic transition and private sector development: 30 % of total;

-Classical development projects: 40 % of total;

-Regional projects: 14 % of total.

As in any international financial cooperation activity, the rate of payments of the MEDA Program is a direct function of the type of operation for which commitments are made.

In fact, some operations such as support to structural adjustment result in payments over a short time span, generally two years, provided however that conditions agreed between the Commission and the beneficiary government are met.

Economic transition and private sector development operations generally consist in technical assistance operations over a 3-4 year period.

Classical development operations (rural development, basic health care, education, drinking water, sewage, etc.) require works and services as well as procurement of equipment following tendering procedures. The implementation period is longer, generally 4 to 6 years.

Finally, regional projects financed under the Euro-Mediterranean Partnership often consist of completely novel forms of cooperation, necessitating innovative financial and legal frameworks of a complex nature. It is estimated that payments are spread over a 3-5 year period.

Taking into account the current mix of operations within the MEDA Program it is estimated that the average implementation (i.e. payment) period for each of the annual commitment is theoretically 4 years.

For the period 1995-1999 cumulative payments have reached over € 890 million, or 26 % of commitments made over the same period.

6.2.1. Economic Transition of the Mediterranean Partners

The European Union systematically supports efforts to modernize the economic policies and institutions of Mediterranean Partners, pursuing 5 objectives:

-Macro-economic stabilization founded upon sound fiscal and monetary policy;

-Privatization and deregulation;

-Liberalization of international trade, in the context of the gradual development of a Euro-Mediterranean free trade area;

-Simplification and improvement of regulations and administrative procedures;

-Enhancement of social protection.

A key objective is to improve the quality of the economic environment for private investment. The State has a fundamental role in legislating and regulating normalization and standardization as well as in progressively privatizing state-owned industries. These are key steps towards a competitive market economy.

The European Commission's role as administrator of the MEDA Program is not to replace local institutions but rather to supply them with technical assistance and know-how acquired within the European Union, also in the context of rapid economic transition of Central Europe.

As already mentioned, the MEDA Program budget allocated to the Euro-Mediterranean Partnership for 1995-1999 represented over 3,400 million Euro out of a total of 4,685 million Euro envisaged by the Cannes Summit of 1995 (73%). This budget allows for intervention in favor of Mediterranean Partners in the areas of structural adjustment and private sector development.

For this reason the EU is involved in a wide range of projects in the region, such as:

In Algeria:

- "Program de Restructuration Industrielle" for 38 million Euro.

- "Program d'Appui au Développement des PME" worth 57 million Euro.

In Morocco:

- -"Program d'Appui au Ministère de la Privatization" amounting to 5 million Euro.
- -"Program d'Appui à l'Agence Nationale de Réglementation des Télécommunications" (ANRT) and the liberalization of the telecommunications funded with 5 million Euro.
- The Al Inmaa Chaabi and Chamal programs for job creation in the North with a participation of 6,2 and 6,8 million Euro respectively.
- "Program d'Appui aux Instittutions Financières de Garantie aux PME" for 30 million Euro.

In Tunisia:

- -"Facilité Ajustement Structurel II" (FAS II) for 80 million Euro.
- -"Program d'Appui aux Centres Techniques Sectoriels" endowed with a budget of 250,000 Euro for the first phase of the study.
- -"Program Triennal d'Amélioration de la Qualité Industrielle" for the amount of 5 million Euro.
- -Support for Employment Creation for 9,6 million Euro.

In Syria:

- The PSAP (Power Sector Action Plan) for the sum of 11 million Euro.

In Egypt:

The IMP (Industrial Modernization Program) for which the EU contribution amounts to 250 million Euro is devoted to supply assistance in modernizing and restructuring the Ministry of Industry as well as in implementig the reform process regarding competition, consumer protection and international trade. This program is different from the others as it is destined to become a permanent structure in the long term.

Three meetings of government experts on economic transition have taken place in 1997, 1998 and 1999. These have allowed for an open discussion of the major issues concerning free trade and economic transition.

6.2.2. Free Trade Area

In the Barcelona Declaration, the 27 Euro-Mediterranean partners agreed on the establishment of a free trade area by the target date of 2010. This is to be achieved by means of the Euro-Mediterranean Association Agreements negotiated between the European Union and 9 out of the 12 Mediterranean Partners, together with free trade agreements among the partners themselves. Negotiations for agreements have been concluded between the Union and Tunisia, Morocco and Jordan; an interim Agreement has been concluded between the Union and the PLO for the benefit of the Palestinian Authority; negotiations have been concluded with Egypt, but the Agreement is yet to be signed; negotiations are still under way with Lebanon, Algeria and Syria.

The Agreements with Tunisia, Morocco and the PLO are already in force, the others so far concluded are awaiting ratification by the parliaments of the EU Member States.

As far as Turkey, Cyprus and Malta are concerned, relations are governed by pre-existing association agreements providing inter alia for the progressive establishment of custom unions.

The provisions of the Euro-Mediterranean Association Agreements vary from one partner to the other, but contain some common aspects:

-all agreements foresee the creation of a free trade area compatible with WTO requirements;

-free trade has to be completed over a transitional period, which may last up to 12 years from the date of entry into force of the Agreement;

-custom duties on EU exports of industrial products to Med.partners to be eliminated gradually during the transitional period (partners' exports of these products already have duty-free access to the EU);

-trade in agricultural products has to be gradually liberalized through the application of preferential access to the market on a reciprocal basis, taking as a starting point traditional trade flows.

The EU extends preferences based on the pre-existing arrangements while the Mediterranean Partners extend more limited preferences to EU exports. Other common features are the maintenance of a high level of protection of intellectual property rights; the gradual liberalization of trade in services; the gradual liberalization of arrangements on public procurement; the adjustment of provisions relating to competition, state aids and monopolies.

As a matter of fact, all industrial exports from the Partners already have duty-free access to the EU market. EU industrial exports to Turkey and the Palestinian Authority benefit from duty-free access. Tariff dismantling on EU exports to Cyprus, Malta and Tunisia has begun and will begin with the other partners when the association agreements enter into force.

Taking further action on a number of accompanying measures will increase the benefits of free trade. With this objective in mind the Commission issued a Communication on 30 September 1998, on the Euro-Mediterranean Partnership and the Single Market, proposing that an action has to be taken within the Partnership to promote cooperation in areas such as: customs matters and taxation; free movement of goods; public procurement; intellectual property rights; financial services; data protection; competition rules, accounting and auditing .

The partners have endorsed this proposal in principle, with the possibility of adding other measures including harmonization and certification of standards. The latter issues are under study by experts ofindustrial cooperation.

6.3. The History and the Present Situation of Syria-EU Trade Relationship

6.3.1. EU-Syria Trade Relations

The trade relationship between Syria and the European Union (EU) has a long tradition. Trade with the EU accounts for a significant share of total Syrian trade, especially on the export side: imports coming from EU countries represent 30% of total Syrian import, while the EU destination accounts for 55% of total Syrian exports. Thus, Syria's main trading partner is the EU, with a trade balance in favor of Syria. However, there is a downward trend in both exports and imports. Main exporters from the EU to Syria are Italy (6.9%), Germany (5.7%), and France (3.8%) and to a lesser extent Belgium, the United Kingdom and the Netherlands. Main importers are Italy (17.3%), Germany (12 %), France (11.5%), Spain (5.9%) and Greece (3.7%).

The principal EU exports to Syria are metal and metal products, machines and equipment, electric appliances, transport equipment and chemical products. The principal EU imports are crude oil (the EU buys 62% of all Syrian oil products) and cotton. The main competitors on the Syrian market are South Korea, Ukraine, Turkey and Japan.

In 1998, the European trade deficit with Syria reached 45 million Euro. It is expected that the EU's trade deficit will increase further because of the raising oil price.

There are some results concernig agricultural trade between Syria and the EU, coming from a study in progress:33

-Export growth rate

Most Syrian products with current tariff concession in the EU market showed negative export growth in the recent years.

-Trade composition

Only 15% of Syrian exports to EU are processed products. Over 87% of Syrian imports from the EU are processed products.

-Trade diversification

5 products account for 90% of Syrian exports to the EU. Out of them only potatoes with a positive export growth.

-Product coverage

90% of Syrian export value to EU benefit from zero tariff, the remaining 10% benefit from trade concession. The preference margin accounts for 0.1% of the value of Syrian agricultural exports to the EU.

6.3.2. The EU-Syria Co-Operation Agreement (1977)

The co-operation between the EU and Syria dates back to 1977, with the signature of the Co-operation Agreement. This provided free access of Syrian industrial products and tariffs concessions for some agricultural products to EU markets. Through this cooperation agreement, financial assistance is provided to Syria by means of the Financial Protocols, each with a 5-year horizon, which determines subsidies and credits granted to Syria as part of the "technical and financial co-operation". The first two financial protocols provide respectively assistance amounting to 60 million ECU (1977-1981), and 97 million ECU (1982-1986).

A number of important programs were launched under the Third and Fourth Financial Protocols, some of which are still being implemented. Some of the Protocol activities are classical co-operation projects for the provision of basic infrastructure and services (e.g. the Electricity Sector Support Program). Other Protocol projects marked the start of EU co-operation in the field of economic reform. With the establishment of the Syrian European Business Center and the Banking Sector Support Program, the idea was to provide Syria with some of the main elements that constitute a supportive economic environment, namely efficient services for private companies and a modem financial system.

In November 1986, the relationship between the Community and Syria rapidly deteriorated due to political reasons. The co-operation between the two parties was as a result seriously affected: the implementation of the first two financial protocols was blocked and new protocols

The study of theimplication of Syria-EU Association Agreement, Coque.

postponed.

Two “additional” Protocols - following the enlargement of the Community to include Spain and Portugal - were however signed in June 1988 and received the assent of the European Parliament on 12 October 1988 for their entry into force.

The discussions on the third financial protocol (1987-91) - 146 million ECU - were blocked until 1991. Their resumption marks the formal restart of the relationship between the Community and Syria. It was facilitated by the Syrian participation in the allied coalition in the Gulf against Iraq. This protocol was late in coming into force however. And the European Parliament provided its assent for the Protocol only in October 1992.

The approval of the fourth financial protocol (1992-96) - 158 million ECU -, was initially denied by the European Parliament and assent was given on 15 December 1993.

In November 1994, on the occasion of their first Co-operation Council since 1977, the Community and Syria claimed their desire to deepen their relation Syria participated in the Barcelona Euro-Mediterranean Conference in November 1995.

Two years later (December 1997) the Council of Ministers gave a mandate to the Commission for starting the official negotiations on the conclusion of the Euro-Mediterranean Agreement between the European Union and Syria.

Syria continued to express its wish to strengthen its links with Europe, while maintaining good relations with the Gulf States, Iran and several Asian countries. Syria tightened its relations with countries of the old Soviet block and, recently, with Iraq. Relations with both Jordan and Turkey improved significantly in 1999.

6.3.3. The EU-Syria Association Agreement

The agreement is yet to be signed, and the negotiations are still under way. Syria formally confirmed its intention to start negotiations on the Association Agreement in October 1997. It was the last Mediterranean country to do so. Five rounds of talks have taken place to date (May 1998, October 1998, March 1999, November 1999, and the last round of negotiations was in December 2000).

For the analysis of the ongoing negotiations see chapter 8.

Annex to chapter 6

- Chart 6.1-Total European Community aid (Grants and Loans 1995-99, excluding EU Member States).
- Chart 6.2–EC Grants committed (1995-99, excluding EU Member States).
- Chart 6.3-European Community total aid (1995-99, excluding EU Member States).
- Chart 6.4-Total European Community grants by country (1995-99, excluding EU Member States).
- Chart 6.5-Total European Investment Bank by country (1995-99).
- Chart 6.6-European Community grants committed (1995-99, excluding EU Member States).
- Chart 6.7- Economical and Financial Partnership.
- Chart 6.8- A Big Gap of 1 to 10 Between The EU and the Mediterranean Partners.
- Chart 6.9- Organization of The Euro- Med. Partnership.

List of definitions

European Union: The 15 Members States of Europe joined as one block: Belgium, Denmark, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom.

The Mediterranean Countries: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey.

Euro-Mediterranean Partnership: Established at the Euro-Med. Conference held in Barcelona, it will remain in history as the first attempt to create durable and strong bonds between the two shores of the Mediterranean.

Barcelona Process: The Euro-Mediterranean Conference of the Ministers of Foreign Affairs, held in Barcelona on 27-28 November 1995, marked the starting point of the Euro-Mediterranean Partnership, a wide framework of political, economic and social relations between the European Union and the 12 partners of the Southern Mediterranean.

Bilateral Cooperation: The relations between the EU and each Mediterranean Partner.

Regional cooperation agreement: Regional activities and programs comprising all or part of the 27 Partners.

The MEDA Program: The principal financial instrument of the European Union (EU) for the implementation of the Euro-Mediterranean Partnership.

EU-Syria cooperation agreement: It dates back to 1977, when the EU (at that time the European Community) established a Cooperation Agreement with the Mediterranean countries, excepting Libya, but including Jordan. This reflects the importance the EU has attached to the Mediterranean basin.

Eu-Syria association: The agreement is yet to be signed, and the negotiations are still under way.

EU-Med.-association agreement; The Barcelona Process

EIB: European Investment Bank.

South-South Cooperation: The development of trade and cooperation among the Partners themselves located at the Southern shore of the Med

Chart 6.1

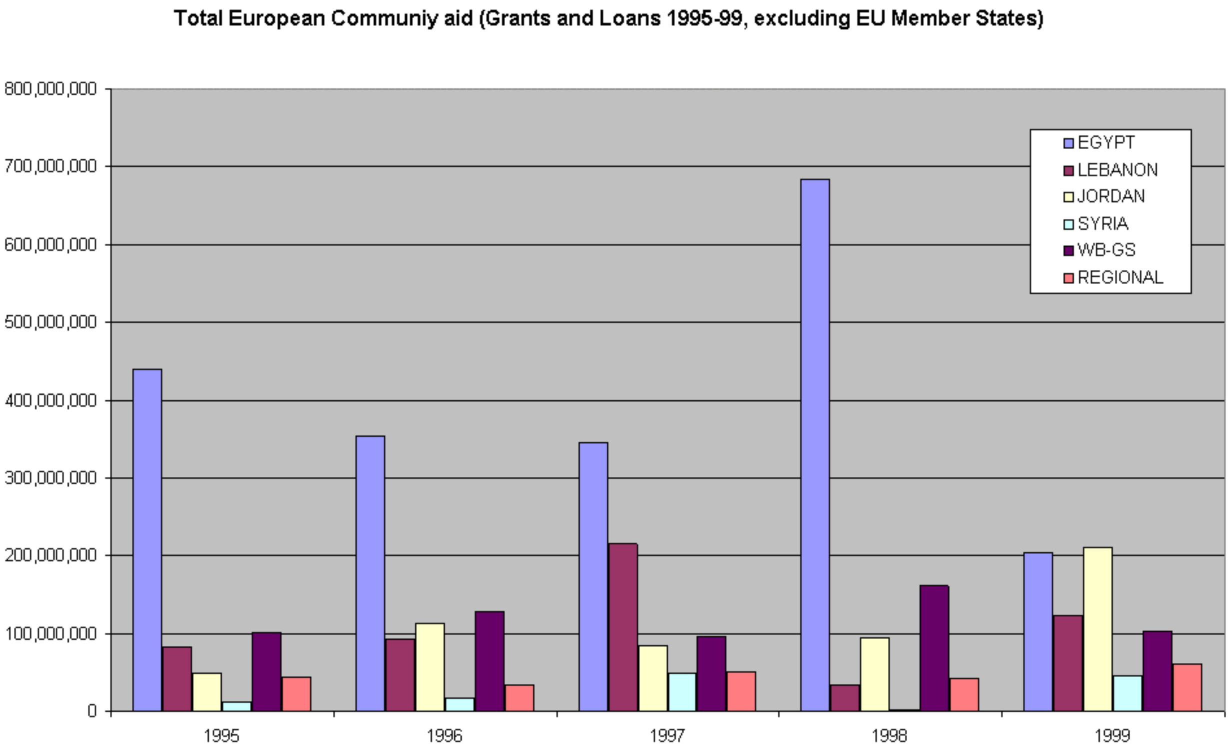


Chart 6.2

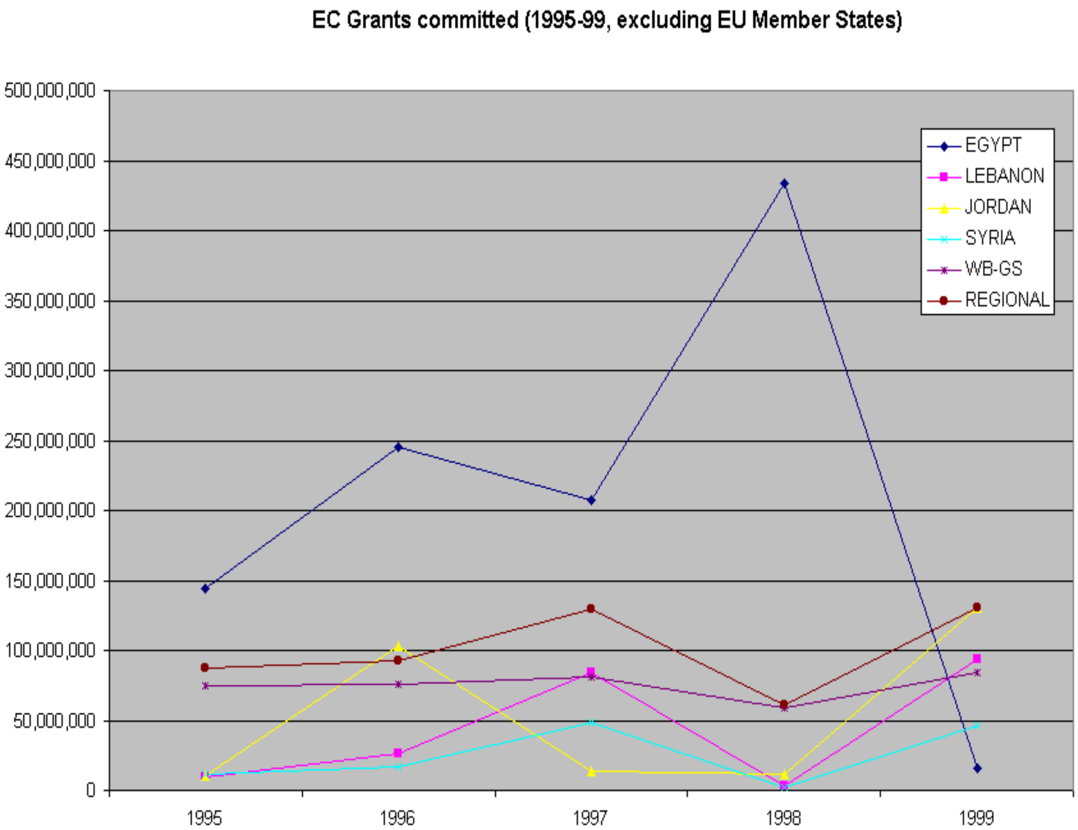


Chart 6.3

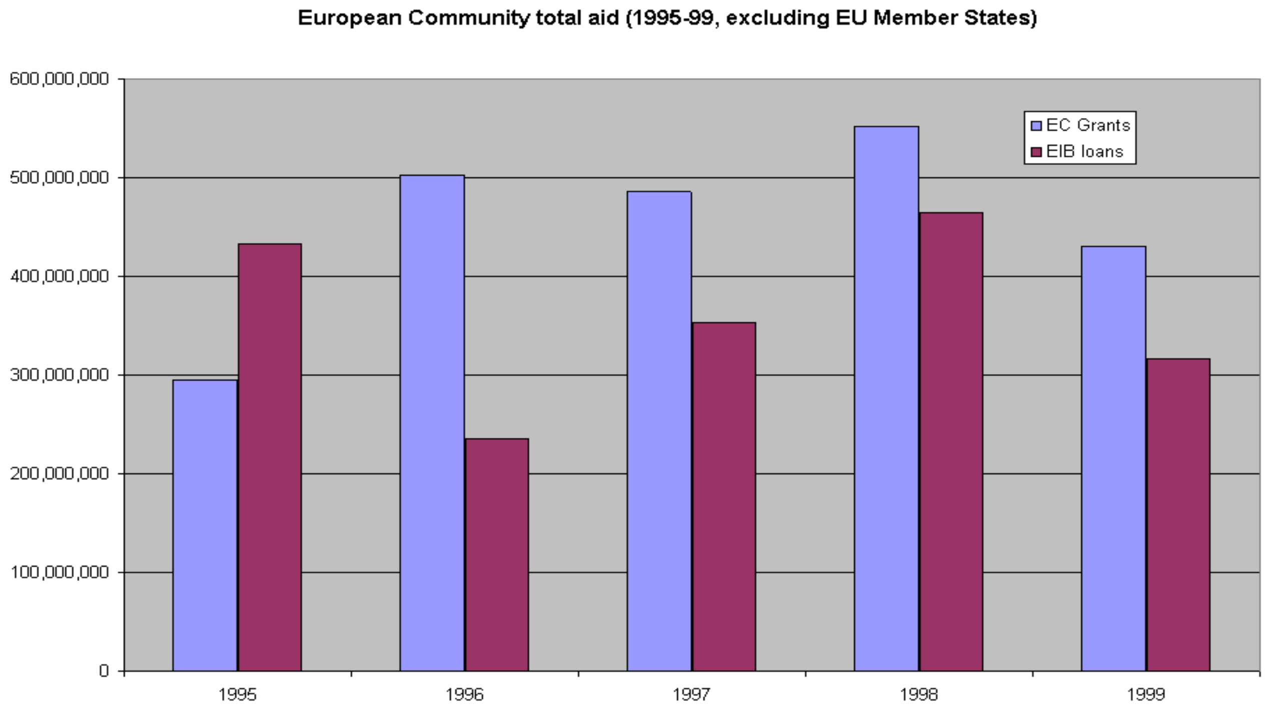

European Community total aid (1995-99, excluding EU Member States)
600,000,000
500,000,000
400,000,000
300,000,000
200,000,000
100,000,000
0
1995
1996
1997
1998
1999
EC Grants
EIB loans

Chart 6.4

Total European Community grants by country (1995-99, excluding EU Member States)

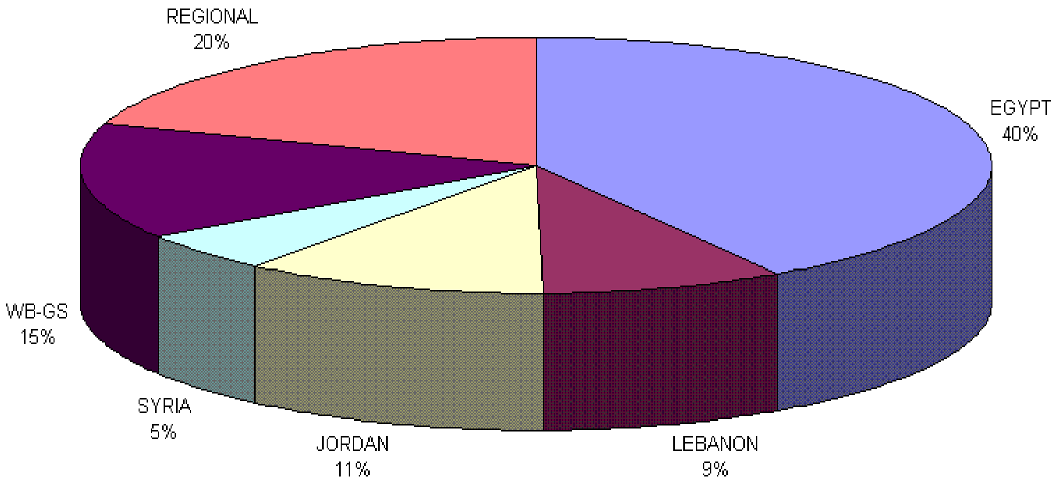


Chart 6.5.

Total EIB loans by country (1995-99)

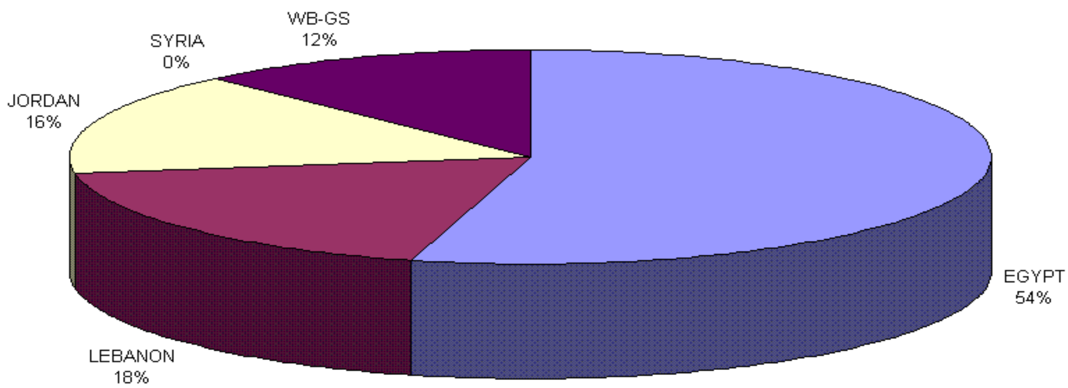
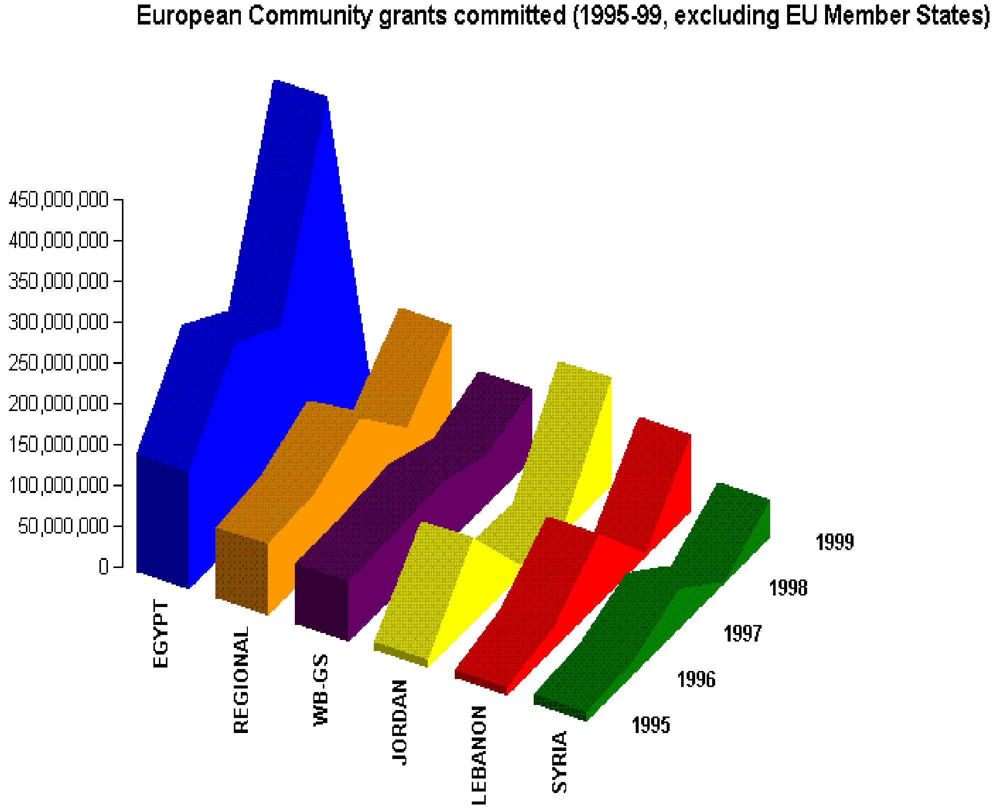


Chart 6.6


European Community grants committed (1995-99, excluding EU Member States)
450,000,000
400,000,000
350,000,000
300,000,000
250,000,000
200,000,000
150,000,000
100,000,000
50,000,000
0
EGYPT
REGIONAL
WB-GS
JORDAN
LEBANON
SYRIA
1995
1996
1997
1998
1999

Chapter 6.7

ECONOMICAL AND FINANCIAL PARTNERSHIP

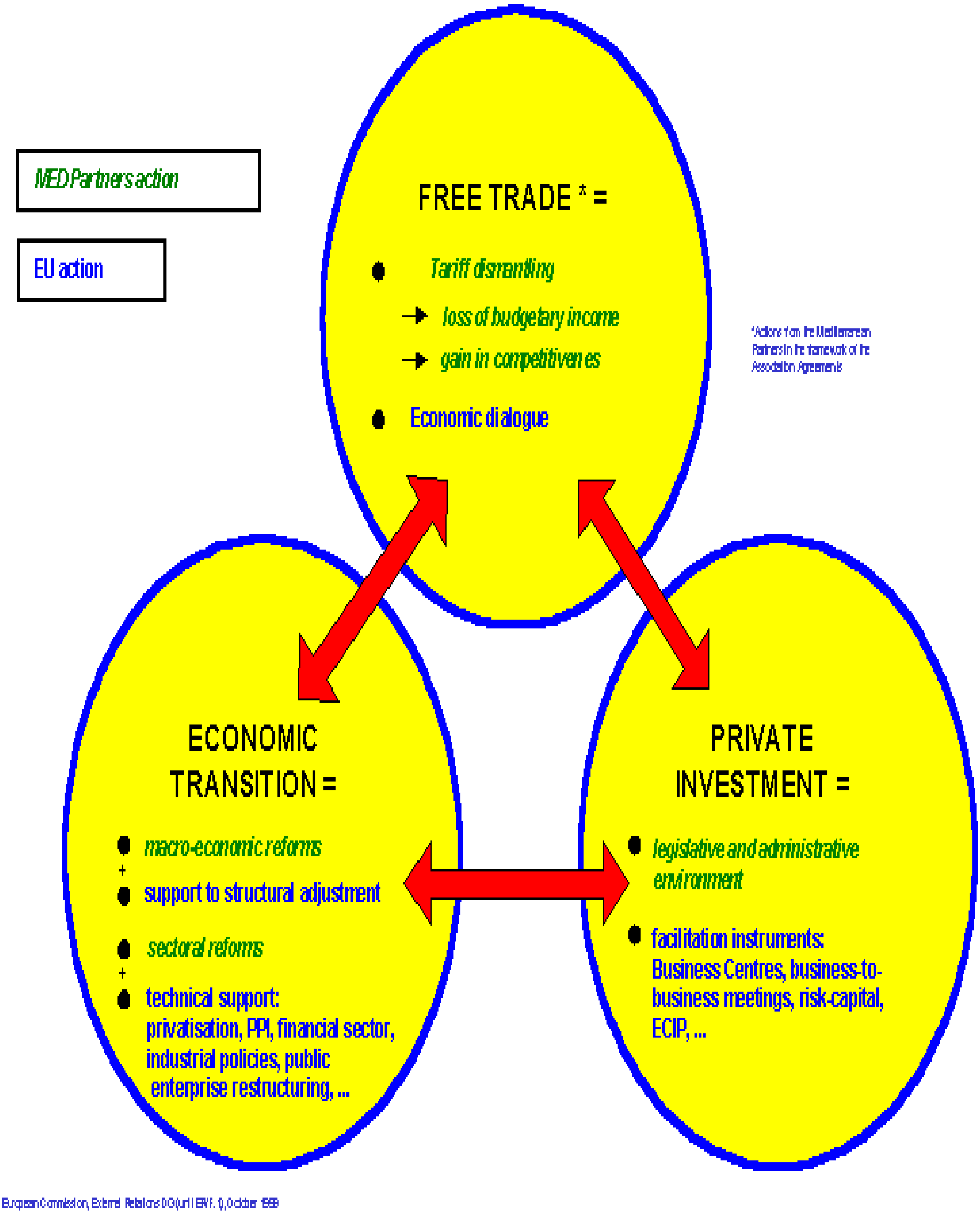


Chart 6.8

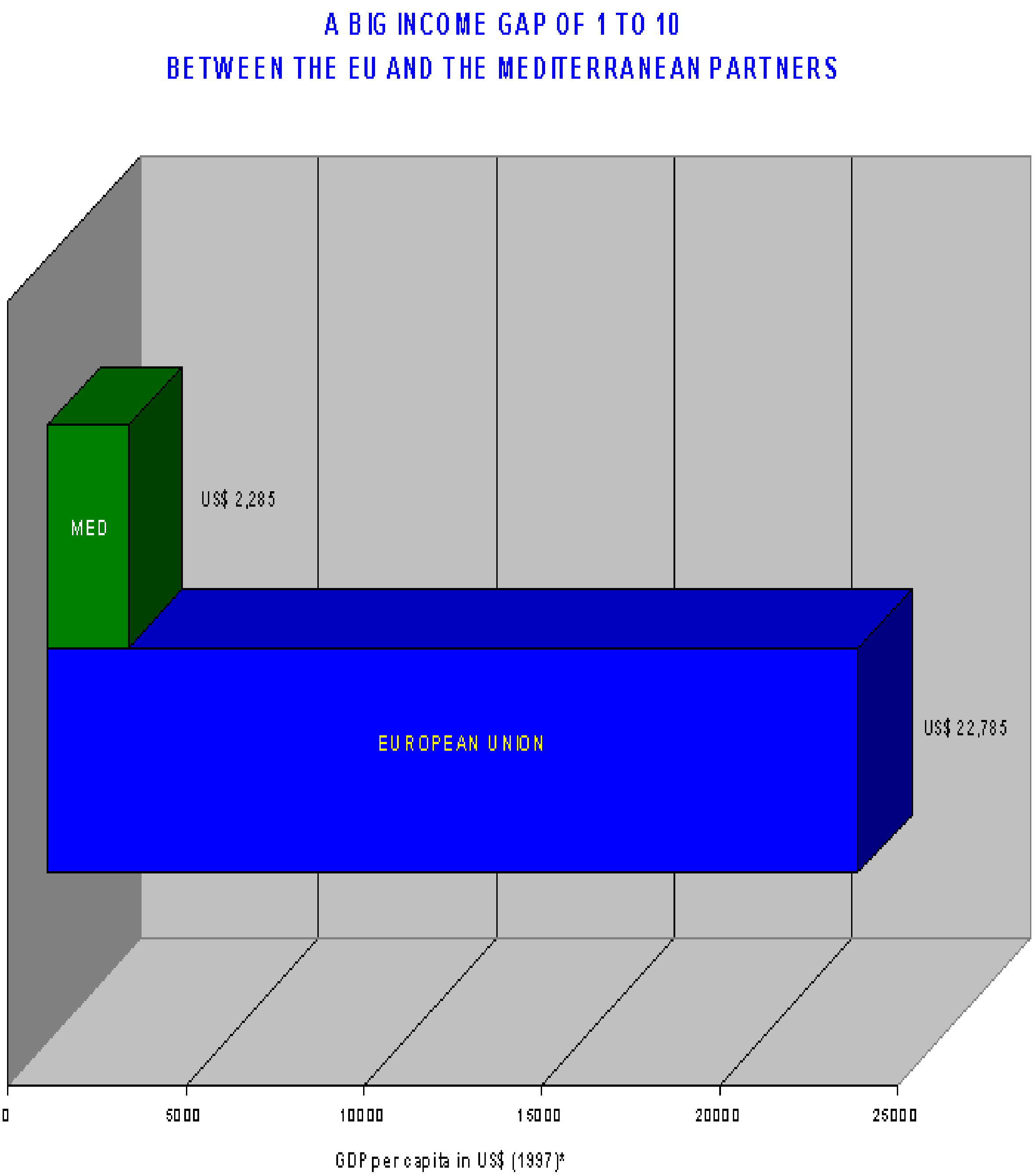
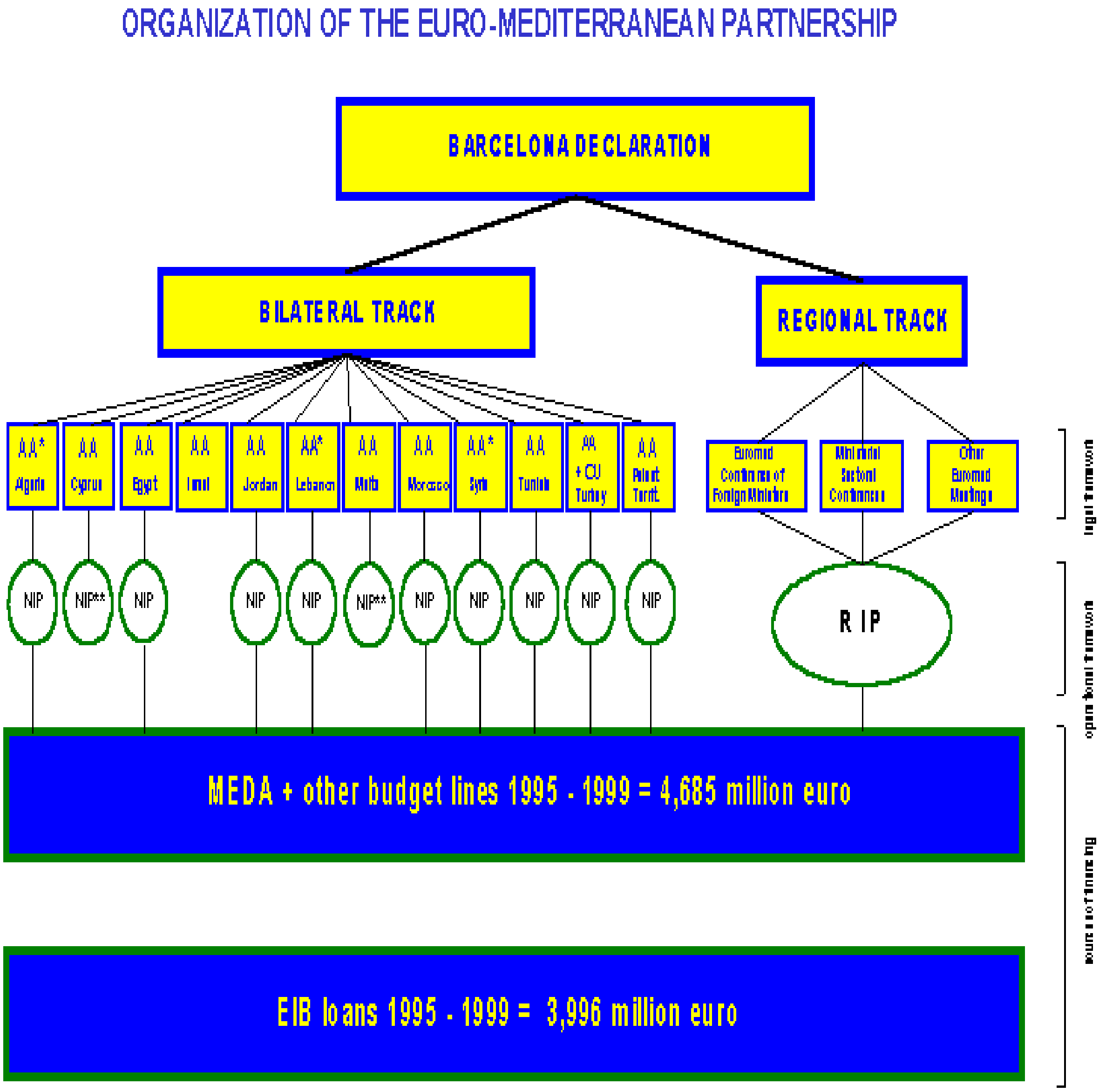

A BIG INCOME GAP OF 1 TO 10
BETWEEN THE EU AND THE MEDITERRANEAN PARTNERS
MED
US$ 2,285
EUROPEAN UNION
US$ 22,785
0
5000
10000
15000
20000
25000
GDP per capita in US$ (1997)*

Chart 6.9



CU = customs union. AA = association agreement (* = under negotiation). NIP = National Indicative Programme (** = financed from ou[illegible] Indicative Programme.

Chapter 7 -Euro-Mediterranean Association Agreements

7.1. Introduction

In the Middle East and North Africa (MENA) region, the process of integration started through regional agreements has been going on since the 1960s. A new generation of agreements, the so-called Euro-Mediterranean Association Agreements (EMAAs) appeared in 1990s.

Tunisia, Morocco, Jordan, the Palestinian Authority and Egypt signed Association Agreements with the European Union (EU) in 1995, 1996, 1997, 1997 and 2001 respectively. The agreement with Tunisia entered into force in 1998, 33 months after signature, and the agreement with Morocco entered into force in 2000, 49 months after signature. Negotiations with Lebanon, Algeria and Syria started in 1996, 1997 and 1998, and they are still in process.

Delays in ratification and implementation of the agreements resulted from the delays of ratification of the European countries parliaments. For example, the Italian Parliament took nearly 3 years to ratify the agreement with Morocco due to the concerns about the impact of the agreement on Italian citrus producers.

In 1998, the European Commission submitted a proposal with new measures aimed at strengthening regional cooperation with Mediterranean countries. These measures include technical assistance, training, advice and cooperation. As we have seen in chapter 6, they should be financed by MEDA, the European aid program for Mediterranean partner countries.

In this chapter we will present the agreements with Tunisia, Morocco and Jordan (Med. three partners) giving some details.

7.2. Protocols Attached to the Agreements

The EU and the Med. three partners signing the Euro-Mediterranean agreements adopted the following protocols.

In the cases of Tunisia, and Morocco:

- Protocol No. 1: Arrangement applying to imports of agricultural products into the EU;
- Protocol No. 2: Arrangement applying to imports of fishery products into the EU;
- Protocol No. 3: Arrangement applying to exports of agricultural products from the EU;
- Protocol No. 4: The definition of the concept of “originating products” and methods of administrative cooperation;
- Protocol No. 5: Mutual assistance in customs matters among the administrative authorities.

However, in the case of Jordan, protocol 2 is not to be considered because there are no fishery products to deal with.

All agreements aim at:

- Providing an appropriate framework for political dialogue between the EU and the Med. three partners, allowing the development of close relations in all relevant areas;

- Creating the conditions for gradual liberalization of trade in goods, services, and capital;

- Promoting the expansion of economic and social relations between the EU and the Med. three partners, notably through dialogue and cooperation;

- Encouraging regional cooperation;

- Promoting economic, social, cultural and financial cooperation;

In the case of Jordan another goal is added, which is promoting cooperation in other areas of reciprocal interest.

The areas covered by the agreements are:

- Political dialogue;

- Free movement of goods;

- Right of establishing companies and supplying services;

- Payment, capital movements and other economic matters;

- Economic cooperation;

- Cooperation in social and cultural matters;

- Financial cooperation;

- Institutional, general, and final provision;

One of the most important outputs of all actions should be the creation of a conducive environment for the development of economic relations, particularly in the fields of trade and investment, key sectors for economic restructuring and technological modernization.

7.3. Description and Comparison of the Agreements

7.3.1. Common Provisions

The agreements gradually abolish quantitative restrictions on imports or measures having equivalent effect. This means that the EU and the Med. three partners will not apply to the import/export flows between themselves either tariffs or charges nor quantitative restriction or measures having equivalent effect.

7.3.2. Industrial Products

The dismantling of trade barriers fully applies to the EU imports of industrial products. However, the agreements do not preclude the possibility for the EU to impose tariffs on the "agricultural component" of imports of industrial goods originating in one of the Med. three partners. This is especially the case of buttermilk, sweet corn, margarine, fructose, sugar confectionery, chocolate and other food preparations containing coca etc. The agricultural component reflects the difference between the price on the EU market of the agricultural product used in the production of such goods and the price of imports from countries other than the Med. three partners. The total cost of the basic products is higher in the EU. The tariff on agricultural component may take the form of a fixed amount or may be an ad valorem duty.

On the other hand, the agreements do not preclude the separate specification by the partner countries of an agricultural component in the import duties to be applied on some products originating in the EU such as industrial monocarboxylic fatty, glycerin, sugar confectionery, coca paste, chocolate and other food preparations containing coca, cigars etc. Also in this case, the tariff on the agricultural component may take the form of a fixed amount or an ad valorem duty.

Transitional period

As for the other Mediterranean agreements, the long-term objective is to establish a free trade area over a transitional period of 12 years, in accordance with provisions of WTO and of other multilateral agreements on trade in goods.

Implementation steps

The case of Tunisia

The agreement classifies products into 6 annexes. Each annex has different stages for implementing the reduction, up to a given percentage, of trade barrier on product imported by Tunisia originating in the EU as follows:

Products listed in annex 2: as far as list 1 and 3 are concerned, the industrial components of annex 2 have to be eliminated in accordance with provisions applicable to annex 5. In the case of list 2, the industrial component has to be eliminated in accordance with provisions applicable to annex 4 within a tariff quota.

Products listed in annex 3: Charges and duties have to be eliminated in 6 years starting from the entry into force of the agreement, by reducing duties and charges by 15% yearly for the first 5 years and 25% for the last year.

Products listed in annex 4: Charges and duties have to be eliminated in 12 years, starting from the entry into force of the agreement, by reducing duties and charges by 8% yearly for the first 11 years and 4% for the last year.

Products listed in annex 5: Charges and duties have to be eliminated in 9 years, starting four years after the entry into force of the agreement, by reducing duties and charges by 12% in the first year and 11% yearly in the remaining 8 years.

Products listed in annex 6: The arrangements apply to such products shall be re-examined by the Association Council four years after the entry into force of the agreement.

The case of Morocco

The agreement classifies products into 6 annexes providing different stages for implementing the reduction of trade barriers on products originating in the EU as follows:

Trade barriers applicable to imports of product originating in the EU listed in annex 1, 2, and 5 have been abolished since the entry into force of the agreement.

Products listed in annex 3: Trade barriers have to be eliminated in 4 years starting from the entry into force of the agreement, by reducing duties and charges by 25% yearly.

Products listed in annex 4: Trade barriers have to be eliminated in 10 years, starting from the entry into force of the agreement, by reducing duties and charges by 10% yearly.

Products listed in annex 6: the quantitative restrictions on imports and measures having equivalent effects on trade between Morocco and the EU shall be abolished only after the transitional period has elapsed. However, these provisions may be applied sooner according to a decision of the Association Council.

It was agreed to re-examine the arrangements regarding products on list 1 and 2, three years after the entry into force of the agreement.

The case of Jordan

The agreement classifies products into 6 annexes. Each has its own steps for implementing the reduction of trade barriers on products imported by Jordan and originating in the EU as follows:

Products listed in annexes 1, 5, and 6: Any trade barriers on Jordan import from the EU will be abolished upon the entry into force of the agreement.

Products listed in annex 2 (processed agricultural products): the transitional period is 5 years. This period will start four years after the entry into force of the agreement; the reduction of tariffs is 10% yearly.

Products listed in annex 3: for the list A of products a transitional period of 5 years was established, starting from the date of entry into force of the agreement; the reduction of tariffs is 20% yearly. Instead, the list B includes products with a transitional period of 9 years, starting 4 years after the entry into force of the agreement. The reduction of tariff is 10% yearly for the first 8 years and 20% in the last year.

Products listed in annex 4: The applied arrangements on these products shall be re-examined by the Association Council four years after the entry into force of the agreement. At the time of re-examination, the Association Council shall establish a tariff-dismantling schedule.

7.3.3. Agricultural Products

The liberalization of agricultural trade will be only partial compared with industrial products.

A. Concessions given to the agricultural products exported to the EU and originating in Tunisia, Morocco, and Jordan:

Products originating in Tunisia

Several concessions were given to products originating in Tunisia and exported to the EU according to their sensitivity. These concessions are applied either through duty elimination or reduction by a given percentage. However, when the common custom tariff provides for the application of both ad valorem and specific tariffs, the rates of reduction are applied only to the ad valorem tariffs.

Products are classified in several groups, each having its provision as follows:

Eliminating tariffs without tariff quota or export period for products not creating any disturbance on the European market. This is the case of product such as dates, some vegetables and fruit processed without adding sugar, some kinds of meat and offal, rose trees and plants used in manufacturing perfumes.

Exemption of tariffs, with the possibility of identifying a reference quantity, for products that may cause some disturbances in the European market, with or without determination of a period during which the exports enjoy the mentioned exemption. In this case, the tariff quota is totally exempted from tariffs; while reduced tariffs are applied to the exports above the quota. These concessions cover most vegetables. In the case of new potatoes the concessions extend from 1 January to 31 March and the tariff quota is 15000 tons, with a 40% rate of reduction of tariffs for the exports above the quota. As for tomatoes, the concessions extend from 15

November to 30 April, the reference quantity is reviewed annually, and the rate of reduction of tariffs is 60% on the exports above the quota.

Some products are totally exempted from duties, but there is a possibility of identifying a reference quantity for the product that may create disturbance to the EU market. In this case the imports within the quota are totally exempted whereas reduced tariffs will be applied to exports above the quota. The reduction rate is determined according to the sensitivity of products. This provision is applied to pepper, capers, seed peas and broad beans.

Some products enjoy total exemption from tariffs within the limits of a quota, whereas the exports above the quota do not enjoy any reduction rate. This provision is applied on flowers, almonds, non-fresh oranges and apricots.

Some products enjoy variable exemptions from tariffs, without any limit on the exported quantity. This provision is applied for example to watermelon from 1 April to 15 June with a tariff reduction of 50%, and fresh table grape, from 15 November to 30 April, with a reduction rate of 60%.

The Tunisian agricultural products other than those listed in annexes related to Protocol 1 and Protocol 2 are treated just as the products covered by the most favored nation tariff. Tunisian sea products exported to the EU enjoy a full exemption from tariffs, regardless of the quantities or delivery period. Moreover, sea processed products are subject to the same treatment except for canned sardine that enjoys an exempted quota of 100 tons per year.

Finally, from 1 January 1996 to 31 December 1999, within the limits of 46000 tons per year, a custom duty of ECU 7.81/100 kg is levied on imports into the EU of the untreated olive oil, provided it is wholly obtained in Tunisia and transported directly from Tunisia to the EU. By the way, Tunisia has increased the quantity to 50000 Ton in year 2000. However, the EU may take appropriate measures if the imports of olive oil under the above arrangement threaten to disturb the balance of the EU market.

Products originating in Morocco

There are several concessions given to products originating in Morocco and exported to the EU according to their sensitivity. These concessions are applied through tariffs elimination or reduction by a specific percentage. However, when the common custom tariff provides for the application of both ad valorem and specific tariffs, the rates of reduction are applied only to the ad valorem customs duty.

Products were classified in several groups, each having its provision as follows:

Eliminating tariffs without tariff quota or export period for the product that do not cause any disturbance to the European market, such as date, some vegetables fruit processed without adding sugar, some kinds of meat and offal and rose trees.

Total exemption of tariffs, with the possibility to identify a reference quantity for products that may cause some disturbance in the European market, with or without determination of an export period during which exports enjoy the mentioned exemption. In this case, the tariff quota is exempted totally from tariffs, whereas a reduced tariff is applied on the exports above the quota. These concessions cover most vegetables. For example, for new potatoes the concessions extend from 1 December to 31 April, with a tariff quota of 120000 tons, and a 40% rate of reduction of customs duty for the quantity above the quota. For tomatoes, the reference quantity is 150676 tons and the rate of reduction of customs duty is 60% for the exports above the quota. The reference quantity is divided monthly as follows: October 5000 tons; November 18601 tons, December 36170 tons, January 30749 tons, February 33091 tons, March 27056 tons. The agreed entry price level from which specific duties will be reduced to zero is ECU 500 per ton.

Some products are totally exempted from tariffs but there is a possibility of identifying a reference quantity for the products that may cause disturbance in the European market. In this case the imports within the reference quantity are totally exempted from duties, whereas on the imports above the reference quantity a reduced tariff will be applied. The reduction rate is determined according to the sensitivity of the product. The most important products concerned are peppers, locust beans and their seeds, apricot, peach or plum stones and kernels.

Some products enjoy total exemptions from tariffs in the limit of a quota, whereas the quantities above the quota do not enjoy any reduction rate. This applies, for example, to dried vegetables other than onions and olives, with a reference quantity of 500 tons, and to figs, with a reference quantity of 300 tons.

Some products enjoy variable exemption from tariffs, without any limits on the exported quantity. These procedures apply for example to dried peaches, including nectarines; the reduction of custom duties is 50%.

Morocco sea products exported to the EU enjoy a full exemption from customs duty regardless of the quantities or delivery period. Moreover sea processed products are subject to the same treatment except for prepared or preserved sardines; the tariff quota is 22500 tons. The tariff for exports above the quota is 4%.

Moreover, there is an additional group of specific products reported in the following table. For these products are indicated in the agreement the entry price levels from which given tariffs will be reduced to zero, within the limits of quantities and periods.

Product	**Period**	**Quantity (tons)**	**Entry price (ECU per ton)**
Artichokes	1 November– 31 December	500	600
Cucumber	1 November – 31 May	5000	500
Clementines	1 November – end February	110000	500
Oranges	1 December – 31 May	300000	275h

Products originating in Jordan:

There are several concessions given to products originating in Jordan and exported to the EU according to their sensitivity. These concessions are applied through tariffs elimination or reduction by a given percentage. However, when the common custom tariff provides for the application of ad valorem customs duty and a specific customs duty, the rates of reduction are applied only to the ad valorem customs duty.

Products are aggregated in several groups, each having its provisions as follows:

Eliminating tariffs without tariff quota or export period for the products that do not cause any disturbances to the European market. This is the case of product such as date, okra, peels citrus fruit and melon.

Total tariff exemption, with the possibility of identifying a reference quantity, for products that may cause some disturbances in the European market, with or without a period during which the exports enjoy the mentioned exemption. In this case, the tariff quota is exempted totally from tariffs, whereas the reduced tariffs will be applied to the exports above the quota. These concessions cover most vegetables. For example, for new potatoes the concessions extend from 1 January to 31 March, and the tariff quota is 1000 tons. For tomatoes, the concession period extends from 1 December to 31 March, the reference quantity is reviewed annually, and the rate of reduction of tariffs is 60% for the quantities above the reference quantity.

Some products are totally exempted from tariffs, but there is a possibility of identifying a reference quantity for the products that are likely to cause disturbances in the European market.

In this case, the involved quantity is exempted totally from duties, whereas the quantities above the quota enjoy the reduced tariffs. The reduction rate is determined by the sensitivity of the product. The most important products related to these concessions are bulbs, tubers, tuber roots, corms, crowns, rhizomes, and dormant.

B- Concessions given to the agricultural products originated in the EU and exported to Tunisia, Morocc, and Jordan:

Products exported to Tunisia

The agricultural products originating in the EU and exported to Tunisia are subject to tariffs reduction, within the limits of tariff quota, within an export period. For example, the maximum tariffs for whole poultry are 43%, whereas the preferential tariff quota is 400 tons; the export period extends from 1 July to the end of February. A maximum tariff on bovine meat is 27% whereas the preferential tariff quota is 8000 tons.

European agricultural products, other than those listed in the annex that corresponds to protocol 3, are treated just as the most favored nation products.

Products exported to Morocco

The agricultural products originating in the EU and exported to Morocco are subject to tariff reduction, within the limits of tariff quota. For example the maximum tariffs on bovine animals, frozen, other than carcasses and half – carcasses, with bone in are 45% and the preferential tariff quotas are 3800 tons.

Products exported to Jordan

Agricultural products originating in the EU and exported to Jordan are subject to tariff reduction by a given percentage, or specific tariffs. For example, the tariff on purebred breeding live animals is JD 10, and the tariff on preserved olives is 40%.

7.3.4. The Main Differences

The main difference is in the agreement with Morocco, in which the agricultural issues are much more explicitly mentioned, in particular, with reference to the issue of access of agricultural exports to the EU. In general, the agreements actually concluded provide some widening of preferential access of agricultural products, but many restrictions remain.

The increase of access involves:

(i) the list of agricultural products for which the preferential access is granted;

(ii) (ii) providing more generous duty reductions within the various tariff quotas;

(iii) applying a higher increase on the tariff quota already determined for some products, so as to reach more than 12% by the end of the 4- year – agreed period (Macieiewski, 1996). This increase covered 12 subheading products in the case of Morocco, whereas it covered 7 and 4 subheading products in the case of Tunisia and Jordan.

Tariff quota of sardines originating in Morocco is 22 500 tons, whereas in the Tunisian case it is 100 tons. Moreover, agreed entry prices for some products were determined by the agreement with Morocco, but it is not the case of Tunisia and Jordan.

Sensible products that take a big tariff quota are fresh tomatoes (150 676 tons), artichokes (500 tons), cucumbers (5 000), clementines (110 000 tons), and oranges (300 000 tons) in the case of Morocco. In the case of Tunisia the most important products enjoying quotas are olive oil (46

000 tons), fresh orange (31 360 tons), and wine of fresh grapes (235 200 hl). Finally, there are not significant tariff quotas given to Jordanian products.

7.4. EU Agricultural Trade with Tunisia and Morocco

As it is shown in the tables of annex, in the period 1988 – 1999, the Tunisian share of EU imports from Mediterranean countries is high, ranging between 9.9% in 1994 and 6% in 1996. Whereas its share of the EU imports from the world was around 0.2%.

The Tunisian share of the EU exports to the Mediterranean countries ranged between 3.7% in 1993 and 6.6% in 1995. Whereas its share of EU exports to the world was around 0.2%.

Morocco is the most important exporter to the EU among Med. Countries: its share of EU imports from Mediterranean countries is very high, ranging between 24.5% in 1991 and 21.2% in 1995. Whereas its share of EU imports from the world was around 0.5%.

The share of Morocco in EU exports to the Mediterranean countries ranged between 4.8% in 1988 and 10% in 1995. This share doubled between 1988 and 1999. Whereas its share of the EU exports to the world was around 0.2%.

The most important agricultural products exported to Morocco in both periods (1988-1990 and 1997-1999) were cereals (27%, 37%), oils and fats (18%, 14%), and dairy products (15%, 17%). Whereas the most important agricultural products imported from Morocco in both periods (1988-1990 and 1997-1999) were citrus (22%, 16%), processed fish (22%, 29%), fresh legume and vegetable (16%, 17%), and processed vegetable (12%, 9%).

The most important agricultural products exported to Tunisia in both periods (1988-1990 and 1997-1999) were cereals (33%, 27%), oil and fats (19%, 23%), dairy products (10%, 5%), and sugar and sweets (9%, 14%). Whereas most important agricultural products imported from Tunisia in both periods (1988-1990 and 1997-1999) were oil and fats (34%, 56%), processed fish (25%, 14%), fresh fruits (15%, 12%), fisheries and game (10%, 5%) - see attached table.

7.5. Conclusions

An important shortcoming that limits the benefits of the AAEUs is the absence of a significant increase in the access of the exports of Med. Partner to the European market. This largely reflects the fact that the Southern and Eastern Mediterranean countries (SEM) already enjoyed non-reciprocal preferential access under the 1976 trade and cooperation agreements. The current AAEUs advantages for SEM countries, affirmed by international treaty give them freer access to the EU market. It is expected that this will enhance the welfare of Southern and Eastern Mediterranean countries and of EU consumers as well. From a political point of view, it would be a powerful signal of "reciprocity" that SEM countries could use to justify toward their own constituencies various measures of deeper economic integration.

Exports of manufactures, for most SEM countries, were already admitted free of duty either for unlimited amounts or, as in the case of textiles, for specified quotas under the bilateral voluntary agreements, which often exceeded actual exports. However, the AAEUs leave room for protection through non-tariff barriers such as the administration of antidumping, which is in fact an impediment to market access. Under the AAEUs, while the adoption of European competition policy will bring relief from countervailing duty actions, SEM exports will still have to be concerned about antidumping. Egypt and other SEM countries have been advised to seek relief from antidumping in exchange for the adoption of the European competition policy. (Hoekman and Galal, 1997).

The deferment of substantive negotiations of liberalization of trade in agricultural products is largely explained by the political difficulties of reforming the EU's common agricultural policy and resistance on the part of European agricultural interests who compete with SEM exports. European agriculture is clearly a case of trade diversion. Morocco and Egypt in particular have emphasized their concerns for increased access of agricultural products. The limited additional access offered to these SEM countries stands in contrast with the agreement concluded between the EU and the Central and Eastern European countries. For Morocco, continuing restrictions on access to the agricultural market in Europe limits the potential welfare gains of the agreement. Tunisia would benefit from increased access of olive oil at EU support prices, although this advantage could be eroded as a result of closer correspondence in the future of the EU support price with world market prices.

Agricultural production in the SEM countries is also heavily protected through tariff and non-tariff barriers, and liberalization would require major adjustment, especially in the cereal sector. Reciprocal liberalization of agriculture would provide further benefit to consumer on both sides. SEM countries could also reap dynamic gains in agriculture that should be no less than those in manufacturing. Including agriculture in the agreement should provide a powerful sign of full, open, and outward oriented free trade. At the same time, faster liberalization of agriculture in the SEM countries, even unilaterally (only limited steps are programmed under WTO rules), would help in avoiding new distortions in terms of resources flow from the relatively unprotected industrial sector into agriculture. (Henri Ghesquier)

Annex to Chapter 7

Table 7.1: Total Agro-food Trade Between EU and Tunisia

EU Imports from Tunisia				EU Exports to Tunisia			
	Abs Value 000 Euro	As % of Med. Cs	As % of World		Abs Value 000 Euro	As % of Med Cs	As % of World
1988	222877	8.0	0.2	1988	186486.0	5.6	0.2
1989	228186	7.5	0.2	1989	264153.0	6.3	0.2
1990	249184	7.5	0.2	1990	212162.0	5.0	0.2
1991	360586	9.8	0.3	1991	141577.0	4.0	0.1
1992	260167	7.9	0.2	1992	142270.0	4.1	0.1
1993	263434	8.2	0.2	1993	155116.0	3.7	0.1
1994	372370	9.9	0.2	1994	236142.0	5.5	0.2
1995	368446	9.0	0.2	1995	341604.0	6.6	0.2
1996	256758	6.0	0.1	1996	195997.0	4.2	0.1
1997	334867	7.6	0.2	1997	314877.0	5.9	0.2
1998	329006	7.3	0.2	1998	312887.0	5.6	0.2
1999	450765	9.3	0.2	1999	261276.0	5.1	0.1

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 7.2: Total Agro-food Trade Between EU and Morocco

EU Imports from Morocco				EU Exports to Morocco			
EU Imp	Abs Value 000 Euro	As % of Med.	As % of World	EU Exp.	Abs Value 000 Euro	As % of Med.	As % of World
1988	612915	22.1	0.5	1988	159586.0	4.8	0.2
1989	725292	23.9	0.5	1989	232583.0	5.5	0.2
1990	819356	24.6	0.6	1990	220543.0	5.2	0.2
1991	912829	24.8	0.6	1991	237385.0	6.8	0.2
1992	803010	24.2	0.5	1992	297839.0	8.6	0.2
1993	761406	23.8	0.6	1993	270950.0	6.5	0.2
1994	828953	21.9	0.5	1994	293517.0	6.8	0.2
1995	871899	21.2	0.5	1995	521193.0	10.1	0.3
1996	997714	23.3	0.6	1996	365273.0	7.9	0.2
1997	946458	21.3	0.5	1997	347892.0	6.5	0.2
1998	959367	21.2	0.5	1998	437288.0	7.8	0.3
1999	1086145	22.4	0.6	1999	471095.0	9.2	0.3

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 7.3: EU Agro-food Trade with Tunisia by Products

	% 88,89,90		% 97,98,99	
	Export	Import	Export	Import
Total Agro-food Trade	100.00	100.00	100.00	100.00
Total Processed Agricultural Products	53.19	65.38	58.85	76.54
Total Row Agricultural Products	46.81	34.62	41.15	23.46
Oil and Fats	19.20	34.36	23.41	56.64
Processed Fish	0.43	25.82	0.87	14.90
Other Fresh Fruits	0.26	15.01	0.06	12.64
Fisheries and Hunting	0.03	10.12	0.14	5.40
Citrus	0.00	4.61	0.01	2.44
Fresh Legume and Vegetable	3.45	1.86	2.57	0.88
Other Beverages	1.37	1.80	2.30	1.34
Wine	0.12	1.54	0.15	1.21
Other Processed Food Products	3.75	1.47	4.36	1.34
Coffee and Tea and Spices	0.22	1.38	0.14	0.99
Processed Vegetables	0.17	0.90	1.03	0.41
Forestry	1.51	0.68	1.22	0.51
Oil Seeds Cakes	1.94	0.54	2.60	1.28
Flowers	0.21	0.29	0.21	0.09
Processed Fruits	0.17	0.18	0.95	0.08
Dried Fruits	0.49	0.18	0.74	0.17
Live Animals for Food	2.74	0.17	3.28	0.02
Other Livestock Products	0.11	0.14	0.10	0.00
Fresh and Frozen Meat	6.46	0.12	2.07	0.02
Sugar and Sweets	8.78	0.11	14.41	0.11
Row Tobacco	0.85	0.09	1.91	0.05
Processed Cereals	0.35	0.06	1.21	0.40
Dried Legume and Vegetable	0.05	0.05	0.05	0.04
Dairy Products	10.55	0.02	5.63	0.02
Other Products	0.74	0.01	0.82	0.17
Cereals	33.95	0.01	27.08	0.05
Vegetables Fibers	2.06	0.01	2.61	0.01
Oil Seeds	0.13	0.00	0.04	0.01
Cheese	0.45	0.00	0.75	0.00
Prepared Meat Preserved	0.03	0.00	0.02	0.00

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Table 7.4: EU Agro-food Trade with Morocco by Products

	% 88,89,90		% 97,98,99	
	Export	Import	Export	Import
Total Agro-food Trade	100.00	100.00	100.00	100.00
Total Row Agricultural Products	44.55	52.23	54.46	50.05
Total Processed Agricultural Products	55.45	47.77	45.54	49.95
Citrus	0.00	22.32	0.01	16.45
Processed Fish	0.70	22.03	2.40	29.10
Fresh Legume and Vegetable	4.28	15.84	2.54	16.98
Processed Vegetables	0.21	12.07	0.58	9.17
Processed Fruits	0.32	7.64	0.52	3.78
Fisheries and Hunting	0.05	7.44	0.82	8.27
Coffee and Tea and Spices	1.42	2.26	0.22	1.50
Oil and Fats	18.33	1.69	14.44	2.58
Other Processed Food Products	6.35	1.27	4.25	1.46
Dried Legume and Vegetable	0.06	1.23	0.10	0.21
Oil Seeds Cakes	0.75	1.22	4.71	1.43
Flowers	0.30	1.04	0.24	0.76
Sugar and Sweets	4.24	0.73	1.55	0.47
Fresh and Frozen Meat	4.16	0.67	4.16	1.23
Vegetables Fibers	2.00	0.53	0.42	0.20
Dried Fruits	0.07	0.48	0.15	0.40
Other Beverages	3.92	0.44	3.87	0.67
Wine	0.94	0.43	0.68	0.55
Other Fresh Fruits	0.02	0.27	0.30	3.93
Forestry	2.96	0.27	1.66	1.02
Other Products	2.78	0.24	2.84	0.08
Cereals	26.99	0.24	36.75	0.15
Other Livestock Products	0.92	0.05	0.21	0.00
Oil Seeds	0.38	0.02	1.32	0.01
Live Animals for Food	1.53	0.00	6.52	0.01
Processed Cereals	1.03	0.00	1.59	0.05
Dairy Products	15.36	0.00	7.26	0.02
Prepared Meat Preserved	0.09	0.00	0.22	0.00
Cheese	0.78	0.00	0.43	0.00
Row Tobacco	0.78	0.00	0.24	0.05

SOURCE: Elaboration on INTERNAL AND EXTERNAL TRADE OF THE EU (EUROSTAT)

Chapter 8 -The Negotiation for the Syria-EU Association Agreement

8.1. Introduction

Syria formally confirmed its intention to start negotiations on the Association Agreement with the European Union in October 1997. It was the last Mediterranean country to do so.

Seven rounds of talks have taken place to date (May 1998, October 1998, March 1999, November 1999, December 2000, April 23-24, 2001, and July 2001).

The main objective of the Association Agreement is to improve the trade relationship between EU and Syria. Syrian negotiators claim that Syrian agricultural and agro food products should be liberalized completely and treated as industrial products. The argument enforcing this position is the substantial contribution of such products to Syrian economy and balance of payments. On the contrary, the Syria-EU trade in industrial products had already been liberalized by the 1977 cooperation agreement, and some preferences, in either exemption or reduction of tariff, have been given for specific Syrian products to access the EU markets.

8.2. Initial Positions on Agriculture

8.2.1. Initial Positions of the EU

EU proposals regarding agriculture are the following:

In Terms of Trade Relation:

The EU has proposed that the EU- Syria trade relationship may be based on the traditional trade relation, keeping specific growth rates for some products that are important to both sides.

In Terms of Cooperation:

- Supporting the policies provided by the EU in order to increase productivity.
- Supporting all action aimed at improving friendly-environmental production.
- Strengthening trade and business relation between EU and Syria
- Giving assistance and support to Syrian Government in the implementation of financing and training projects.
- Cooperating in implementing actions in the fields of animal health, and plant protection.

- Developing a network of basic services in rural areas, and improve the related economic activities.
- Cooperating in the area of rural development.

8.2.2. Initial Positions of Syria

In terms of trade relation:

The Syrian proposal regarding agricultural trade in the Association Framework

concerns imports and exports.

Syrian Agricultural Imports from the EU

These products are divided into two classes:

- The permitted products: custom tariffs and similar effect levies will be dismantled gradually during a period of 12 years on the basis of equal annual rates;
- Import-banned products under the rules and regulation of foreign trade law will continue to be banned up to five years after the agreement entry into force.

Syrian Agricultural Exports to the EU

In order to facilitate the accession to the EU market, the Syrian negotiators asked exemption and/or tariff reduction with respect to four lists of products.

List One

This list includes products of which Syria has surpluses. These products should enjoy full exemption from the custom duties for specific import quotas. For these products it is proposed to dismantle the custom tariffs and similar levies on EU imports right after the Association Agreement entry into force. The product-Codes included in the list are the following:

Chapter 7 edible vegetables and roots (particularly /0701/ potatoes), /0702/ canned vegetables, /071120/ olives and /07112010/ olives for uses other than oil extraction (pickles and others);

Chapter 8 edible fruits, nuts, sour fruits (particularly /0805/ citrus), /0806/ grapes and /0808/ apples;

Chapter 15: particularly /1509/ olive oil, /150910/ virgin oil (raw oil);

Items included in the Agreement of 1977, which enjoy a 50-80% reduction of the applied duties, particularly:

Onion /070310/. Garlic /07032000/ legume seeds /0708/, fennel and coriander /0712/;

Melon /0807/, apricot /08091000/, and dried fruits /080620/;

Anise and cumin /0909/, medical plants /1211/. Licorice roots /12111000/, guts and entrails /0504/.

List Two

This list includes products for which a gradual reduction of custom duties is requested within seven years after the entry into force of the agreement. In particular, the proposal is to dismantle custom tariffs and similar levies on EU imports as follows:

-From the first up to the sixth year after the entry into force of the agreement, the tariffs have to be reduced by 10% annually:

- The seventh year after the agreement entry into force: 15%:
- The eighth year after the agreement entry into force: 25%.

The products included in the list are the following:

- Chapter 1: live animals and livestock products
- Chapter 2: meat and edible meat residues
- Chapter 4: dairy products and animal products (yogurt, butter, cheese, birds, eggs and honey)
- Chapter 7: edible vegetables not mentioned in list one, particularly pumpkins /070700/ and legumes (green and dry) /0708/
- Chapter 8: fresh fruits not mentioned in the first list. Particularly almonds /080211/. Cherries /080920/ and pistachios /08025000/
- Chapter 20: fruits. Vegetable and other processed products produced from other parts of the plant
- Chapter 22: alcohol
- Chapter 24: tobacco and tobacco processed substitutes.

List Three:

This list includes products for which a gradual reduction of custom duties is requested within twelve years after the entry into force of the agreement. For these products, the proposal is to dismantle custom tariffs and similar levies on EU imports as follows:

- From the first year up to the 12th year after the Agreement entry into force, the duty will be reduced by 8% annually.
- The 13th year after the Agreement entry into force: 4%.

The products included in the list are the following:

- Chapter 6: trees plants. Roots and similar plants, flower cuttings and ornamentation plants, particularly /06 01/ bulbs, narcissus, lily, endive and others
- Chapter 10: cereals. Particularly, /1001/ wheat, hard wheat /10 0110 000/ and barley /100300/
- Chapter 12: oil seeds and fruits, medical plants. Particularly cotton seeds /120720/, safflower /120760/ and lupine seeds /120920950/
- Chapter 15: vegetable and animal oils and fat and their products except for olive oil /1509/ mentioned in list one.

List Four

This list includes products for which a gradual reduction of custom duties is requested, starting after four years after the entry into force of the agreement. For these products it is proposed to dismantle custom tariffs and similar levies on EU imports as follows:

- In the fifth year after the agreement entry into force, the duty will be reduced by 12%.
- From the sixth year up to the 13th year after the agreement entry into force, the reduction will be 11% annually.

The products included in the list are the following:

- Chapter 11: mills industries, barley (soaked in water) and gluten
- Chapter 13: pectin
- Chapter 16: processed meat, crustacean and mollusk
- Chapter 17: sugar and flavored candy
- Chapter 18: cocoa beans (crushed or uncrushed)
- Chapter 23: food and fodder processing residues
- Chapter 45 corks
- Chapter 52: cotton
- Chapter 54: linen
- Chapter 57: treated hemp or strings.

8.3. Addressing Opportunities and Constraints for Syrian Negotiations

The Syrian negotiators, during the negotiation process, tried to claim for some points, which EU negotiators were not able to accept easily. These points are as follows.

On one hand, the Syrian point of view is to get a complete liberalization for all Syrian agricultural products on the EU market. All Syrian agro food industrial products should be immediately treated similarly to Syrian industrial products in terms of trade in order to make use of the comparative advantage and the value added as the result of tariff concession. In addition to that, the EU imposed tariff on some Syrian agricultural products in order to obstacle the export of such products to the EU market.

The government of Syria does not want to continue the traditional agricultural trade relations, since the circumstances of Syrian agriculture have changed during the last decade, whereas the EU prefers leaving agricultural trade with no further changes either in quantities or in concessions. This puts some obstacles for Syrian agricultural traders to increase their export to the EU market.

The Syrian Government is afraid of the negative impact of the Association Agreement on some Syrian infant industries, and asks the EU to give some concessions to that kind of products, especially the agricultural and the agro food ones.

EU negotiators insist on applying the identified protocols, so the provided concessions are just for few products and inside quotas.

The initial positions seem to be very distant, but probably there is some room for an optimistic view. As a matter of fact, as we mentioned in chapter 5, it seems not reasonable for Syrian negotiators to ask for a complete liberalization of agricultural import access, or for something that the EU is not prepared to concede. Moreover, since it is not conceivable that the EU can liberalize its agricultural import only in favor of Syria, it has to be taken into account the strong competition of other Mediterranean Countries that Syria would face in a context of complete liberalization of the EU agricultural market.

Consequently, it may be suitable for Syrian negotiators to accept the EU idea of gradual and partial agricultural trade liberalization to be achieved through an approach of "administered trade". In this context, it should be easier for Syria to ask for and to obtain specific concessions, in terms of zero or reduced tariff import quotas for some sensible Syrian export products. As it usually happens in negotiation processes, each party asks for the maximum in order to reach a compromise satisfaying both parties.

8.4. Financial Assistance of the MEDA Program in favor of Syria and Options for its Optimal Use

Syria is one of the beneficiary countries of the Euro-Mediterranean Partnership Program (MEDA). Syria, however, ratified the MEDA Framework Convention only in July 2000 and only recently, the MEDA projects are beginning to reach the operational phase.

The projects under the MEDA I program (1995-1999) are reform-oriented (as were the last projects under the Financial Protocols) focusing on difficult reform areas in both the private and public sectors. These programs are intended for supporting and encouraging the Government's reforms, for creating the structures and the instruments necessary for the development of the economy of the country and establishing an economic and institutional favorable environment.

The MEDA II project will focus over the next three years on economic modernization and increasingly on social and human development. The main objectives of MEDA II programs are:

1- To go on in EU support to specific reforms;

2- To put these reforms in a consistent framework;

3- To advise the Syrian Government in formulating the strategy of modernization, with a view to improving economic performance and preserving ocial balance.

In the fifth round of the AA negotiations held in the middle of December 2000, the Syrian side confirmed that the Syrian economy needs help to bear the consequences of the free trade area determined by the European-Mediterranean Agreements in 2010. And such a help needs not just a financial support, but also a technical support

The Syrian government has already started a reform-oriented plan targeting the following areas: reforming the public sector, increasing the role of the private sector in many activities, reforming the banking system, liberalizing exchange rates and encouraging the medium and small industrial institutions. Syria has already solved the problem of repaying its debts to Germany. Consequently, it secured the resumption of cooperation with the European Investment Bank which, following an agreement signed on 14 December 2000, granted 75.000.000 Euro to finance projects of electricity network expansion .

The structural difficulties prevented Syria from using financial aid granted by the EU in the last five years 1995-2000 of 108.000.000 Euro to finance ten projects of administrative reform in the social and economic fields.

MEDA 2 included a list of projects but till now projects concerning agricultural sector are not included.

8.5. Policy Changes Needed As A Consequence of the Association Agreement and Their Implications for Domestic Policies

As a consequence of the Association Agreement, the Syrian Government may face a growth in public expenditure, in order to co-finance some of the actions promoted by the EU. There are three possible complementary approaches that could be taken into account to reduce budgetary pressure.

Partnerships with the private sector must be created for both capital and technology. Public-private partnerships have already been initiated in infrastructures such as telecommunication. These partnerships will reduce budgetary pressures and will provide access to new technology and practices.

Better analysis of public expenditure is needed, in order to determine a) the highest marginal rates of return on public expenditures, b) the expenditures that should be cut or increased, on the basis of their low efficiency.

The resource transfers from the European Union must be well used to help the transition process. These transfers must be: a) strategically targeted; b) directed to high-yield activities as well as to programs that provide firms with incentives in order to adapt to the new realities; and c) used in a way that discourages the culture of entitlement that has been characteristic of many countries in the region.

In conclusion, the Government of Syria will face the issue of legitimacy vis-à-vis its citizenry. In other words, it is very difficult to raise revenues when taxpayers do not believe their Government is fulfilling its fiduciary responsibility. However, by taking the expenditure-management measures mentioned above, Governments can prove to taxpayers that increased revenues will make a significant difference. In fact, this approach brings together the two sides of the problem that must be addressed simultaneously, i.e., the revenue and expenditure sides. In addition, it offers the Government the opportunity to show its willingness to take up the challenge of a real improvement in public expenditure and revenue policies, as well as for readying the country for a more competitive environment, once integration with Europe is complete.

8.6. An Overall Evaluation of Costs and Benefits

When estimating the costs and benefits for Syria in entering the European-Mediterranean Agreements, one dilemma stands out. According to the most sophisticated models, the welfare benefit to the economy coming from integration would be about 3 percent of GDP. Yet, in the short run, the Syrian Government will face falling tariff revenues and tightening budgets.

Why then integrating at all? What is it about integration that has convinced many to support the Euro-Med. agreements? The answer largely lies in the belief and commitment of policymakers in the Government of Syria.

Most economic models indicate that the integration of a smaller economy with a larger one should have substantial growth payoffs. In this context, despite a short run decline in revenues, it is entirely possible that higher growth in Egypt, Jordan, Morocco and Tunisia may increase tax revenues from other sources, offsetting the short run costs. However, the process of capturing dynamic gains will also have important expenditure implications.

There are four major channels through which integration may enhance growth: 1) competition, which should result in better cost discipline, innovation and productivity growth; 2) technology transfer, which should be facilitated by the harmonization of standards; 3) direct foreign investment; and 4) preference treatment which leads to more access to external markets. These are the issued to be taken into consideration when looking for gains from trade agreements: more investment, more technology, more competition and, therefore, more productivity.

What is the role of public expenditure in the effort to improve productivity? It is well known that exports of manufactured goods are one of the most powerful means through which productivity gains should take place. If exports of this type are going to expand rapidly, taking advantage of the opportunities offered by the integration agreements, sustained investments in infrastructure will be required. Modernization of infrastructures, which supports and complements private investment, will be a major challenge in the country, putting significant pressure on the expenditure side.

Another important element in the integration process, which may have budgetary implications, is related to the enormous amount of help that will be required by private firms in Syria. When the rules of the game change after years of functioning in a closed economy, it is very difficult for entrepreneurs to know how to operate in a more open and competitive environment.

One of the main topics of discussion in Syria these days is how to raise the level of productivity and competitiveness in existing firms. Among other things, this will require programs aimed at increasing the transfer of technology and information, as well as improving access to working and investment capital. While the Euro-Mediterranean agreements include very substantial transfers from the EU to facilitate industrial adjustment in the countries of the region, the process will not be smooth, and will once again put pressure on the expenditure side of the budget.

There is also a substantial investment effort to be made in basic education and training, if Syria with its current labor force expects to be able to compete. These investments will take a minimum of twelve years to begin to pay off, and will have to include currently employed workers who need new skills in order to adapt to the changing economic environment.

By establishing free trade for industrial products in 12 years, the European Union Association Agreements with countries in the Mediterranean region seek to promote accelerated economic growth. Benefits could be substantial, but only if the process is accompanied by deep supplementary reforms, such as extending trade liberalization to service and agriculture and on a multilateral basis, improving the environment for foreign direct investment, ensuring an adequate fiscal and exchange rate policy response. In this way, macroeconomic stability and trade liberalization should go hand in hand.

What was mentioned above is the cost and benefit of the association agreement at the macro level in general, but we want to highlight its impact on the agricultural sector. Some expected positive results are as follows:

– increased productivity and competitiveness of some agricultural commodities, for which Syria has comparative advantages;

– creation of job opportunities due to increased trade between Syria and EU, better infrastructure, and better market services;

– decreased cost of production as a result of import tariff reduction on mechanization and agricultural inputs.

On the other side, the negative results could be as follows:

– having difficulties in exporting to the EU agricultural market, because of the protective effect of EU Common Agricultural Policies;

- having no chance of exporting Mediterranean products such as olive, citrus and apples as the result of the competition of other more competitive countries;
- facing strong competition from other Mediterranean countries enjoying a preferential treatment;
- difficulties (at least in the short run) in accomplishing with the strict product quality standards imposed by the EU.

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