

At the Heart of the Euro-Mediterranean Challenge: The Agriculture and Food Issue

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At the 8th Euro-Mediterranean Conference of Ministers of Foreign Affairs held on 27th and 28th November 2006 in Tampere, Finland, the decision taken in late 2005 by the European Commission to initiate negotiations on the liberalisation of trade in agricultural products with Mediterranean Partner Countries (MPCs) was discussed and reiterated. It may seem surprising that the agricultural issue is so late in arriving on the Euro-Mediterranean agenda, but there is no denying the complexity of this matter, which also involves rural development and food issues.

The agricultural and food issue is, in fact, decisive for the future of the Mediterranean Basin, as it is at the junction of politics, commerce and society. Questioning the situation of agriculture and its future in the Mediterranean region is ultimately equivalent to questioning the very destiny of the Euro-Mediterranean project at a time when it seems to be running out of steam and disintegrating, caught in a crisis of lack of convergence and vitality.

Bringing to light the strategic dimension of agriculture in the Mediterranean and examining how the perspective of liberalisation of agricultural trade is evolving constitute the primary objectives of this paper. The third objective, more modest, is to question the future of the Euro-Mediterranean project vis-à-vis the agriculture priority.

Features of Mediterranean Agricultural Dynamics

Agriculture is strategic for the Mediterranean Basin. This observation is based on a broad range of

determinants, but the five factors below, weighty enough in and of themselves, adequately sum up the situation.

The Demographic Scope of the Matter

Within a period of half a century, the Mediterranean population will have nearly doubled, going from 285 million inhabitants in 1970 to 525 million by 2020. Yet this demographic growth is relative, because the population in Northern Mediterranean countries has been stabilising for several decades, whereas the Southern Mediterranean area has experienced an overwhelming population explosion. In 2005, a third of the population of the Mediterranean Basin was living in rural areas and a third of the active population in Mediterranean South Shore countries are still working in the agriculture industry. The rural and agricultural population naturally grew along the South Shore with the population boom, whereas in the North Shore countries, at the same time, depopulation of rural areas accelerated while the number of people active in agriculture continued to decrease. At this early stage of the 21st century, let us make no mistake: the Mediterranean region is not exclusively urban, coastally-inhabited and service-oriented.

The Complex and Vulnerable Situation of Agribusiness

The deteriorating agribusiness balances of the Arab Mediterranean Partner Countries deserve particular attention. In fact, for three decades, these countries have been in a situation of chronic food dependence and certain States now seem to have severe structural deficiencies (Algeria and Egypt). Hence, a negative balance of nearly \$9 billion was registered in 2004 in the MPCs' agricultural trade relations with the rest of the world. Only Turkey showed a positive balance, having contributed 48% of the MPCs' overall agricultural exports to the world.

With regard to Euro-Mediterranean trade, three important factors should be kept in mind:

- First of all, the asymmetry of commercial relations: The European Union's (EU-25) commerce with the ten MPCs only amounts to 2% of its agricultural imports and exports, but in contrast, polarises 52% of the MPCs' agricultural exports and comprises 28% of their imports. There is therefore a clear gap between the Northern and Southern Basin areas in terms of agricultural trade intensity;
- Secondly, the deceptive balance of Euro-Mediterranean trade: the results only appear positive in the MPCs (+\$0.6 billion in 2004) because Turkey alone contributed nearly half the MPCs' agricultural exports to the EU-25. Therefore, without the Turkish agricultural power, the MPCs' trade balance shows a deficit with Europe (\$1.5 billion in 2004);
- And finally, the opening of the MPCs to the world market: despite their commercial preference for the EU-25, in 2004 they imported 72% of food supplies from the rest of the world. Europe is thus not the only actor exporting to the Southern Mediterranean – USA, Argentina, Brazil and Australia are likewise important business partners, as demonstrated by cereal exports of the latter countries to Southern Mediterranean countries. The attitude of Morocco, which signed a free trade agreement with Washington in 2004, reveals that certain MPCs are now seeking to establish political-trade alliances beyond the Euro-Mediterranean boundaries.

The Challenge of Rural Development

The urgent need for developing the rural areas of Southern Mediterranean countries constitutes one of the region's major challenges. This imperative remains primarily focussed on the struggle against poverty, a persistent affliction in the countryside. The number of people living on less than a US dollar per day may have even increased since 1990, a decade during which the effects of structural adjustment programmes

weighed down upon development processes in these countries. If over the course of the 1970s and 80s, significant progress was made by the MPCs, the problem since the 1990s resides not only in the maldevelopment perceived but also in the non-development which is sometimes sensed. Community social infrastructures are lacking or in a state of deterioration (e.g. access to water, access to health services and access to education), not to mention gender inequality, which continues to be greater than in urban environments.

Finally, there is a risk of a return to territorial fragmentation in this region, which is apparently divided into globalised cities looking abroad and rural areas that are quite often isolated, underdeveloped and marginalised: this is the inner gap of the South. This entails a double risk: uncontrolled city growth on the one hand and the proliferation of isolated areas on the other.

Environmental Tension

The environmental challenge in the Mediterranean Basin is present on several levels, with the following simultaneous problems: climate change, desertification, soil erosion and air and water pollution. At the focal point of ecological tension is the issue of water, which is considered the greatest cause for concern. This rare resource is very unequally distributed in the Mediterranean region, with 75% of the supply located on the North Shore. Today, nearly half of the world's population with little access to water (less than 1,000m³/inhabitant/year) lives in the Mediterranean region. Whereas agriculture absorbs approximately 80% of water resources in the MPCs and a significant part of this volume is lost due to a lack of effective supply networks, the 'water divide' is growing wider between the well-off and the poor population, whose access to potable water differs greatly from the former. Today, much more so than in Europe, water quality has become a factor of social discrimination in these countries.

CIHEAM

The International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM) was created by joint initiative of the OECD and the Council of Europe on 21st May 1962. It is an intergovernmental organisation with thirteen Member States from the Mediterranean Basin (Albania, Algeria, Egypt, Spain, France, Greece, Italy, Lebanon, Malta, Morocco, Portugal, Tunisia and Turkey). CIHEAM has a General Secretariat located in Paris and four Mediterranean agronomy institutes

(in Bari, Chania, Montpellier and Zaragoza). In pursuing its three fundamental missions – education, research and cooperation – CIHEAM has become a reference in its field of activity: agriculture and food in the Mediterranean region.

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Quantitative and Qualitative Food Security

In the face of the population boom in the region and the deterioration of agribusiness equilibrium, the issue of food security for Mediterranean populations remains unsolved. First and foremost is the quantitative dimension, as malnutrition remains a non-negligible scourge (approximately 4% of the Southern Mediterranean population suffers from daily undernourishment) and is on the rise under the effect of the population boom (7 million people in 1990, 9 million in 2002). With regard to the quantitative aspect, an important example to consider is the cereal dependence of the majority of Mediterranean countries. The Mediterranean region, for instance, currently accounts for 22% of world cereal imports but only has 7% of the world's population. More specifically, the MPCs account for 12% of world cereal imports but only comprise 4% of the world's population.

In addition to this quantitative problem, there is the increasingly worrisome problem of the quality of food. Whereas the Mediterranean diet is recognised by the World Health Organization and identified as one of the most magnificent aspects of the Mediterranean Basin's heritage, the Mediterranean countries are increasingly distancing themselves from this model. The mutation in eating habits is a universal phenomenon accompanying economic development and urbanisation. This transition, progressive in the North, brutally rapid in the South, has resulted in a phenomenon of food quality deterioration. The increase in obesity among populations is, among other things, a convincing indicator of this deterioration, which weighs upon the community and the well-being of the population at large (in particular among the youngest generations: in the Maghreb, 17% of children under five years of age are obese).

This factor has led to a new facet in the North-South divide. Europe, notified by health alerts that had become such a topical issue (dioxin, mad cow disease) over the course of the 1990s, has managed to strengthen

the traceability and safety of its food products (through a quality and certification policy as well as the establishment in 2002 of a European Food Safety Authority). The Southern Mediterranean countries, on the other hand, despite their efforts, remain handicapped with regard to such health imperatives (emerging as the new non-tariff barriers for the area) due to their lack of an adequate, operational structure guaranteeing food safety and certifying product quality. In light of the above state of affairs of Mediterranean agricultural dynamics, which is not an exhaustive description, an analysis of the agricultural issue within the framework of the Euro-Mediterranean Partnership (EMP) is called for.

The Agricultural Issue within the Framework of the Euro-Mediterranean Partnership

Since the Barcelona Process was launched in 1995, the agricultural sector has been considered a delicate issue specific to the EMP. In any case, three different stages can be distinguished in Euro-Mediterranean agricultural developments.

1995-2002: The Agricultural Exception

Whereas trade constitutes one of the cornerstones of regional cooperation, the ultimate objective being to create a Euro-Mediterranean Free Trade Area by 2010, agriculture remains a neglected sector in the establishment of the Association Agreements between the European Union (EU) and the MPCs. The delicate agricultural issue is deliberately concealed, whereas it simultaneously attracts the attention of the WTO and multilateral international negotiations. Though industrial free trade matters have been settled, Euro-Mediterranean agricultural liberalisation continues to be postponed. The causes for this are complex, but the general diagnosis is well known.

EXCERPT FROM THE CONCLUSIONS OF THE 8TH EURO-MEDITERRANEAN CONFERENCE OF MINISTERS OF FOREIGN AFFAIRS, HELD IN TAMPERE, FINLAND ON 27TH AND 28TH NOVEMBER 2006

From Section III, Paragraph 15:

"(...) the progressive liberalisation of trade in agriculture, processed agricultural and fisheries products, with a possible selected number of exceptions and timetables for gradual and asymmetrical implementation, taking into account the differences and individual characteristics of the

agricultural sector in different countries, building on the Euro-Med Association Agreements and regional free trade agreements, based on the Rabat roadmap. Non-tariff aspects of agricultural trade liberalisation should be properly dealt with, along with other issues such as rural development, agricultural productivity and quality, as well as sustainable development (...)"

In the North, the EU producers dread facing heightened competition should their preferential EU status disappear. In the South, exporters demand greater access to the EU market. In any case, the MPCs are major importers of staple products from the EU, such as cereals, sugar and milk. Yet considering the poor performance of their food-producing agriculture, these States are little inclined to expose it to foreign competition. Moreover, part of the Euro-Mediterranean trade 'conflict' is due to the heightened risk of competition between the two shores of the basin on the same agricultural products (olive oil, fruit and vegetables) should liberalisation arrive. Finally, another, extremely delicate factor must be taken into account: the dual nature of the agricultural sector in the Southern Mediterranean region. There are only a few competitive agro-food industries able to handle globalisation, as compared to a multitude of very small family farms scattered throughout the countryside and essentially dedicated to subsistence farming.

Thus, agriculture has always been the object of restrained treatment by the EMP. Evidently, the logic of a so-to-speak 'agricultural exception' has prevailed in Association Agreement negotiations.

2003-2006: Towards Liberalisation

It was not until the 27th November 2003 that the first Euro-Mediterranean Ministerial Conference on Agriculture was held, namely in Venice, under the Italian EU Presidency. The primary recommendations concerned stepping up rural development, fostering agricultural product quality and launching specific organic agriculture initiatives. From then on, the debate has essentially focussed on the speed and method to be used in the process. Furthermore, decision-makers have deemed that agriculture can only be handled on a case-by-case basis, according to the delicate status of each product on the EU market and the export competitiveness of each MPC (the logic of differentiation). This corresponds with the philosophy of the new European Neighbourhood Policy (ENP) conceived that same year.

In 2005, declared the "Year of the Mediterranean" by the European authorities, agriculture was on the agenda for reforming and relaunching the EMP. The EU officially announced its decision to start agricultural negotiations with the MPCs in a communiqué from the 15th November 2005, stipulating that negotiations would be held as of 2006 towards "a progressive liberalisation of fresh and processed agricultural and

fishery products." This decision was reiterated in the five-year work programme adopted at the Euro-Mediterranean Summit of Heads of State and Government on 28th November 2005 in Barcelona. Since 2006, a Committee of Experts has been in charge of following up on the matter at the Commission and applying the "Euro-Mediterranean Roadmap for Agriculture." The latter is oriented around several strategic pillars, namely: reciprocal liberalisation (joint efforts by countries on both shores of the Mediterranean); a progressive, gradual approach; temporary asymmetry (the EU having to accept a slower rate of liberalisation by the MPCs); and the definition by country of a list of exceptions containing the most 'delicate' products, not to be included in the liberalisation process. Moreover, this Roadmap insists on the imperatives of rural development, fostering quality products, promoting traditional Mediterranean products, attracting private investment in the agriculture industry and improving access to export markets.

Certainly, the matter of agricultural liberalisation in the Mediterranean has experienced a certain degree of progress between 2003 and 2006. However, this should not mask the numerous uncertainties and concerns brought up by the scenario of agricultural liberalisation within the Euro-Mediterranean region.

2007: Future Prospects

In 2006, the Commission thus launched bilateral negotiations with certain MPCs. Jordan has engaged in a process of elevated liberalisation in the sphere of agriculture. This country has gone quite far in these negotiations, resulting in a perspective of elevated agricultural liberalisation in the near future for both parties. Negotiations are also progressing with Israel. Progress is difficult with Tunisia, on the other hand, as the country proves reticent and rather unwilling to commit. With Egypt, negotiations got off to a bad start but the European Union is re-examining its proposition as Cairo would like to follow the Jordanian model. With regard to Morocco, negotiations are running up against a certain apprehension in Rabat, which is adopting a highly cautious attitude insofar as the degree of liberalisation to attain. And finally, nothing has been undertaken for the time being with Algeria. Everything thus leads to believe that the Euro-Mediterranean agricultural negotiation process will not be completed until late 2007, especially since the Commission is simultaneously becoming more and more demanding with regard to non-tariff aspects of

trade while the MPCs are still displaying reticence. The year 2007 will be decisive for both the Mediterranean – with the implementation of the ENP – and the agricultural issue, with negotiations that promise to be difficult and have heterogeneous results. According to predictions, the ENP could lead to three types of relations between the EU and its MPCs: more in-depth relations, a continuation of the status quo or a break in negotiations.

Another major issue has to do with the limits of current agricultural debate, too centred on trade and insufficiently touching upon matters of public health, territorial balance and social cohesion. A Mediterranean region where relations are definitively broken between coastal cities in pace with globalisation and poverty-ridden, isolated rural areas is not a desirable scenario. No less than a future where forms of consumption are definitively westernised and the Mediterranean diet recommended by the WHO relocated outside of the Mediterranean area. These are the challenges of the expected impacts in the case of unregulated liberalisation of Euro-Mediterranean agricultural trade, which would certainly be profitable for certain actors while possibly being devastating for many. The accumulation of more wealth by the rich and the accentuation of poverty among the poor are often manifestations of globalisation and liberal trade; this is also one of the most significant phenomena occurring in the Mediterranean.

Conclusion

Though the Mediterranean shows signs of clear-sighted pessimism, it also offers the perspective of a project capable of mobilising optimism and determination. Because agriculture is the base of Mediterranean identity and structures the societies in

the region, there is no doubt that a convergence of action on this strategic interest would lead to close collaboration that would mobilise people because of its features of solidarity, humaneness and mutual profitability for both shores of the Mediterranean.

A less fatalist, more deliberate scenario is therefore conceivable – that of a Mediterranean region where development is collectively sought and globalisation redefined, placing the will for progress and competitiveness within a project for sustainable development tailored to it and combining liberalisation with the preservation of diversity and wealth of its heritage. In sum, creating a successful Euro-Mediterranean project entails building acceptable, responsible globalisation.

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6TH MEETING OF CIHEAM MEMBER STATES' MINISTERS OF AGRICULTURE, CAIRO (EGYPT), 2ND DECEMBER 2006

Since 1999, CIHEAM has been organising a biennial meeting of Ministers of Agriculture from its thirteen Member States. At these ministerial conferences, CIHEAM's action timetable is established and progress is made in fostering dialogue and a common culture on agricultural aspects among Mediterranean countries.

The 6th Meeting was held in Cairo on 2nd December 2006 under the auspices of the Egyptian Authorities. With the attendance of 10 Ministers of Agriculture from countries of the Mediterranean Basin, the

meeting primarily discussed three major challenges facing the region: the liberalisation of agricultural trade, policies of rural development and the promotion of quality products. On this occasion, CIHEAM also enjoyed the participation of Mariann Fischer-Boël (EU Commissioner for Agriculture) and Harsha Singh (Deputy Director General in charge of the Agriculture Division of the WTO), as well as representatives of numerous international institutions (Plan Bleu, FAO, OECD, Council of Europe and the World Bank).