



Project no: **SSPE-CT-2004-502459 (STREP)**

Project acronym: **MEDFROL**

Project title:

Market and Trade Policies for Mediterranean Agriculture: The case of fruit/vegetable and olive oil

Instrument: **Specific Targeted Research Projects**

Thematic Priority: **Policy-orientated research**

Publishable executive summary

Period covered: from 01-04-2006 to 31-05-2007 **Date of preparation:** 29/06/2007

Start date of project: 01-04-2004 **Duration:** 38 months

Project coordinator name: Dr George Baourakis

Project coordinator organisation name: Mediterranean Agronomic Institute of Chania,
Greece (MAIch)

Revision [Final]

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Project objective(s)

Introduction

In recent years the Mediterranean countries have encountered a number of agricultural policy changes that could significantly influence their agricultural sector and thus their overall economy. Since the EU is one of the major trade partners of the Mediterranean countries EU member countries are faced with the ongoing trade liberalisation, the Reform of the Common Agricultural Policy (CAP) of the European Union (EU), and the establishment of a Free Trade Area between the EU and the Mediterranean Countries after 2010. The latter will be accomplished through the Euro-Mediterranean Association Agreements, which took place at the Summit of Barcelona in 1995 and thus, is also known as the Barcelona Process. Ten years after its establishment, the Barcelona Agreement was deemed to be up to date by 2005, the year of the Mediterranean, as it was declared by the EU-Commission.

These changes have brought about the need to analyse on the one hand, the existing structure of the agricultural sector in the countries of the Mediterranean basin, and on the other hand, to empirically examine the impacts of the new policy regimes with appropriate modelling tools, so as to enable one to firstly evaluate the policies and propose further changes if needed and secondly, to base the discussion for the future of Mediterranean agriculture on sound empirical analysis.

The MEDFROL project analyses the macroeconomic environment and the agricultural sector of the eleven Mediterranean, non-EU countries, namely **Turkey, Morocco, Algeria, Tunisia, Egypt, Lebanon, Libya, Syria, Israel, Gaza Strip and West Bank, Jordan**. These countries form a group of states that, despite their extensive heterogeneity, continue to share certain common characteristics, ranging from cultural and political status to overall economic situation.

Moreover, the inclusion of four EU Member States (**Greece, Spain, Malta and Cyprus**) in the project, serves not only as a form of comparison, but also as projectional cases allowing for the assessment of the alternative possible effects of EU membership and the identification of any specific lessons learned by the Mediterranean countries.

More specifically the goals of the Project are to:

- **Provide a quantitative and qualitative insight of the agricultural sectors** of the above mentioned countries with analytical and up-to-date descriptive statistics, a presentation of national agricultural policies and a description of relevant supply chains;
- **Compare the fruit/vegetable and olive oil sectors in these regions with EU countries** that produce similar products and to stipulate their future course of action;
- **Provide analytical tools** for assessing the potential impacts of trade liberalisation with the EU by applying four different models and
- **Evaluate the consequences** of trade liberalisation on the EU as a whole (consumer prices, market effects, budget burden) as well as on individual Member States and to generate appropriate policy recommendations.

To achieve these objectives multidisciplinary analysis is applied. The project is divided into 8 work-packages:

- WP1: Presentation of the general economic environment through 13 National Agricultural Policy Reports (for Cyprus, Israel, Lebanon, Malta, Turkey, Syria, Jordan, Morocco, Libya, Algeria, Tunisia, Gaza Strip, Egypt), 15 Agricultural Policy Reports (same countries + Greece + Spain) and 2 Executive Summary Reports;
- WP2: Fruit/vegetables and olive oil supply chain analysis in the EU with emphasis on Germany and the Netherlands as case studies;
- WP3 – WP4: Productivity/efficiency and import demand models, specification and analysis of 4 countries – 2 products (Morocco, Tunisia, Greece, Spain – fruit/vegetables and olive oil) and 3 countries – 3 products (Germany, France, EU – citrus, tomatoes, olive oil) respectively;
- WP5: Trade and policy analysis with the model AGRISIM;
- WP6: Input – output model;
- WP7 – WP8: Dissemination of knowledge (throughout the whole duration of the Project) and final report of the Project where all findings are summarised.

Contractors involved:

Coordinator (P1): Mediterranean Agronomic Institute of Chania (MAICH) /CIHEAM

Contact details:

Address: Alsyllo Agrokepiou P.O Box 85, GR 73100, Chania Crete

Telephone: +30 2821 0 35020 Fax: +30 2821 0 35001

Contact Person: Dr George Baourakis (e-mail address: baouraki@maich.gr)

Contractors

Participants

P2 - CREDA, Universidad Politécnica de Cataluña, **SPAIN**

P3 – SLU, Swedish Univ of Agricultural Sciences, **SWEDEN**

P4 - IAM/JLU, Institut fuer Agrarpolitik und Marktforschung, **GERMANY**

P5 - Wageningen Agricultural Univ., **THE NETHERLANDS**

P6 - ARI, Agricultural Research Institute, **CYPRUS**

P7 - EUZF, Ege University, **TURKEY**

P8 - ENA, National School of Agriculture Meknes, **MOROCCO**

P9 - INRAT, Institut National de la Recherche Agronomique de Tunisie, **TUNISIA**

Work performed

The main volume of work performed during the third year of the project (01-04-2006 till 31-05-2007) was devoted to:

- **WP1:** The finalization of the analytical reports on the general macroeconomic environment and the current state of agriculture with particular emphasis on the fruit, vegetable and olive sectors in the Mediterranean countries (WP1). Minor changes were made to **the thirteen homogeneous, well-structured National Agricultural Policy Reports (NAPR) (D2-D5) and fifteen Agricultural Situation Reports (ASR) (D7-D13) and the final ones were placed on the Medfrol website.**
- **WP2:** The completion of the WP2 deliverables, namely: Description of the supply chain for fruit and vegetable in the EU (Germany and Netherlands) (D17) and Description of the supply chain for olive oil in the EU (Germany and Netherlands) (D18). P5 led the work of this work package, while other partners involved are: P1, P2 and P3.
- **WP3 – WP4:** The completion of the WP3 and WP4 deliverables namely D19: An executive summary describing the Productivity and efficiency model to be applied, has already been completed while D20 and D24 will be ready in July 2006 and D21-D23 in September 2006.
- **WP5:** The completion of the deliverable D25: Description of the Trade Model Description (AGRISM) and D27: Synthetic Report: Trade model analysis. This WP was led by P4 while P1, P2, P3 and P5 were contributed in its realisation.
- **WP6:** The development and application of an Input-Output model aiming at the analysis of the generated impacts on national production, employment levels and household income arising from any future changes in the relevant policy scheme covering the fruit and vegetable and olive oil sectors. For this purpose the latest available published I-O tables of Egypt and Morocco were used and adjusted according to the the analysis. The two deliverables D28: Input-Output model description and I-O tables and D29: Report on I-O analysis and policy implications were completed and placed in the website.
- **WP7:** The diffusion of the project's work and major findings to a wide audience through the executive summary reports that were completed and placed in the website as well as the presentation of the results in international journals and conferences. Completion of the D6 and D23¹, namely the executive summary reports on national agricultural policies and on the agricultural situation in the Mediterranean that are available through the MEDFROL website. Given that the comparative market analyses along with the policy implication analyses to be carried out during this project will only have an impact if they reach the main target groups a dissemination plan was drawn up throughout the course of the project (WP7). The project Web site, constructed at the commencement of the project (<http://medfrol.maich.gr>) was regularly updated to include necessary information (consortium addresses, scope of the project, minutes of the meetings, etc.), major findings (deliverables), links to other

¹ Following the suggestion of P3 (SLU) during the 5th Project meeting (MAICH, 2006) to avoid repetition and produce more accurate and useful reports, the two sectoral synthesis report (D14 and D15) were included into the synthesis reports on agricultural policies and/or agricultural situation (D6 and D13).

related pages (international organizations, other projects' web pages etc), a database of major key statistics collected during the project, etc. (*see Annex: Plan for using and disseminating the knowledge*). The results and findings of the MEDFROL's activities were disseminated through several channels such as publications in academic outlets (scientific and policy-oriented journals), presentations to relevant conferences (posters and contributed papers) and through the MEDFROL home page.

- **WP8:** The objective of this final workpackage is to summarise the main research results of the whole project with particular emphasis placed on any policy implications both at the EU level and the national level in the Mediterranean countries. The final MEDFROL report that includes a summary of the project activities and results will be placed at the MEDFROL website.