



IMPACTS OF AGRICULTURAL TRADE LIBERALIZATION BETWEEN THE EU AND MEDITERRANEAN COUNTRIES

Reporting

Project Information

EU-MED AGPOL

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[Project website](#) 

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Final Report Summary - EU-MED AGPOL (Impacts of agricultural trade liberalization between the EU and the Mediterranean countries)

The overall objective of this project was to estimate and describe the impacts of EU and Mediterranean partner agricultural trade liberalisation on European countries and societies.

The major changes in European imports were and are still today expected to be in fruits and vegetables and olive oil. Europe has the potential to increase exports to Mediterranean countries of cereals, meats, and milk products. Estimation of changes in exports from the EU to Mediterranean countries can be handled by traditional sector models, and we chose CAPRI, a widely used European agricultural sector

model for that purpose. But estimating the impacts of changes in fruit, vegetable, and olive oil imports is an entirely different story. Fruits and vegetables are much more complicated. Many fruits are perennials, and, thus, are difficult to handle in standard annual models. The traditional European export commodities like wheat, barley, milk, meat, etc. are relatively homogeneous. But fruits and vegetables come in hundreds of varieties.

Furthermore, there are issues of seasonality that, in essence, make a strawberry in one month different from a strawberry in another month. And on top of all the natural variety, the customs rules and duties applied by the EU for fruits and vegetables are very complicated. In addition, the possible changes in trade in fruits and vegetables are quite large. Thus, it would be very difficult, if not impossible, for any modelling approach to reliably estimate the impacts of prospective policy changes regarding fruits and vegetables. Quantitative models are best when the products are relatively homogeneous, when the policy instruments are straightforward, and when the envisioned changes are not large. None of those conditions exist for fruits and vegetables, so it would not have been wise to use such techniques for this impact estimation.

The state of the art was that we could and did use quantitative analysis tools for part of our analysis but we also used other approaches to complement the modelling approach. For processed goods, we used the global supply chain approach to capture the supply chain interactions. We have chosen to use expert panels for the Mediterranean countries with substantial export potential. CIHEAM / IAMM has an extensive network of contacts in agribusiness, production, academia, etc. throughout the Mediterranean region, and we drew upon this network to provide the needed expertise. In this way, we tried to capture the very best understanding available on what the likely changes would be under different liberalisation scenarios. We then used that information to do the quantitative estimates of impacts on European producing regions.

Robust conclusions regarding the potential damages to European agriculture, which could result from trade liberalisation with Mediterranean countries can be drawn from our analyses:

- The overall or aggregate impacts of EU partial or full trade liberalisation with the Mediterranean countries in fruits, vegetables, and olive oil are expected to be small.
- Even though the overall impacts of trade liberalisation are expected to be small, there are certain EU regions and producers of specific products for which these impacts could be significant. However, on the aggregate these losses would not be very large, which should make fairly easy the design and implementation of compensation measures for the losers of the process.
- Trade among the Mediterranean countries and the EU is not constrained only by quotas and tariffs but also by other factors such as distance, production costs, and other factors.
- EU protection varies markedly among the different fruit and vegetable products, and the degree of preferential access differs among Mediterranean countries.
- Trade liberalisation, as is often the case, would result in winners and losers within and among the Mediterranean countries and the EU.

The impacts on Mediterranean countries could be larger than the impacts on the EU because consumers would gain significantly from cheaper food prices, particularly prices of cereals and cereal-based food products, producers of cereals in these countries would lose and many of these producers are poor. In addition, part of the negative impacts on Mediterranean countries could originate from preference erosion regarding access to the European fruit and vegetable market. Such preference erosion could result from a

multilateral agreement in WTO.

Also the impacts of trade liberalisation with the EU differ among the Mediterranean partner countries because there is considerable heterogeneity among Mediterranean countries in terms of access conditions (tariff and non-tariff constraints) to EU markets.

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