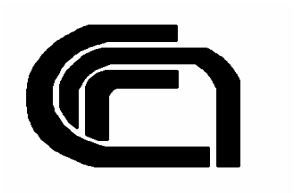
ITALIAN
NATIONAL RESEARCH
COUNCIL



Research Institute
on the
Mediterranean Economy

Bruno Venditto

THE EUROMEDITERRANEAN FREE TRADE AREA: A NEW FORM OF REGIONAL CO-OPERATION

Encounters of the Mediterranean Economists
Split 30 September – 4 October 1998

THE EUROMEDITERRANEAN FREE TRADE AREA: A NEW FORM OF REGIONAL COOPERATION?

Bruno Venditto[*]

Research Institute on the Mediterranean Economy
RIME
Via P. Castellino, 111
80131 Napoli Italy
tel. ++3981 5605486
fax. ++3981 5606540
e-mail:brunovenditto@hotmail.com

Abstract

In this paper the practicability of a free trade area has been examined. The classical Viner's trade creation and trade diversion effects have been considered, and although they refer to a static analysis it can be shown that they still may lead to important conclusions in terms of welfare and trade. The dynamic effects have, however, also been considered being these that make the major contribution to the growth of a developing country. This analysis has been then applied to a concrete case, that of the participation of Morocco and Tunisia to the Euromediterranean free trade area (EMFTA). The aim is to assess whether the EMFTA is the right tool available to foster the economic growth of the non European Mediterranean countries. From the analysis it appears that alternative measures are needed in order to accomplish the goal of the co-development as stated in the Barcelona declaration. Strategic integration is the model identified in order to develop such measures.

INTRODUCTION

In the course of the last forty years the European co-operation policy has moved from a form of intervention that was based on the utilitarian and mercantilist approach to a new form of co-operation that tried to stimulate the partnership and the mutual co-operation between its member countries and the non European Mediterranean countries[1] (NEMCs) as well as the other external countries.

The Euromediterranean Conference, held in Barcelona the 27/28 of November 1995, to which took part the 15 European Countries belonging to the European Union[2] (EU) and the 12 NEMCs can be seen as the final step of the long process of dialogue and co-operation between the two groups of countries, started since the creation of the European Economic Community (EC) in 1957.

The final Barcelona's declaration clearly emphasises, in fact, the central role that the Euromediterranean co-operation can have in order to ensure the development in the Mediterranean basin of an "area of dialogue, pace and economic growth" [1].

The main instrument which has been proposed to reach such objectives has been the Euromediterranean Free Trade Area (EMFTA) to which, by the year 2010, should take part all the NEMCs and the member countries of the EU.

[*] Research Institute on the Mediterranean Economy, (RIME). Responsible of the project: "*Southern European Regions as Euro-Mediterranean gateway to build network for partnership and co-development"*, CNR Strategic Project: "*Italy in Europe: Governance and policies for Socio-Economic Development*".
Comments can be addressed to bvenditto@rocketmail.com. The views expressed are those of the author and do not necessarily represent those of the Research Institute on the Mediterranean Economy. The assistance received from Nicholas P.Weaver (Manchester School of Economic Studies) is very much appreciated.

1 Algeria, Morocco, Tunisia -which are part of the Maghreb- Egypt, Jordan, Lebanon, Syria -which are part of the Machrek-, Israel, Palestine Authority, Turkey, Cyprus and Malta.

2 Italy, France, Spain, Germany, Belgium, Luxembourg, Great Britain, Ireland, Greece, Portugal, Denmark, Holland, Finland, Sweden, Austria.

In this paper we will try to asses if a FTA which have as members both developed and developing countries is a valid instrument to foster the growth of the less developed countries participating to the area. On such base we will try to address the problem if the EMFTA is the right tool available to the NEMCs to foster economic growth.

The work is articulated in three parts:

i) an overview of the way in which the Euromediterranean relationships have developed in this last forty years, analysing the changes that have pushed the European policy to move from a bi-lateral form of co-operation to what we may call Euromediterraneism;

ii) a review of the theory which underlines the creation of custom union/free trade area to evaluate both from a static and a dynamic point of view the practicality of a FTA in a context in which the participants have very different level of development;

iii) a tentative application of the outcomes of the previous sections to the concrete case of the participation of Morocco and Tunisia to the EMFTA[3].

The study will focus on the effects of the participation of Morocco and Tunisia to the EMFTA considering that the EU, still, represents their main commercial partner: about 63% of Maghreb import originates from Europe, while 72% of Maghreb export is directed towards the European countries. Nonetheless the opposite cannot be said, the share of the North African exports/imports in the EU import/export market is extremely small representing roughly the 2.4% of the total EU exports and imports[4].

1. *FROM BI-LATERAL CO-OPERATION TO EUROMEDITERRANEISM*

Euromediterranean co-operation develops relatively late: fifteen years after the creation of the EC, it did not exist, yet, a comprehensive set of politics with which to address the relationships with NEMCs nor, as matter of fact, those with the other developing countries outside the Mediterranean basin.

Soon after the foundation of the EC Mediterranean countries begun to lobby to protect their market shares in Europe and to minimise the potential losses that the concession of preferential agreements with non European countries would have caused to their trade. What emerged in the negotiation between the two groups of countries was, hence, only a patchwork of unrelated EC preferential trade accords rather then a common policy [3]. Gradually bi-lateral agreements were, however, signed with all the Mediterranean countries, agreements that on the one hand maintained, almost in altered, the existing commercial pattern set out during the colonial time, and on the other hand, were lacking of any financial, technical or economic aid.

By the early 1970s it was clear that bi-lateralism, which implied trade accords between single EC member countries and the Mediterranean ones, was leading to clashes with the Rome Treaty, therefore a more systematic and coherent policy was required [4].

This policy emerged at the 1972 Paris summit of the Community heads of State and Governments when was lunched a “comprehensive-balanced approach” to co-operation towards the NEMCs. On this occasion, these countries were considered to belong to an area, the Mediterranean basin, which had to be regarded from a global point of view. Furthermore, for the first time, co-operation was seen as an additional, but very pivotal, instrument necessary to foster their economic growth.

Launched in 1972 the Global Mediterranean Policy (GMP) saw the signature of the first groups of agreements only in 1976, when the global agreements with the Maghreb countries were signed, followed, one year later, by those with the Machrek countries[5].

[3] Israel will also participate having signed the Euromediterranean co-operation agreement; Jordan and Lebanon are close to signing while negotiation are in course with Egypt, Financial Times 1996 Sept. 27.

[4] [5]. IMF values for the whole Middle East and North African area show a sharp decline in the last decade and half from 24% of total EU imports in 1980 to 8% in 1994 [2].

[5] Agreements with Cyprus, Malta and Israel were already signed, respectively in 1972 and 1975. They were different, however, from those signed with the Maghreb and Mashrek countries because they aimed to an association agreement, [6].

The key points of these global agreements were represented by their unlimited duration, by the introduction of commercial preferences, mainly for the industrial and manufactured products and by the economic, technical and financial assistance introduced to stimulate their economic and social development. In doing that the same approach employed dealing with the financial co-operation towards the African, Caribbean and Pacific countries (ACP) was applied.

It is however worth to notice that the reason of such a long delay between the launch of the GMP and the signature of the first agreements has to be found in the fact that it was extremely difficult to prepare an official agreement that encompassed free entry for both the industrial/manufactured products and the agricultural ones. While was, in fact, easy for the EC countries to grant free, or preferential, entry to the manufacture exports produced by the NEMCs because they did not represented a real threat for the European domestic market, it was more difficult to allow the entrance of agricultural products which were in direct competition with the EC products [7].

Such difficulties, in the tentative to reconcile the European interests and those of the southern Mediterranean agricultural producers, as we will see later on, will be a leitmotiv in the future Euromediterranean relationships.

By the late 1980s it was, then, evident that the GMA had failed to reach its goals[6].

Several reasons can be adducted to explain the reason of such failure

In the mid 70s with the recession coming, the European countries followed, commercial and trade policies leading to the development of direct and indirect form of protectionism such as the Multi Fibre Agreements (MFA)[7] or the Voluntary Export Restrain (VER).

The enlargement of the EC, first to Greece, in 1982, then to Spain and Portugal in 1986 was a second blow to most of the NEMCs, especially those of the Maghreb, which saw the Community becoming self-sufficient in the production of most of the agricultural commodities previously exported by the NEMCs which still had a strong comparative advantage in comparison to the EC[8].

Least but not last, the existence of differences between Northern and Southern European countries, in the way to interpret the co-operation toward the NEMCs made more difficult the application of the financial protocols. The former group of countries, with the exception of Great Britain, which still had strong relationships with the Machrek countries, were not so keen in increasing their financial assistance towards the NEMCs, being more interested in developing their relationships both with the Baltic and the central European countries.

On the other hands, Southern European countries -France, Spain and Italy in particular-, on the bases of the old linkages gave great importance to the strengthening of the relationship with the former colonies

As result of the lack of unity from the whole Community, the financial assistance for the period 1978-88 only represented 3% of the total public funds destined to the NEMCs. Furthermore the effective disbursement of the fund allocated were also lagged in time, if we look in fact only at the Maghreb countries we can see that in the case of Algeria still in 1994 the only the 46% of the fund allocated for the period 1976-1991 were disbursed, while for Morocco and Tunisia it was disbursed the 80% [10].

At the end of 1989 a general consensus, among European policy making as well as European officials, was reached on the necessity to review the EC Mediterranean policy.

6 If we consider only the level of GNP per capite we can see that the gap has increased reaching in the nineties the level of 1to 20 with an average value of $ 19,000 for the EU countries and $ 993 for the NEMCs excluding Israel, Malta and Cyprus, [8].

7 This was direct mainly to protect the sensitive manufactured from the competition originated by the cheap textile produced in the developing countries, most of all from the Far East. The NEMCs were not the prime "beneficiary" of such a policy, but, although maintained their preferential access for the textiles and manufacture produce domestically, in comparison with those of the Far East, still they saw the volume of their export to the EC countries reduced.

8 Olive oil coverage moved from 86% to 106%, citrus fruit from 46% to 86% while fresh vegetables to 100% cf. [9].

A birth rate still over 3%[9], the increasing social imbalances, the difficulty to reach agricultural self sufficiency, transformed, in fact, the Mediterranean basin in an area of high instability. It was so evident in Europe that a more effective co-operative form of intervention was due[10] to prevent the hidden instability in the NEMCs to spread both to Southern and Northern European countries.

When at the beginning of the 1990s a series of events, some foreseeable, such as the Algerian fundamentalist upraise, other more unexpected, like the Gulf war and a concrete possibility to settle down the israel-palestinian quest, happened to accrue, the right environment to lunch the New Mediterranean Policy (NMP) was ready. The Mediterranean policy of the EU was then further formulated in the Corfù and Essen meetings (1994) when as result the EU stated that relationships with the other countries have to be developed in a "spirit of partnership [12].

On such line in the Euromediterranean Conference of Barcelona finally the Euromediterranean policy emerged, focusing on:

- a political partnership security in the area;
- an economic and financial partnership economic prosperity;
- a social, cultural and human partnership to encourage comprehension in the area.

The way through which to realise the economic and financial partnership is what we are now going to consider because this is the first footstep for the construction in the Mediterranean of an area of "peace, stability and prosperity" [1].

2. *THE EUROMEDITERRANEAN FREE TRADE AREA*

The realisation of a Euromediterranean free trade area is the instrument that has been envisaged to speed up, and encourage the process of co-operation and integration in the Mediterranean basin ameliorating the living conditions of its Southern inhabitants, reducing the rate of unemployment and consequential the economic gap between the EU and the NEMCs.

Being a free trade area one of the typical forms in which regional integration can take place, it is necessary at this point to draw few lines on the way the theory of economic integration has been developed.

Integration is a process by which two or more countries decide to gradually eliminate the existing commercial barriers and tariffs as well as all other form of financial or personal discrimination that prevent the free trade among them. The pioneering study, made by Viner[11] in 1953, has focused mainly on customs unions. These were initially considered with high interest since the starting point was that free trade was able to maximise welfare. Custom union, representing a movement towards free trade, would also have increased the welfare of the participating countries if not maximise it.

Viner showed that these conclusions were incorrect. With the introduction of the key concepts of trade creation and trade diversion he demonstrates that it was not possible to determine the final outcomes of a custom union, in terms of its trade and welfare effects, without knowing the dimensions of the trade creation and trade diversion effects

To illustrate this we will refer to a figure developed by Klindleberger[12] (Fig. 1) in which both the trade creation and the trade diversion effects are represented. The figure although refers mainly at the case of the creation of a custom union, is perfectly suitable to represent the free trade case as well.

In the figure 1 we have represented the case of two countries, A and B that decide to form a FTA. It's easy to demonstrate that the trade creation effect is given by the two areas $\alpha + ß$, while the trade diversion effect is given by the area γ[13].

9 With a forecast that for the year 2035 bring the total population of the NEMCs at 400 million [11].

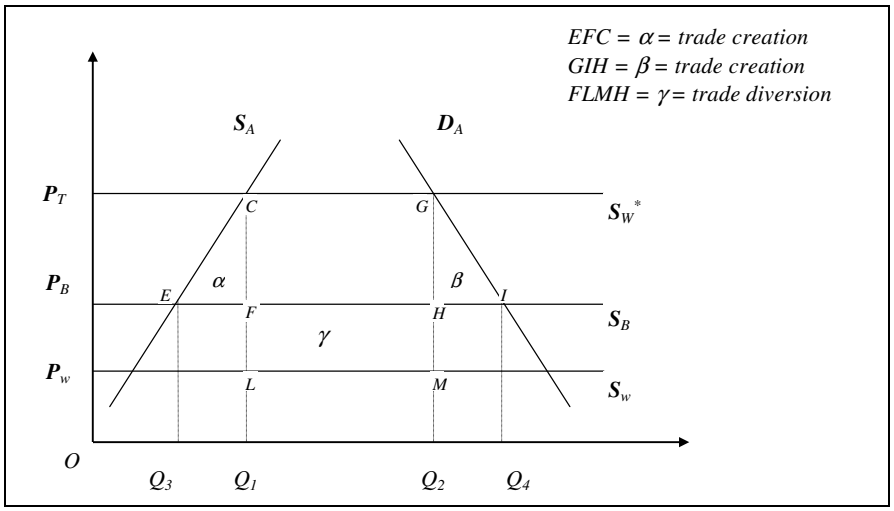
10 Migration form NEMCs was a burden to European countries, which in the same period had to deal with the huge migration from Eastern European countries as results of the collapse of their economic system.

11 [13].

12 [14] The explanation of fig 1 builds on [15].

13 In the figure 1 we have represented the case of two countries, *A* and *B* that decide to form a FTA. S_H and D_H represent the supply and demand schedule of country *A*, that we assume not

FIGURE 1. *Trade Creation and Trade Diversion*



Looking from a different viewpoint trade creation can be regarded as:

a) the increase in the consumer's welfare due to the lower price of the goods imported from the partner country/ies;
b) the chance that local producer have to allocate more efficiently the available resources. Production is then transferred from a high (the local producer) to a low cost (the partner) means of production.

Trade diversion can be instead regarded as:

c) the loss in the consumers' welfare due to the higher prices of the goods imported from the partner country/ies rather than from the low cost produced goods of the rest of the world;
d) the impossibility for the local producers to allocate more efficiently their means of production. Production in such a case will be transferred from a low cost producer (the rest of the world) to a high cost one (the partner country/ies).

From this static analysis some general dynamic principles can be deducted in order to understand if a FTA as such will be beneficial for the NEMC.

1. the benefit for the partner countries are likely to be greater the higher the original level of tariff;
2. the higher the level of intra-trade between the partners countries the greater are the opportunities for trade creation;
3. losses due to trade diversion are likely to be lower the smaller the differences in the cost of production between the partner countries and third countries;
4. union between countries that produce complementary products have less scope than that between countries that are competitive. Producing the same range of products, in other words being competitive, give more scope for the low cost producers of country A/B to substitute the high cost one of country B/A when

to be able to influence the price of its import; S_P and S_W the supply's schedules of the partner *B* and that of the rest of the world. Before the formation of a FTA between *A* and *B*, country *A* which has set a non discriminatory tariff equal to $P_W P_T$, the price in the domestic market is then OP_T, the world price plus the tariff; domestic production OQ_4 and domestic consumption OQ_3. The difference Q_3Q_4 is imported from the rest of the world (W) as they prices appear cheapest, this will provide tariff revenue equal to ABCD.

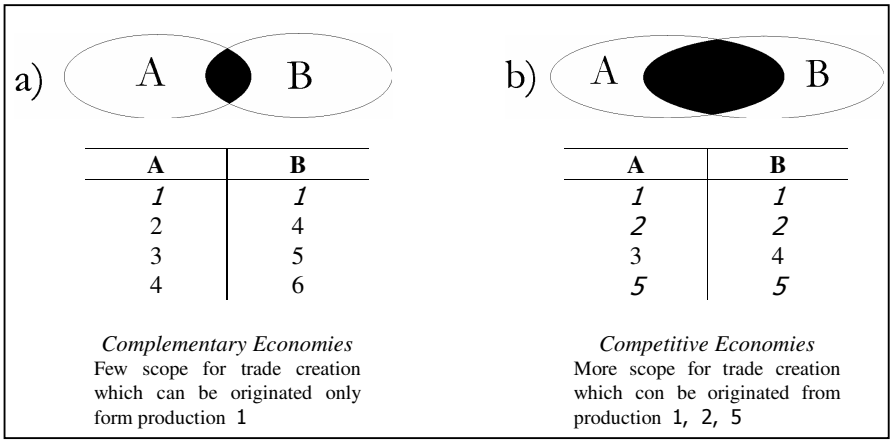
As result of the formation of the FTA, *A* will remove the tariff from *B*'s imports while maintaining it on those of W. All imports are now imported from *B* at a price OP_B, which is lower then the domestic price OP_T, but higher then the world price.

We then can identify both the trade creation and the trade diversion effects. The former comes out from the two areas α + ß, which represent the difference between the gain in consumer surplus and the loss in producer surplus. Trade diversion is, so, equal to P_tGIP_b - P_tCEP_b – *CFHG*; P_tGIP_b is the gain in consumer surplus, P_tCEP_b is the loss in producer surplus and *CFHG* is the loss of tax revenue due to the abolition of tariffs. Trade diversion is represented by the area γ, the loss of tax revenue which are not offset by the consumer surplus, *CLMG* - CFGH. The former represent the reduction of tax revenue as result of the elimination of tariffs for country B, the latter represent the reduction of fiscal revenue offset by consumer surplus.

tariffs among them are abolished. This point is well express in fig 2 were we have represented a case of two economies that have complementary and competitive production structures [16]. In the first case (a) the overlapping area is smaller than in the second case (b), this means that there are more similar productions and hence more hope to move from a high cost to a low cost system.

5. This also means that integration is going to produce better results if the integrating countries have a similar level of economic development.

FIGURE 2 *Complementary and Competitive economies*



A	B
1	*1*
2	4
3	5
4	6

Complementary Economies
Few scope for trade creation which can be originated only form production 1

A	B
1	*1*
2	*2*
3	4
5	*5*

Competitive Economies
More scope for trade creation which con be originated from production 1, 2, 5

The unequal development between the EU economies and the NMEC, arise several questions on the form of integration proposed [17]. When such asymmetries exist the process of opening the markets could have, in fact, a perverse effect, increasing, among other things, the imports of the weaker partner without allowing them to expand their exports.

Looking at the production, as well as, at the trade structure of the NEMCs we can underline two element which seem to contradict points 1 and 2.

TABLE 1. *Weighted Average Tariff*

	%
Morocco	20,3
Tunisia	31,7
NMEC*	23,26
High Income Countries	5,8

SOURCE: [18] * *Algeria, Jordan, Egypt, Lebanon, Syria, Morocco, Tunisia*

TABLE 2. *Intra-trade* (*1995 % on total*)

	To/from	Morocco	Tunisia	UE
Morocco	***Export***	-	1,1	*62,1*
	Import	-	0,4	*56,1*
Tunisia	***Export***	0,5	-	*79,0*
	Import	0,8	-	*71,5*

SOURCE: [19]

Given the existent level of tariffs (tab.1) and since the NEMCs have already preferential access for most of their manufactured goods in the EU markets, a generalised abolition of tariff in the area, will benefit the EU production rather then that of the NMEC. On the other one the intra-trade level between NMEC is very low, in table 2 we have the value for Morocco and Tunisia, while intra-regional trade barriers still remain high (tab. 1).

Trade diversion effects, as indicated in point 3, should not be high, given the strong predominance of developed economies both among NEMCs potential partners (the EU) and third countries. If this is the case, it is a clear denotation of the influence that still will be given to the North-South trade rather than to the South-South one.

A final observation can be made on the fact that NEMCs productions are certainly more complementary than competitive with those of the EU. As shown in figure 2 this means that the probability to move from a high cost producer to a low cost one is considerably lower. Furthermore where competitive productions exists it is likely that EU will replace NEMCs local production.

The examination of the main elements of the Agreement, as signed by Morocco and Tunisia further corroborate the scepticism expressed on the efficacy of the EMFTA as the right instrument to foster the economic growth of the NEMCs.

The Euromediterranean Free Trade Agreement, signed in 1995 by Tunisia and followed in 1996 by Morocco, encompasses similar characteristic for both countries.

It ensures: the free access, within 12 years[14], to the EU for most of their manufactured goods; immediate elimination of tariff and non tariff barriers to import from the EU; limited improved access to the EU for agricultural goods; adaptation of the regulatory EU framework in the area of competition, government procurement, subsides and technical standards; strengthening of co-operation on migration issues.

From a critical analysis of the Agreement, however, it is difficult to figure out how Tunisia and Morocco (as well as the other future non-European Mediterranean partners -NEMPs) may effectively gain a better access in the EU market. As said above the industrial goods already have preferential status, while the agricultural products are excluded from the agreement. The result is that while Morocco and Tunisia will practically eliminate their trade restriction on the EU imports, the opposite does not occur allowing a sort of "*one way*" free access to the EU products. Furthermore, nothing is said on the elimination of intra-trade tariffs between the participating NEMPs allowing the "*hub-spoke*[15]" effect to rise, tilting incentives towards investing in Europe rather than in Tunisia or Morocco.

Preliminary researches of both Tunisia and Morocco analysts seem to demonstrate that the industrial productive system of both Morocco and Tunisia will suffer high losses with the closure or the restructuring of almost two/third of the productive activities[16]. By this a worsening of the NEMCs trade balance may arise[17].

On the other hand econometric exercises for Morocco [20] and Tunisia [21], reach the result that the overall effect in terms of growth are very small and are influenced by the macro-economic policies followed by them.

3. Alternative Forms of Regional Co-operation

It seems that the EMFTA, in the way it has been proposed reveal a certain degree of asymmetries. In particular while the costs are indisputable, and they have to be paid *on the spot*, the benefits are unpredictable and, if any, they will be *cashed* in the long run[18]. The EMFTA remain a form of Euro-centric co-operation, which does not modify substantially the existing relationship among the countries; which still is one of dependency.

If the limit of a strategy of complete openness have become increasingly accepted [24], the problem becomes that to understand what is the optimal degree of openness and, at the same time that to identify those adjusting measures able to reduce to costs and increase the benefit.

The model that can be used could be that of *strategic integration* [25] which do recognise the importance and the advantage of the process of liberalisation but at the same time it underlines the importance of the national interests [26]. This also means that the role of the State has to be reassessed [27].

On the macro-economic side one of the main problem, arising from the process of openness, is that of the policies that may be used by the NEMCs to offset the loss of

14 The FTA should be completed by the year 2010.

15 Constituting a FTA with the EU while maintaining high intra-regional trade barriers may incentive foreign investor to invest in the *hub,* EU, which offer access to all the NEMPs, rather than in the *spoke* NEMPs.

16 Data presented by the Director of the Tunisian Ministry for Scientific and Technological Research indicate that only 1/3 of the production activities will survive to the EU competition, while 1/3 will have to face a process of restructuring and 1/3 will have to disappear.

17 If, instead, the agreements were to allow substantially increased access to European markets for both agricultural and manufactured products (i.e. textile and clothing) in which Tunisia and Morocco have comparative advantages, benefit would be tangible higher and the risks, above mentioned, could be lower.

18 Even IMF economists do agree on this point [22; 23], although in their advice they are not able to go far away from proposing the standard and often unsuccessful IMF liberalisation and privatisation packages [23].

tax revenue[19]. A further reduction of public expenses and at the same time an increase in both the direct and indirect taxation will, easily produce a recessive environment. The final result will be that to lessen just those productive investment needed to make competitive the whole system.

On the micro-economic side the mere process of production and the effect of trade liberalisation on labour specialisation, may not be sufficient to bring real comparative advantages to the Mediterranean partner countries. On the one hand it is worthwhile to stress that to make competitive a productive sector infrastructural interventions as well as structural interventions in the education/formation sector are strongly necessary; on the other hand State intervention is useful in order to identify first and sustain, later, those sectors were new comparative advantages can be developed[20].

All these being given, a step further to build in the Mediterranean basin a real area of co-development and to avoid, at the same time, potential trade clashes among EMFTAPs could be the development in particular sectors of an extended production network to compete, with *ad hoc* products, in the international markets rather then in the EMFTA.

In the case of the participation of Morocco and Tunisia to the EMFTA, a good case study could be that of the agriculture sector. Although the alleged competitive advantages with European countries have not allowed to fully encompassing it in the Agreement, the production of a typical Mediterranean product could be the key element to reach such an objective. The apparent dilemma between the defence of the European agriculture sector and the urgency of faster economic development in the Mediterranean Partner countries could be solved with the direct involvement of economic actors, as well as local communities for the formation of a partnership for the creation of a typical Mediterranean agro-product.

If agricultural products in the Mediterranean partner countries (Maghreb) and in the EU (Southern Italy) are in competition, it is difficult to propose a "fair" division of the Euro-Mediterranean market amongst themselves. What can be proposed, instead, is the broadening of the market horizon with the joint production, of a Mediterranean product of quality to export mainly in the world market. Co-operation activities should go in this direction, aiming at the creation of a sort of "I*ntegrated Agricultural Mediterranean System*" (IAMS) [28].

The IAMS would be built focusing of the existing complementarities between the small and medium enterprises in the two areas, which will form a sort of integrated industrial district[21].

This type of approach is able to overcome the traditional view of developmental aid still vivid, in some ways, in the Euromediterranean Free Trade Area.

This proposal goes, instead, straight in the direction of a strong economic, social and cultural integration to be reached through new policies –agrarian, industrial, regional and sectorial- thought jointly between the EU and the NEMCs.

This means to go back to the original *spirit of partnership* as proposed in the Ist Forum of the Civil Society [31], to a more accurate definition of co-development. Co-development depend upon the fact that all those that are part of the integrated area (or of the area that will be integrated) share a common objective which is that of the welfare of the population of the area, and introduce regulations, make institutions, share the necessary resources able to obtain the stated objective [32].

BIBLIOGRAPHY

[1] MED News, No. 6, (1995)

19 The loss of tax revenue form import duties in the Tunisian case is estimated to reach 3.5% of GDP at the end of the 12 year period, and would be even greater if tariffs on import from non European countries were also dismantled [22].

20 Contrary to the IMF/World Bank explanation of the past successes of the newly industrialised countries, a certain degree of State intervention is needed.

21 The notion of industrial district is that first developed by Marshall [29] recently developed by Becattini [30].

[2] ALONSO-GAMO P., FENNEL S., SAKR K., (1997), *Adjusting to New Realities: MENA, the Uruguay Round and the Euro-Mediterranea Initiative*, IMF Working Paper WP/97/5
[3] GINSBERG R.H., (1989), Foreign Policy Actions of the Community, London
[4] DUCHENE F., (1995), European Community and the Mediterranean, Luxembourg
[5] EUROSTAT, (1997), Euro-Mediterranean Bulletin on Short Term Indicators, European Communities, Brussels
[6] VENDITTO B., (1997), *La cooperazione Euromediterranea: Il caso del Maghreb*, in CARUSO I. and PETRONCELLI E., (1997), Maghreb: Algeria, Marocco, Tunisia, verso uno sviluppo sostenibile, ESI, Napoli
[7] WAITES N.H., (1988), European Community Mediterranean Policy and Agricultural Problems of the Maghreb: A view from Northern Europe, University of Reeding
[8] KADER B., (1996), Il partenariato euromediterraneo, in "Rive, Rivista dell'Università del Mediterraneo", February
[9] COM (84) 107, (def) Brussels
[10] COM (94) 384, (def) Brussels
[11] LIVI-BACCI M. and BERTOCCHI A., (1995), La popolazione nel Mediterraneo, in Mediterraneo, Città, territorio, economie alle soglie del XXI secolo, CRESME, Roma
[12] EUROPE, (1995), Documents No. 1930/31
[13] VINER J., (1953), The Custom Union Issue, Carneige Endowment for International Peace, New York
[14] KLINDLEBERGER C.P., (1973), International Economics, 5th ed. Homewood, Ill: Richard D. Irwin
[15] MOORE L, (1994), *The economic analysis of preferential trading area* in ARTIS M.J and Lee N., (1994), *The Economics of the European Union*, Oxford University Press, Oxford
[16] SÖDERSTEN B., (1985), International Economics, MacMillan, Hong Kong
[17] SACHS J. and WARNER A., (1995), Economic reforms and the process of global integration, Brookings Papers on Economic Activity, Brookings Institution, Washington
[18] HAVRLYLYSHYN O., (1996 a), Progress in Stabilisation and Structural Reform in Mediterranean Countries: An Analysis Using Quantitative Readiness Indicators, IMF, Washington
[19] UNITED NATION, (1997), *World Trade Statistics Yearbook 1995*
[20] RUTHERFORD T., F., RUSTROM E., E. and TARR D., (1993), Morocco's Free Trade Agreement with the European Community: A Quantitative Assessment, World Bank Working Papers, Washington D.C.
[21] KÉBADJIAN G., (1995), Le libre-èchange Euro-maghrebin: une évaluation macro-économique, Revue Tiers Monde, n° 144
[22] JBLILI A. and ENDERS K., (1996), The Association Agreement Between Tunisia and the European Union, Finance & Development, Vol. 33 No. 33, Washington, DC
[23] NSOULI S., M., BISAT A. and KANAAN O., (1996), The European Union's New Mediterranean Strategy, Finance & Development, Vol. 33 No. 33, Washington, DC
[24] CHAKRAVARTY S. and SINGH A., (1998), The desirable forms of economic openness in the south Mimeo Helsinki UNU/WIDER
[25] SINGH A., (1994), Openness and the market friendly approach to Development, in World Development, Vol. 22, No 12
[26] AKYUZ Y., CHANG H. and KOZOUL-WRIGHT R., (1994), New perspectives on East Asia Development, UNCTAD discussion paper
[27] CHEVALLIER A. and KÉBABDIJAN G., (1997), L'Euro-Méditerranée entre mondialisation et régionalisation, Monde Arabe, Maghreb-Machrek, Numéro hors-série, decembre
[28] VENDITTO B. and CARUSO I., (1998), *Co-operation in the Mediterranean Agricultural Sector, Central Maghreb and Southern Italy: A Working Hypothesis*, paper presented at the XIV International Sociological Congress, Montreal, 26 July-1 August
[29] MARSHALL A., (1920), Principles of Economics. Macmillan, London

[30] BECATTINI G., (1989), "Riflessioni sul distretto industriale marshalliano come concetto socio-economico" in Stato e Mercato n° 25
[31] FORUM CIVILE EUROMED, (1997), Barcellona 1995, Verso un nuovo scenario di partenariato euromediterraneo, Istitut Català de la Mediterranea/Fondazione Laboratorio Mediterraneo, Edizioni Magma
[32] PETRELLA R. and SAUSSAY P., (1993), Living toghether. Reshaping science and technolgy priorities to serve the basic needs and aspirations of 8 billion people, FAST- DGXII European Community Brussels: 39