



Project no. **SSPE-CT-2004-502457**

Project acronym: **EU-MED AGPOL**

Project full name:

Impacts of agricultural trade liberalization between the EU and Mediterranean countries

Instrument type: Specific Targeted Project

Priority name: 8.1 Policy-oriented research

Deliverable D13 – Report n°1

The protection of the European Market in the Fruit and Vegetable sector.
The agreements between EU and Mediterranean Countries

Due date of deliverable: June 2005
Actual submission date: August 2005

Start date of project: 01 March 2004

Duration: 36 months

Organisation name of lead contractor for this deliverable:
Institut National de la Recherche Agronomique (INRA, France)

Project co-funded by the European Commission within the Sixth Framework Programme (2002-2006)		
Dissemination Level		
PU	Public PU	PU
PP	Restricted to other programme participants (including the Commission Services)	
RE	Restricted to a group specified by the consortium (including the Commission Services)	
CO	Confidential, only for members of the consortium (including the Commission Services)	

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I. Introduction

The regulation of trade with third countries, in the fruit and vegetable sector, is a key element in the common organization of the market for this sector. It has several objectives, the first being of course the protection of European producers in a sensitive sector, where productions are most often highly seasonalized and where perishable products are difficult to stock. The aim is therefore to protect European farmers over very precise periods: the protection is thus closely connected to the season. Unlike other European agricultural sectors for which a system of guaranteed prices had been initially implemented and direct payments distributed to the producers, in the fruit and vegetable sector price support is achieved through border protection, complemented by a recall system in case of market price collapse. This system also aims to ensure the functioning of the European market and thereby it protects the European producer from unfair competition. The common organization of the market in fruit and vegetables destined for final consumption is based on a precise standardization of the commercialized products' quality as well as a detailed definition of labelling standards (articles 2 to 7 of regulation 2200/96). To guarantee the marketing conditions in force within the Single Market, third countries to the European Union are obliged to adopt these marketing standards. Thus, according to article 8 of regulation 2200/96, products covered by quality standards shall be accepted for importation from third countries only if they comply with the quality standards or to standards at least equivalent to them. Finally, the regulation of trade with third countries aims to protect consumer health and European crops. Beyond the rules strictly linked to the application of the common organization of the market in fruit and vegetables, imported products must comply with the health and phytosanitary rules in force within the EU.

As a result, the regulation of European market access for fruit and vegetables includes tariff and non-tariff elements. This system of protection implemented by the EU has been redefined (at least for the tariff component) following the WTO agreements signed in 1994 in Marrakech. In order to meet its WTO commitments, the EU has abolished the system of variable levies at the borders of its market and replaced it with ad-valorem taxes and specific duties. Nevertheless, for certain products a specific system of entry prices has been set up and this makes the level of protection applied by the EU dependent on the product price. In addition to these multilateral agreements, and following the Barcelona conference of 1995, the EU has signed with its European partners preferential agreements that aim to liberalize trade between the two sides of the Mediterranean by 2010. These agreements are not regional in the sense that the EU has signed bilateral partnerships with each of the Mediterranean countries, and the progress of liberalization varies strongly from one country to another and even from one product to another.

The aim of this study is to highlight the nature of European protection in the sensitive and very specific fruit and vegetable sector. We will notably show that the complexity of the system makes it difficult to calculate a global rate of protection. Nevertheless, the objective is to provide a measure of European market access for Mediterranean countries, and to assess the preferential margins they enjoy compared to other third countries as well as to assess the hierarchy of preferences granted to each country. Once the analysis and assessments are done, we shall discuss, by way of conclusion, different suggestions of liberalization scenarios.

II. Data sources : TARIC

To undertake the analysis of the regulations and tariffs applied by the EU, the main source used for this study is the Integrated Tariff of the European Community (TARIC). It is a database managed by the DG Taxation (ex Taxud). Without contest, and despite being very voluminous (over 250 tables and a few million lines), it is the best source concerning European tariff data.

The Integrated Tariff of the European Community (TARIC) contains all the elements of Community legislation that are published in the Official Journal (C series) of the European Union. It indicates all the duty rates applied by the EU for each of the tariff regimes in force, as well as all trade policy measures.

Based on the Combined Nomenclature (CN) but at a more detailed level than the trade nomenclature (10 to 14 digits instead of 8), the integrated tariff of the European Communities incorporates:

- All the custom regulation measures (Common Customs Tariff - CCT), the 8 digit codes of the CN, the description of goods and the value of customs duties.
- The "TARIC subheadings", identified by a ninth and tenth digit, which are necessary for the implementation of specific Community measures (tariff suspensions and quotas, tariff preferences, GSP, etc.). These additional Community subdivisions constitute, with the CN, the TARIC code.
- An additional TARIC code (of four characters and starting at the eleventh position) may also be used for the application of specific Community rules. This additional code is currently used, for example, to code anti-dumping elements and countervailing duties referring to companies, agricultural components (EA), or export restitutions.

Considering only the measures relating to imports, the TARIC database includes, on the base of the CN's and subdivisions' codes (9 and 10 digits or an additional code), any information concerning:

- tariff suspensions
- tariff quotas (agreements, WTO)
- tariff preferences
- preferential quotas
- the generalized system of tariff preferences (GSP) applicable to developing countries
- anti-dumping and countervailing duties
- countervailing charges
- agricultural components
- unit and standard import values
- minimum and reference prices
- import prohibitions
- import surveillance

The TARIC incorporates the varying regulations on tariff measures that have sometimes several infra-annual periods of validity. In addition, and more specifically for agricultural products, duties are sometimes specified with additional components or entry prices:

- Agricultural components (EA), an additional duty applicable to certain goods processed from basic agricultural products subjected to tariff protection (for example, dairy products).

- Additional duties on sugar (AD Z) or flour (AD F/M), for which the precise amount will differ according to the regimes (preferential or MFN).
- Entry prices on fruit and vegetables (tomatoes, cucumbers, artichokes, courgettes, lemons, grapes, apples, apricots, cherries, peaches, plums, fruit juices) according to a varying seasonality. The duties will naturally differ depending on the level of entry prices, the period and the preference of origin. Given the uncertainty and the complexity of estimating the customs value for these products (perishability), importers often resort to a system relying on the choice of "unit values" or "standard values".

III. MEDITAR : A database on the tariffs applied by the EU to the Mediterranean countries in the fruit and vegetable sector

The European tariff regulations relating to fruit and vegetables represent the most complex part of the European market protection system. The analysis of these regulations is the subject of the following sections and it exploits the implementation rules of the customs regulations included in the TARIC. The processing of TARIC has led to the realization of a specific database for fruit and vegetables which enables to have all the duty components applicable to these products in 2004. The framework of this project, intended to study the scenarios of trade liberalization between the EU and the Mediterranean countries, requires the use of precise and recent information on the protection in force for these products.

This is why a software has been made that is adapted to this objective and which relies on the exploitation of the TARIC: MEDITAR. This application allows a multi-criteria query of the fruit and vegetable protection system. The information access keys can be done from the product, identified according to the 10 digit TARIC nomenclature, from the tariff measures (MFN duty, MFN quota, preferential duty, preferential quota), or according to the regime of preference (bilateral agreement, Generalized System of Preferences,...). All these components can be combined and completed with other criteria (level of duty or country of origin). A processing of ad-valorem equivalents of duties is included in the software. It transforms specific duties (duties expressed in Euros per unit of measure) or complex duties (specific duties associated with an ad-valorem tax or with a minimum threshold to respect) into ad-valorem equivalents. To this end, the hypotheses adopted to compute these equivalents utilize either the entry price in use (when it exists) or the unit value of the trade (value of the import/quantity imported) estimated from the Comext (Eurostat) database.

IV. Principles of the tariff protection applied by the EU to third countries

IV.1. From variable levies to the entry-price system.

For the majority of fruit and vegetables, the variable levies applied until 1994 have been abolished and replaced by an ad-valorem tax to which, for certain products, specific duties have been added (often expressed in Euros per 100kg). If variable levies allowed to compensate for differentials between world prices and those of the European market, thereby guarantying a high price for European producers, they also allowed to disconnect the European market from world market fluctuations. By transforming protection into ad-valorem taxes, the risk of transmitting world price fluctuations within the European market is now greater. Protection through a specific duty allows on the contrary to limit market access for low-priced products.

For certain products deemed too sensitive — tomatoes, cucumbers, artichokes, courgettes, lemons, table grapes, apples, apricots, cherries, peaches, plums and grape juice — it has been necessary to guarantee a certain price level while limiting the transmission of world market fluctuations. A system of protection dependent on the entry-price of products on the European market has been established. These twelve products are important for European

horticulture. Indeed, they represent 22.3% of European imports from the rest of the world, and 40.9% of the intra-European trade in fruit and vegetables (Table 1).

Table 1: Distribution of European fruit and vegetable imports according to the system of protection and geographic origin (2004)

	F&V imports from third countries			F&V Intra-EU imports(*)
	ROW	Med Countries	Total	
Products with Entry price	20.77%	28.82%	22.31%	40.90%
Products without E. price	79.23%	71.18%	77.69%	50.10%
Total	100%	100%	100%	100%

Source : own computation from TARIC and Comext Database

(*) Of course, for intra-European trade no system of protection is applied. One must read here the share of the two categories of products in intra-European trade.

The protection of products with an entry price: the case of the tomato

Whatever the origin of the product, the European protection is based on a threshold price, called « trigger price ». When a product enters the European market at a price that is above this trigger price (84.6 €/100kg in the present case of tomatoes, Table 2), then the importer has only to pay the ad-valorem part of the duty (8.8%). If the entry price is below this trigger price, then a safeguard measure is triggered and the importer must pay specific duties in addition to the ad-valorem tax. This specific duty is calculated as the difference between the trigger price and the entry price. Finally, if the entry price is below a certain level, equal to 92% of the trigger price (here 77.8 €/100kg), then the specific duty imposed is at its maximum, that is to say 29.8 €/100kg. Thus, the lower the market entry price is, the higher are the duties to be paid. Furthermore, if we take into account both elements of the duty, when the entry price is lower than 77.8€ then the level of duty represents 73.4% of the price.

It must be noted that the EU « notifies » this maximum specific duty to the WTO on its scheduled commitments and thus once notified, the maximum specific duty is not negotiable, even in the case of preferences. This means that if the product's entry price is less than 92% of the trigger price (Cf Box), the maximum specific duty is always applied. As a result, the margin of negotiation for the preferences is limited to the exemption or the reduction of the ad-valorem part of the customs duty, and to the lowering of the trigger price. It will be seen further on how these instruments are used.

Table 2: The entry price system; Example of the protection applied to tomatoes within the framework of the MFN regime between October and March

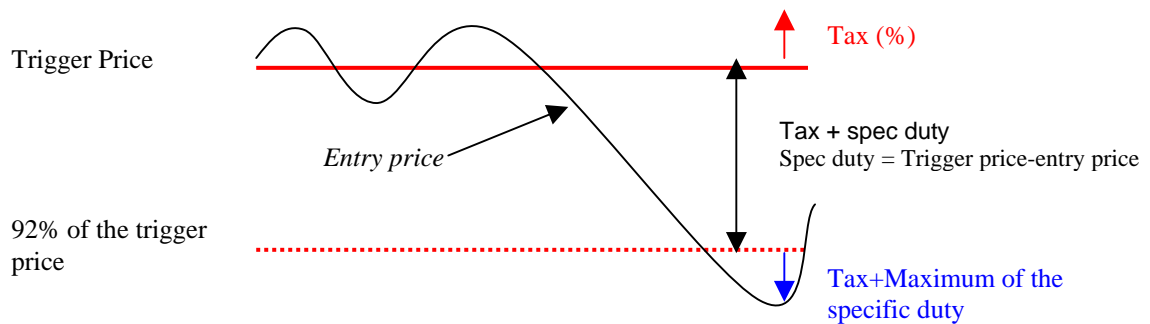
MFN tariffs for tomatoes
1 October to 31 March

Entry Prices	Ad valorem tax (%)	Specific Duty (€/100kg)	Ad valorem equivalent (%) ^(*)
Trigger price ≥84,6	8,8	0	8,8
82,9	8,8	1,7	10,9
81,2	8,8	3,4	13,0
79,5	8,8	5,1	15,2
77,8	8,8	6,8	17,5
<77,8	8,8	29,8	73,4

(*) Ad valorem equivalent = Ad valorem tax + (specific duty/Entry price).

Source: TARIC database

Box: how the protection works in an entry price system



IV.2. A protection that varies over time.

Unlike other agricultural products for which the protection is defined once a year, in June when the EU submits to the WTO its scheduled commitments ⁽¹⁾, the protection of fruit and vegetables can vary during the year. Thus, for example, the MFN duty for green beans is 13.6% from July to October, whereas it is 10.4% over the winter period.

For entry price products, seasonality can be taken into account in two ways:

- Variation of the trigger price
- Evolution of the ad-valorem tax.

However, the maximum specific duty remains constant all over the year.

For tomatoes, for instance, two seasons are defined: the winter period from November to May, and the summer one from June to the end of October. Ad-valorem rates are defined for each of these two seasons; however entry prices can vary within these periods according to European production conditions (Table 3). Thus, for example, the high price in April is aimed at protecting the greenhouse productions of Northern Europe.

Table 3: Evolution during the year of the protection applied by the EU within the framework of the MFN regime in the case of the tomato.

	Trigger Price €/100kg	Ad- valorem (%)	Specific duty €/100kg	<92% Trigger Price €/100kg	Ad-valorem (%)	Specific duty €/100kg
January-March	84,6	8,8	0	77,8	8,8	29,8
April	112,6	8,8	0	103,6	8,8	29,8
May	72,6	8,8	0	66,8	8,8	29,8
June-September	52,6	14,4	0	48,4	14,4	29,8
October	62,6	14,4	0	57,6	14,4	29,8
Nov-December	62,6	8,8	0	57,6	8,8	29,8

Source: TARIC

¹ These commitments have not changed since 2001, the final year of the implementation of the Marrakech agreements.

IV. 3. The problem of the determination of the customs value.

As the products are perishable and sold on consignment, the value of the transaction is only known when the products are marketed, not when they enter the European market. Indeed, the non-European exporter dispatches his product to an importer who then undertakes the sale. When leaving the country of origin, the product's price is not fixed. After the sale, the exporter is paid the market price at the time of the sale. Consequently, for the customs officer, the main problem is knowing the customs value so as to calculate the protective duty to be applied. In the case of fruit and vegetables two systems are used: one is specific to entry price products, and the second, which is the unit value system, is applied to the other products.

IV.3.1. Products with an entry price

Three possibilities are given to the importer for declaring the customs value:

- The use of the Standard Import Value (SIV)
- The use of the FOB value (augmented by transport and insurance costs) – the FOB method
- The customs value or invoiced value (the deductive method)

The standard value is an « official » price published each day in the Official Journal of the European Union. It is applied in all member states the day after publication. The standard value is calculated by the Commission, by product and by origin, on the basis of the weighted average of a product's prices observed on member states' representative import markets or on other markets when necessary. The value thus calculated is reduced by a standard amount of 5€/100kg and by the value of the ad-valorem tax ⁽²⁾.

If the importer chooses the standard value (SIV) during customs clearance, the specific duty to be applied is determined by comparing the SIV to the entry price scale defined above. In the following example (Table 4), on the 4th of January 2003, the SIV applied to all third countries was 39.9€/100kg. At this price, which is below the trigger price (77.8€/100kg), the importer has to pay, in addition to the ad-valorem tax, the maximum specific duty (29.8 €/100kg). On the other hand, on the 9th of January, the SIV being above the trigger price, the importer does not have to pay a specific duty.

Table 4: The standard value of tomato imports from third countries (other than Morocco and Turkey), and the level of protection, in January 2003.

	SIV	Ad-val (%)	Spec duty
04-janv	39,9	8,8	29,8
07-janv	87,6	8,8	-
08-janv	94,4	8,8	-
09-janv	90,1	8,8	-
14-janv	75,6	8,8	29,8

Source: Official Journal of the European Union

The calculation of the duty rates to be paid is the same for the two other methods (deductive and FOB). The difference between these methods lies in the choice of the adopted customs clearance value. The importer may choose:

- either the FOB price of the products in their country of origin plus the costs of insurance and freight up to the borders of the Community customs territory, when this price and such costs are known at the time the declaration of release of the products for free

² $SIV = (WAP - 5€/100kg) / (1 + t)$ where t is the ad-valorem duty and WAP is the weighted average of prices

circulation is made. If the aforementioned prices are more than 8% higher than the standard import value, the importer must lodge a security equal to the amount of duty which he would have paid if the standard import value applicable to the lot in question had been used.

- or the customs value applied only to the imported products considered on the invoice. In this case, the duty shall be deducted (deductive method). In this case too, the importer must leave a deposit calculated in the same manner as above.

The importer has one month to sell the product and is subjected to a four month time limit, from the date of acceptance of the product's release for free circulation, to prove that the lot was sold within the declared price conditions. If the importer does not comply with one or the other of these deadlines, he loses his deposit. He also loses his deposit if he is unable to prove that the declared conditions have been fulfilled.

The importer will choose one of these three methods (SIV, FOB, deductive) according to the level of the standard value (compared to the trigger price). In practice, it appears that the choice of these methods depends on the operators (size) and on the different Member States. If these different methods relate to management conditions for the customs clearance value of fruit and vegetables, the unification of procedures deserves thought.

IV.3.2. Products without an entry price

For products without an entry price, the problem of the determination of the customs value is the same as above. Simplified procedures have been established, which consist in adopting unit values (UV) applicable to the said products during periods of fourteen days each (starting on a Friday). The unit values are calculated from the prices of a previous reference period. They represent the customs value of the goods concerned; it is therefore no longer necessary to adjust them according to costs (delivery, etc.) or eventual price reductions.

The simplified procedures can only be applied to the fruit and vegetables. They are also excluded when these same agricultural products are subjected to the system of standard values. (See Regulation (EC) n° 3223/94 of 21/12/94, O.J. n° L 337 of 24th December 1994).

Resorting to simplified procedures is optional for the importer. Nevertheless, in order to avoid that the most favourable regime is systematically chosen, resorting to the said procedures is subjected to certain restrictions.

Thus, once an importer chooses the simplified procedures the customs value of the product, he adheres to the system. This means that through this adherence, the importer implicitly commits himself to apply this system, until the end of the current civil year. When an importer resorts to the usual evaluation rules, after having applied the simplified procedures, for a same product (by declaring for example the purchase price), he loses the benefit of the simplified procedures for the said product until the end of the current civil year. The exclusion measure, which will sometimes be extended until the end of the following civil year, is always taken by the central Administration.

V. Preferences granted by the EU within the framework of its agreements with Mediterranean countries

V.1. Bilateral agreements, which are at different stages of negotiation from one country to another.

The tariff regime mentioned above applies to all third countries entering the European market, Mediterranean countries included. Following the « EUROMED » conference of 1995 in Barcelona, the EU and its Mediterranean partners negotiated preferential trade agreements. The state of progress of these negotiations differs from one country to another (Table 5). For instance, the agreement with Tunisia was signed as early as June 1995, Libya has for the moment an observer status and no trade agreements have been signed, and negotiations with Syria are ongoing. Finally, other countries such as Morocco, Egypt and Israel have already renegotiated their initial trade agreement. Within the framework of the negotiations for EU membership, Turkey has signed a Customs Union agreement with the EU, in continuation of association agreements signed as early as 1963. This customs union concerns all industrial products, including the industrial part of processed agricultural products. Nevertheless, agricultural products and services are not included in the agreement. They are granted preferential tariffs.

Table 5: State of progress of negotiations on Euro-Mediterranean association agreements (May 2004)

	Conclusions of the negotiations	Signature of the agreement	Entry into force of the agreement	Modification of the agreement
Tunisia	June 95	July 95	March -98	
Israël	Sept. 95	Nov. 95	June -00	December 03
Morocco	Nov. 95	February 96	March -00	December 03
Occ. Palestinian Territory	Dec. 96	February 97	July 97	
Jordan	April 97	Nov. 97	May -02	
Egypt	June -99	June -01	January 04	
Algeria	Dec. 01	April 02		
Lebanon	Jan. 02	June 02	March 03	
Syria	In progress			
Libya	Observer			
Turkey (Customs Union with the EU)		1995	Jan. 1996	

Even if association agreements have been signed, not all products are concerned but some may benefit from other preferences granted within the framework of other preferential agreements (notably the GSP). Thus, of the 5446 tariff lines (CN10) listed every month in chapters 7 and 8 of the Combined Nomenclature (Table 6), only 791 lines are concerned by the agreements between the EU and Tunisia, and 3147 products benefit from a preference granted within the framework of the GSP. Conversely, almost all products imported from Turkey enter within the framework of the Euro-Turk preferential agreement. As for Libya, which does not yet have an agreement with the EU, it can export its products under the GSP regime.

Table 6: Number of tariff lines (CN10), by country and tariff regime – fresh fruit and vegetables (chapters 7 and 8) – Year 2004

	No preference	EU-MED	GSP	Total
DZ	1546	659	3241	5446
EG	1499	649	3298	5446
IL	4626	821		5447
JO	1569	529	3348	5446
LB	648	4218	590	5456
LY	1819	0	3627	5446
MA	1242	2538	1666	5446
PS	5054	387		5441
SY	1725	174	3547	5446
TN	1508	791	3147	5446
TR	759	4697		5456

The lines are counted month by month

Source: TARIC Database

In relation to the total value of European imports of fruit and vegetables from Mediterranean countries, the share of these agreements is considerable. Indeed, 87.8% of imports benefit from this regime (Table 7), and nearly all imports from Turkey. However, it is noteworthy that more than a third of Israeli sales on the European market do not benefit from any preferences and are therefore traded at the MFN rate.

Table 7: Breakdown of EU fruit and vegetable imports from Mediterranean countries according to the applicable tariff regime ⁽³⁾

	MFN	EU-MED	GSP	Total
DZ	0,1%	67,4%	32,6%	100,0%
EG	8,4%	72,7%	18,9%	100,0%
IL	32,4%	67,6%	0,0%	100,0%
JO	8,6%	81,8%	9,6%	100,0%
LB	1,6%	94,6%	3,8%	100,0%
LY	11,1%	0,0%	88,9%	100,0%
MA	1,1%	90,5%	8,4%	100,0%
PS	7,9%	92,1%	0,0%	100,0%
SY	5,5%	65,1%	29,4%	100,0%
TN	0,7%	89,1%	10,2%	100,0%
TR	2,7%	97,3%	0,0%	100,0%
Total	8,0%	87,8%	4,3%	100,0%

Source: own computation from TARIC and Comext Database

³ Tariff regimes are indicated by tariff line in the CN10 nomenclature. On the other hand, trade flows are indicated in the COMEXT database in the 8 digit nomenclature. In order to make the trade flows and tariff regimes correspond, some simplifications have been necessary. Indeed, for certain products described in the CN8 nomenclature, there can be several tariff lines in the CN10 nomenclature. Furthermore, for a same country and a same period, the tariff regime in force may differ from one line to the next. Therefore, for a given country and a given period, we have classified the CN8 products under the Mediterranean preferential regime if at least one tariff line at the CN10 level was subjected to this regime, making the hypothesis that this preference was important for the CN8 product.

Another analysis of the progress of the liberalization process between the EU and the Mediterranean countries can be undertaken by taking into account the number of tariff lines (CN10) that have a zero rate of duty (Table 8). Thus, for Turkey and Morocco, almost 90% of tariff lines concerned by the agreements have a zero rate of duty. For the other countries this percentage is also high, except for Algeria where less than half of the tariff lines have a zero rate of duty.

On the whole, it appears that even if most EU imports of fresh fruit and vegetables from Mediterranean countries currently benefit from preferences within the framework of the Euro-Mediterranean agreements, European market access is not fully liberalized. It is for Lebanon and Turkey that the process is the most advanced.

Table 8: Structure of the agreements: number of tariff lines (CN10-country-month) with a zero rate of duty

Country	MFN	EU-MED	GSP	Total
DZ	28,1%(*)	48,3%	15,2%	22,9%
EG	26,4%	82,6%	14,9%	26,1%
IL	10,8%	83,8%		21,8%
JO	28,0%	76,4%	15,4%	24,9%
LB	22,7%	83,0%	15,3%	68,5%
LY	29,0%		15,5%	20,0%
MA	34,9%	89,2%	22,7%	56,5%
PS	10,6%	67,2%		14,6%
SY	25,8%	72,4%	15,2%	20,4%
TN	30,0%	67,5%	15,4%	27,0%
TR	10,3%	90,2%		79,1%

Source: own computation from TARIC

(*) Reading key: of the 1546 tariff lines for which application of the MFN regime is compulsory, 435 have a zero rate of duty, or 28.1%

V.2. Terms and conditions for defining preferences

The terms and conditions for granting preferences vary a lot from one product to another, from one month to another and from one country to another. Examples include tariff preferences that can go as far as the total exemption of the ad-valorem part of the tariff, or tariff preferences defined within reference quotas or reference quantities.

Such tariff quotas are a means for the EU to improve its market access while limiting the quantity of products introduced under these conditions. Regulations (EC: 747/2001) define the tariff concessions granted to Mediterranean countries as well as the volume of quotas granted and the periods for which they are applicable. In 2003 and 2004, Morocco, Israel, Egypt and Lebanon have renegotiated the volume and level of tariff concessions granted to them. The granting of advantageous concessions is subordinated to the product's proof of origin (rules of origin are provided for in the preferential agreements). Furthermore, the allocation of quotas (regulation 96/2200 and included in regulation 2001/747), is undertaken according to the principle of «first come, first served», that is to say according to the chronological order of the dates of the customs declarations.

For fresh fruit and vegetables, only Egypt, Israel, Lebanon, Morocco, Tunisia and Turkey have preferences under quotas ⁽⁴⁾ (Cf. Annex 2). Turkey has few products subjected to

⁴ The other countries can have quotas but either for processed fruit and vegetables, or for other products such as wine.

quantitative restrictions (onions, aubergines, courgettes, watermelons, frozen fruits and prepared tomatoes). However, these restrictions are burdensome for Turkey in the sense that the volume of exports for these products is greater or equal to the volume of granted quotas. Conversely, the case of Lebanon can be noted, with whom an agreement was signed in 2004, and where preferences are negotiated within the framework of quotas. For the moment, in 2004, these preferences have not enabled Lebanon to increase its sales to the EU and the quotas are hardly utilized.

For Israel, quotas are largely overrun for potatoes, tomatoes and the two « other vegetables » and « other fruits » categories. For Egypt, the restrictions concern onions and green beans. Finally, for Morocco, the « tomato » quotas are fully utilized without any exports being realized out-of-quotas. This can be explained by the specific system of preferences negotiated between the EU and Morocco.

The special case of Morocco

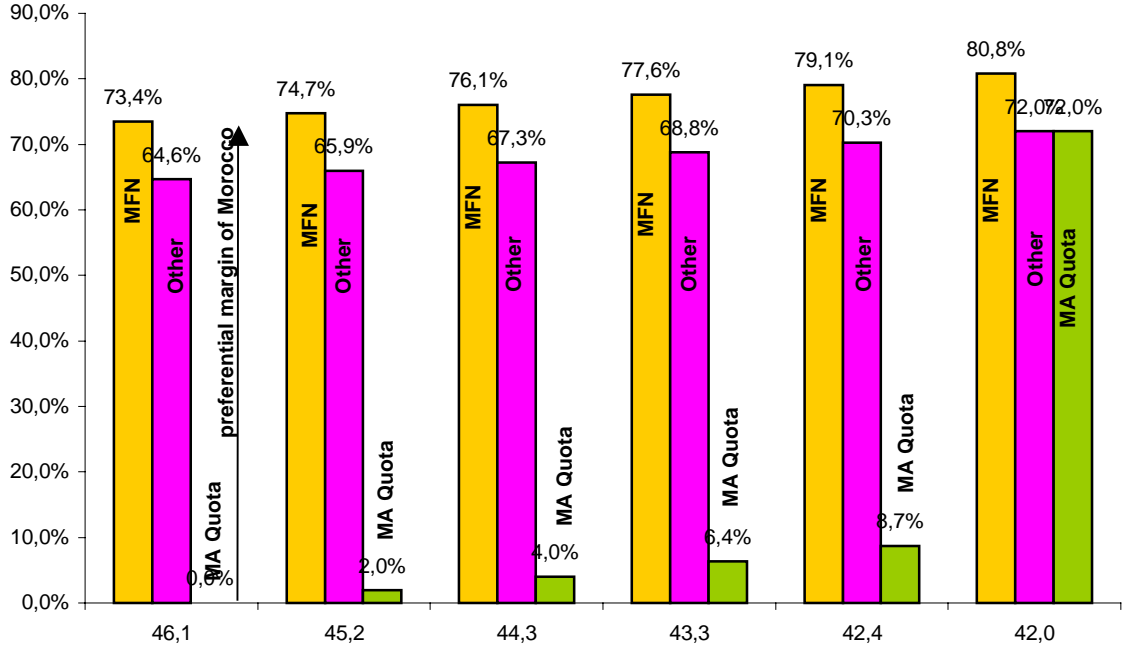
For certain products that are subjected to the entry price system (tomatoes, courgettes, cucumbers, artichokes and clementines), Morocco has negotiated, within the quotas, a specific entry price called conventional price or agreed price. This agreement, which is an EU concession to Morocco following the 1994 WTO agreements, enabled to preserve Morocco's competitive position and this despite the implementation of the protective system relying on entry prices.

Thus, in the case of tomatoes, while the « WTO » trigger price is 84.6€/100kg, for Morocco it is 46.1€/100kg. Within the quota, if the entry price of Moroccan tomatoes is higher than 46.1 €/100kg, the duties are reduced to zero. On the other hand, as soon as the price falls below the agreed price, a specific duty must be paid by the importer. This duty is calculated in the same way as the WTO's entry price system: it is equal to the difference between the negotiated price and the entry price. If the entry price is less than 92% of the negotiated price, then the specific duty is equal to its maximum value, that is to say 29.8€/100kg.

Graph n°1 highlights the level of preferences that Morocco benefits from, in January and February, compared to its other Mediterranean partners (⁵). At a price of 46,1€/100kg, that is to say the price negotiated between the EU and Morocco, the Moroccan exporter pays neither taxes nor specific duties. On the other hand, at this price, its Mediterranean partners pay the maximum specific duty of 29.8€/100kg. For the other Mediterranean countries, the preferential margin compared to the WTO rate is of 8.8 points, very low compared to that which Morocco benefits from (73.4). However, as soon as the price is below 42 €/100kg, the preferential margin granted to Morocco and to the other Mediterranean countries is identical.

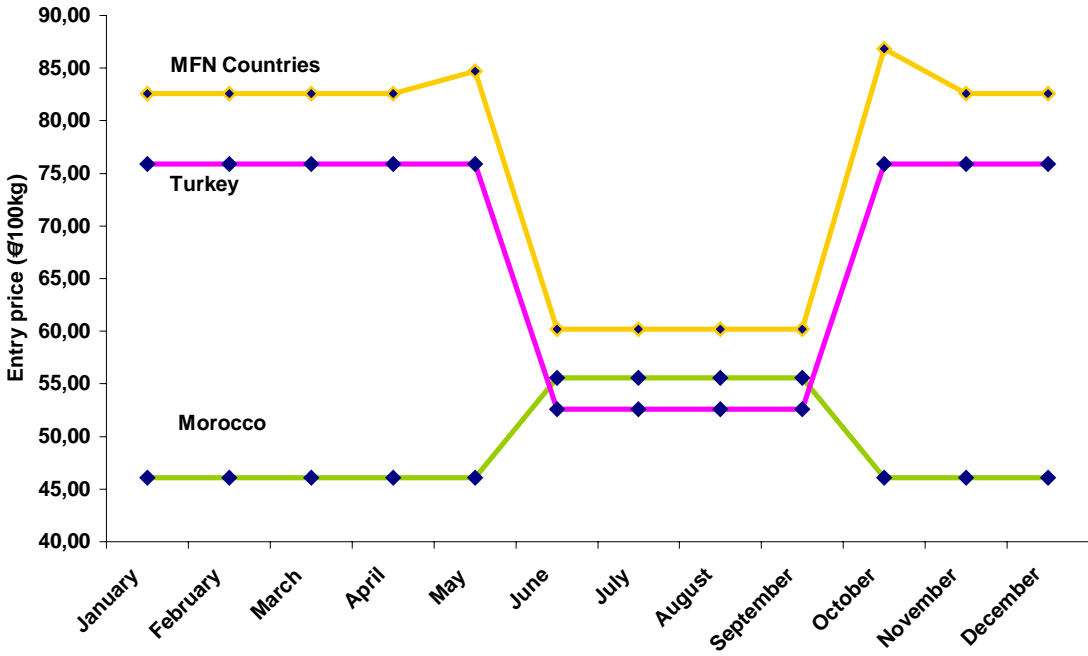
⁵ For this period, Algeria, Egypt, Israel, Jordan, the Palestinian territories, Tunisia and Turkey also benefit from an ad-valorem tax exemption, but applied on the basis of WTO entry prices.

Graph 1: Preferences granted to Morocco compared to other Mediterranean countries for tomatoes in January and February



Source: TARIC Database

Graph 2: “Delivered price” if tomatoes enter the EU at the level of the Moroccan agreed price. Theoretical example.



Source: Own computations from TARIC database
 Reading key: from October to May, Morocco benefits from an agreed entry price, and from June to September, the entry price is that which is applied to all WTO member states.
 Delivered price = entry price + duties

Graph n° 2 allows to highlight the evolution of preferences that, during the course of the year, Morocco enjoys for tomatoes. Prices are calculated on the basis of the Moroccan negotiated

price, to which we have applied the customs duties according to the geographic origin of the product (by convenience, we call this price delivered price). The preferences granted to Morocco allow it to sell at almost half the price than that of WTO countries. On the other hand, in summer the competitive advantage of Morocco is strongly reduced as it only benefits from a preferential tariff applied to the WTO entry price system.

To summarize, for tomatoes, the preferences which Morocco benefits from are based on two key elements:

- An exemption of the ad-valorem part of the protection (as for the other Mediterranean countries).
- And above all a lower trigger price level which enables a very significant reduction in the specific duties to be paid. Morocco pays nothing as long as its price is higher than 42€/100kg.

The new rules, concerning tariff quotas for tomatoes originating from Morocco, provide for monthly quota volumes (Cf. Annex 2) for every importing season from October 1st to May 31st. These new regulations for Moroccan tomatoes have enabled to simplify the system previously in force, where two types of preferential quotas were granted for the Moroccan tomatoes. The first type worked according to the principles previously explained, with a volume of 63270 tons, allowing a tax exemption and the application of specific entry prices. The second preferential quota, of a volume of 168757 tons, also allowed the total exemption of the ad-valorem part of the duty but was based on WTO entry prices.

It can therefore appear that the total volume granted until 2003 was higher than the one granted afterwards, but the preferences have been greatly extended, even if out-of-quota tomatoes can only be sold within the framework of the MFN regime, that is to say by paying the MFN duty and by applying a specific duty on the basis of WTO entry prices.

Nevertheless, the system remains restrictive for Morocco as the tomatoes are all sold within the quota, thereby limiting the volume of trade. Morocco has negotiated entry prices for five other products: courgettes, artichokes, cucumbers, clementines and oranges. For the latter, this negotiated entry price is also applied to Israel and Egypt.

V.3. On the whole, what is the level of preference granted by the EU to Mediterranean countries?

The measurement of preferential margins at the aggregated level of the fruit and vegetable sector provides an overall vision of the agreements and the level of protection applied when entering the EU. However, the preceding developments have raised different methodological difficulties for measuring this indicator (ad-valorem equivalent). By not knowing what customs duties are actually applied when goods go through customs (⁶), methodological choices have been necessary.

V.3.1. A methodological problem: calculating at an aggregated level the ad-valorem equivalents.

Protection within the framework of entry price products makes it difficult to construct an overall indicator of protection (ad-valorem equivalent) which takes into account all the measures. Traditionally, the ad-valorem equivalent has the following form:

$$AVE = \text{taxe} + \frac{\text{specific duty}}{\text{price}}$$

⁶ This information can only be obtained in the Single Administrative Documents (forms filled in by the companies) which we did not have for this study.

This raises, for the calculation, the problem of the choice of the price, particularly in the case of products that have an entry price ⁽⁷⁾. It all depends from which standpoint one looks at it:

- If one wants to assess the level of protection applied to each transactions and thus to imports, it is necessary to use at least the standard value and at best the prices actually chosen for customs clearance (data that we do not have). These prices are, however, endogenous to the protection as they depend on the volume marketed, the volume itself being dependent on the protection.
- If one wants to have an overall view of the protection, measuring the ad-valorem equivalent at a price corresponding to 92% of the WTO trigger price allows to take into account all the existing tariff measures within the system. This in turn allows to calculate differences in terms of preferences granted in the case of negotiated prices. This is the measurement we chose for the rest of this study, knowing nevertheless that it does not necessarily correspond to the duties actually paid by importers.

We then adopted the following hierarchy for applicable duties:

- Preferential tariff within quota
- « EU-MED » preferential tariff outside quota if no quota
- GSP preferential tariff if no EU-MED agreement with the country on the product concerned
- MFN tariff if no preferences

This rule has been applied, to each CN10 product, for each country and each month.

V.3.2. A preferential access to the EU market that is very different from one country to another

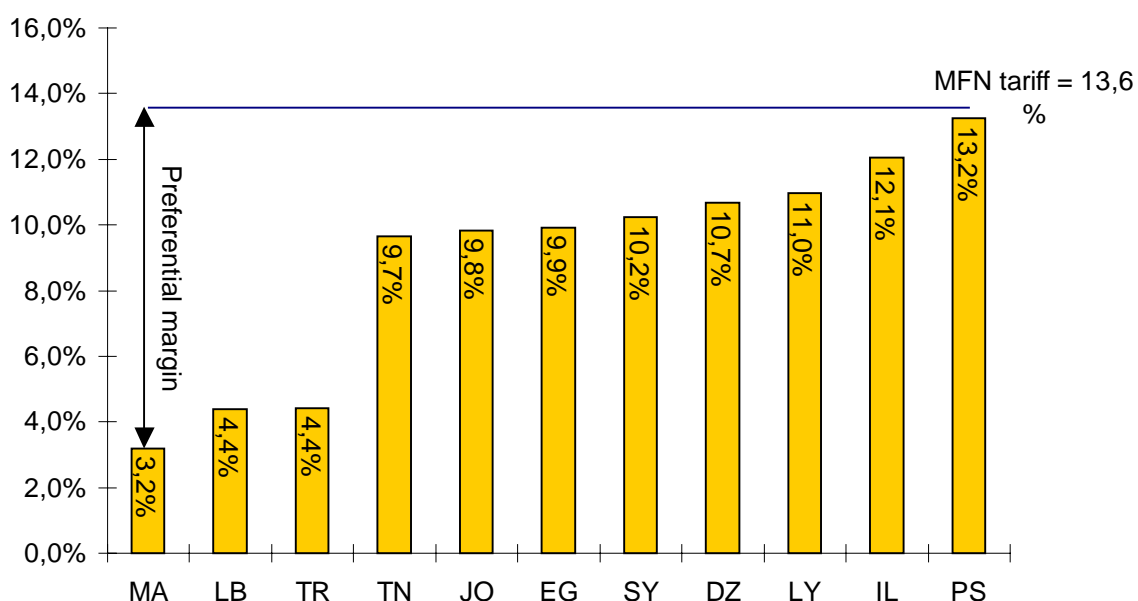
As a result, for fruit and vegetables (graph 3 and 4) two groups of countries emerge:

The first group includes Turkey, Lebanon and Morocco, countries for which EU market access is very advantageous, not only compared to the other third countries (subjected to the MFN regime) but also compared to the other Mediterranean countries. In the case of Morocco, it is mainly for vegetables that the preferential advantage is the strongest, with a preferential margin of around 10 points compared to the MFN tariff. For fruits, on the other hand, the average rate applied to Morocco is 8.1%, a level of protection fairly close to that applied to the other Mediterranean partners. It must be noted that within this group Lebanon has a rather particular position, for the implementation of its agreements with the EU dates from 2004. The impact on Lebanon's sales is not yet noticeable (as mentioned previously, quotas are hardly filled).

In contrast to this group of countries for which the trade liberalization process in the fruit and vegetable sector is very advanced, two countries have EU market access conditions that remain highly unfavourable compared to other Mediterranean countries: Israel and Palestine. As has been seen previously, not many products are concerned by preferences and not many benefit from a duty-free access. Thus, the average tariff applied by the EU on imports from Israel is 12.1% for vegetables as a whole and 11.9% for fruits. Given that Israel is the third most important Mediterranean country in terms of exports to the EU, one can expect significant gains from improved access to the European market. The situation is similar for Egypt, who is the 4th largest Mediterranean exporter to the EU market despite a continuing high level of protection.

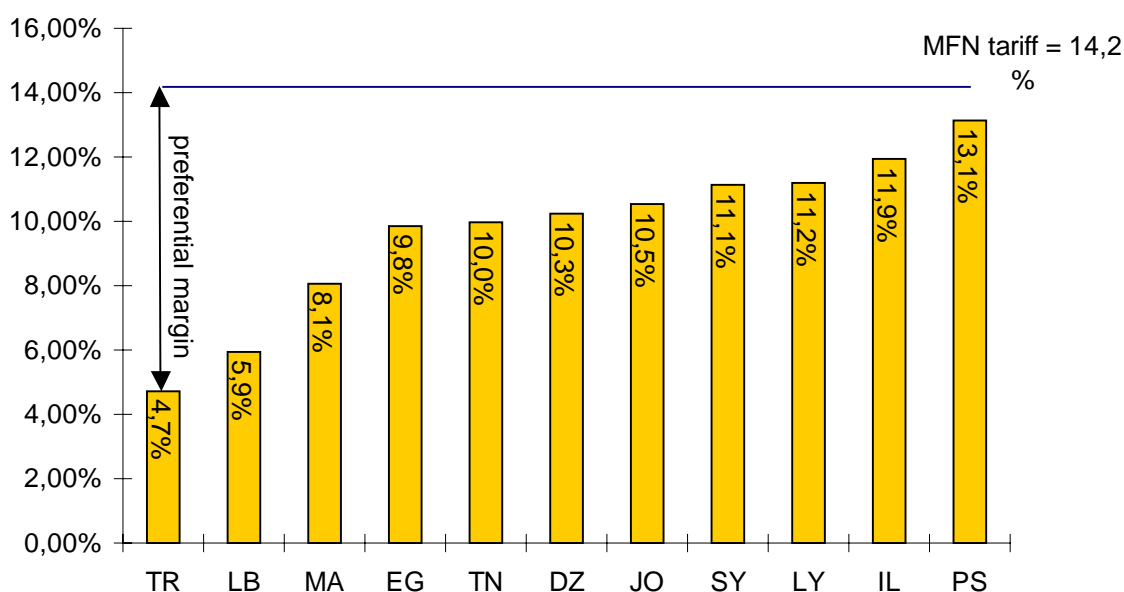
⁷ For the other products, we based ourselves on the 2001-2003 average of the product's import unit value, retrieved from the COMEXT database.

Graph 3: The level of preferences granted to Mediterranean countries for fresh vegetables - Arithmetic mean – year 2004



Source: own computations from TARIC database

Graph 4: The level of preferences granted to Mediterranean countries for fresh fruits - Arithmetic mean – year 2004



Source: own computations from TARIC database

If on the whole the level of preferences appears to be very unequal from one country to another, preferences are also very heterogeneous from one product to another (Table 9 and Table 11). For instance, products with an entry price (tomatoes, cucumbers, citrus fruits and cherries) appear to be the most protected. Linking tariffs and trade flows by product and by country – Table 10 and Table 12 and Annex 1 – enables to highlight the products and countries for whom access to the European market is not yet completely open, and for whom there already exists a strong export potential.

Thus, for Israel, several products in the vegetables chapter still appear highly protected compared to its Mediterranean competitors on the European market.

- *Potatoes*, for which Israel realized half of the Mediterranean countries' sales to the EU. Within this category, early potatoes benefit from a quota which is largely overrun. The other potatoes are sold without quotas and without preferences, at the MFN rate. For this product, the two other main exporters, namely Egypt and Morocco, benefit from preferences both within and beyond their quota. For Egypt, the quota volume is also insufficient compared to the total exported volume. Finally, Turkey benefits from a duty-free access with no restrictions on quantities.
- *Tomatoes* are exempt of duties within the quota, which is largely overrun. Beyond the quota, Israel is subjected to the MFN regime.
- In the « other vegetables » category, the quota granted to Israel for *sweet peppers* is largely overrun. Here again, the preferential margin granted to Israel is lower than that of Morocco and Turkey, its two main competitors who benefit from a duty free access to the European market.
- In the « frozen vegetables » category, the main product with regard to Israel is *corn*, for which the quota is also overrun and preferences limited. On the other hand, even if Morocco benefits from a duty free quota, the latter is far from being fully utilized.

In the fruits chapter (CN2=8), the competition between Israel and its Mediterranean competitors concerns only a few products, but through an analysis of the protection it appears once more that several products are heavily exported while still being relatively protected. For instance,

- *Avocados*, which are only exported by Israel, are sold duty free from June to December. On the other hand, from January to May the duty applied is that of the MFN regime, despite continuing strong exports.
- For *melons*, the preferential quota is almost fully utilized and the out-quota tariff is a preferential tariff. For the June to September period, contrary to Morocco which benefits from preferences, melons are exported at the MFN rate of duty.
- For the other fruits, the main exported product is *strawberries*. From November to March, Israel benefits from preferences within a quota. Outside this period strawberries are sold at the MFN rate of duty, while Morocco, another strawberry exporter, benefits from a duty free access from November to March (but then enters under the MFN tariff). Egypt does not benefit from a preferential quota, and the rate applied is that of the GSP regime for the winter period and that of the MFN regime for the spring and summer periods.

Table 9: EU protection applied to Mediterranean countries. Arithmetic mean, year 2004– vegetables (CN4 nomenclature)

CN4	DZ	EG	IL	JO	LB	LY	MA	PS	SY	TN	TR	MFN
Potatoes	4	4,1	7,2	4	1,6	4,3	3,9	7,7	4,3	4,1	0,6	7,7
Tomatoes	56,3	58,5	49,1	58,5	50,6	60,7	22,4	58,5	60,7	53,9	49,1	60,7
Onions and leek	24,7	5,7	27,3	5,7	17	25,4	5,3	27,3	6,6	5,6	0	28,3
Cabbage	8,5	8,5	11,2	8,5	1,4	8,5	2,3	12	8,5	8,5	0	12
Lettuce	7,3	7,3	9	6,1	1,1	7,3	1,1	10,8	7,3	7,3	0	10,8
Carrots	9,6	9,8	12,9	9,6	1,7	9,8	1,7	13,3	9,8	9,5	0	13,3
Cucumbers	68,5	67,7	68,5	66,8	56,7	68,5	26,8	68,5	68,5	63,2	54,6	68,5
Leguminous vegetables	5,9	6,3	10,9	6	1,1	7,4	5,6	10,9	7,4	5,6	2,8	10,9
Vegetables nes	7,4	7,2	7,5	6,7	2,5	7,8	2,6	9,9	7,7	6,7	3,2	10,6
Vegetables frozen	10,8	10,7	13,6	10,5	2,3	11	0,3	13,6	10,9	10,8	0,5	14,1
Vegetables prov. y preserved	13,3	13,4	16,2	13,6	2,6	13,6	2,4	16	13,5	13,1	9,2	16,6
Vegetables, dried	8,5	7,8	8,3	8,5	1,6	8,5	1,3	11,8	8,1	8,5	0,1	11,8
Veg. Leg. dried, shelled	0	0	0,7	0	0	0	0	0,7	0	0	0	0,7

Source: TARIC database

Table 10: Mediterranean country exports to the European market (1000€, year 2004 – vegetables (CN4 nomenclature)

CN4	DZ	EG	IL	JO	LB	LY	MA	PS	SY	TN	TR	Total
Potatoes	15	60385	95743	0	90	0	21201	0	40	2920	4857	185236
Tomatoes	0	908	20423	77	0	0	136210	525	122	2059	21199	181523
Onions and leek	0	9355	8296	768	0	0	2302	0	0	37	3891	24649
Cabbage	0	0	44	120	0	0	214	0	0	0	1419	1797
Lettuce	0	155	380	7	0	0	814	0	2	156	397	1911
Carrots	0	33	2323	0	0	0	58	0	0	0	973	3387
Cucumbers	0	414	245	794	19	0	2311	0	23	37	6989	10832
Leguminous vegetables	4	34808	0	363	6	0	97405	0	1	16	1328	133927
Vegetables nes	52	8699	93737	1307	103	0	60655	2	52	1749	50288	216592
Vegetables frozen	0	6445	7290	602	4	0	4833	0	7	70	51274	70525
Vegetables prov. y preserved	173	746	15	0	20	0	10748	0	680	346	8218	20773
Vegetables, dried	0	20006	2488	0	16	0	404	0	2527	1531	16592	43564
Veg. Leg. dried, shelled	13	9373	2	4	195	0	1151	0	1589	14	37013	49341

Source: COMEXT database

Table 11: EU protection applied to Mediterranean countries. Arithmetic mean, year 2004– fruits (CN4 nomenclature)

CN4	DZ	EG	IL	JO	LB	LY	MA	PS	SY	TN	TR	MFN
Nuts except coconut, brazil ,,,	0,5	0,5	3,0	0,5	0,1	0,5	0,5	3,0	0,5	0,4	0,4	3,0
Dates, figs, avocado,,,	1,9	1,5	2,8	1,3	0,4	2,2	1,4	4,7	2,2	1,8	0,0	4,7
Citrus fruit	18,7	15,7	16,2	20,5	18,4	23,6	13,1	19,4	23,5	18,3	12,8	24,9
Grapes	3,3	3,4	5,6	3,5	1,6	4,0	2,9	5,9	4,0	2,9	1,8	5,9
Melons, watermelons...	4,0	3,8	3,5	3,2	0,7	4,4	1,9	3,9	4,4	2,1	3,5	7,3
Apples, pears and quinces	35,2	35,2	35,7	35,2	31,1	35,2	34,9	35,7	35,2	35,2	30,3	35,7
Apricot, cherry, plum, peach	15,0	15,1	16,4	15,1	7,1	15,1	6,1	16,4	15,1	13,3	5,8	16,4
Fruits nes	4,0	4,1	4,1	3,9	0,7	4,1	3,6	6,5	4,1	3,5	0,0	6,9
Fruits frozen	11,9	11,9	17,2	11,9	2,0	11,9	8,7	18,1	11,9	11,9	0,0	18,1
Fruits, nuts prov, preserved	4,0	4,9	6,5	4,9	0,8	4,9	3,8	7,6	4,9	4,0	0,0	8,4
Fruit, dried	1,8	1,8	4,8	1,8	0,3	1,8	2,1	4,8	1,7	1,8	0,0	4,8
Peel of citrus fruit or melons	0,0	0,0	1,6	0,0	0,0	0,0	0,0	1,6	0,0	0,0	0,0	1,6

Table 12: Mediterranean country exports to the European market (1000€, year 2004 – fruits (CN4 nomenclature)

CN4	DZ	EG	IL	JO	LB	LY	MA	PS	SY	TN	TR	Total
Nuts except coconut, brazil ,,,	9	113	121	1	200	0	5032	16	211	1848	320290	327841
Dates, figs, avocado,,,	12414	784	75950	582	130	109	26	39	68	52999	65394	208495
Citrus fruit	0	29377	60773	0	2	0	145010	0	526	10353	102184	348225
Grapes	0	27351	12817	321	1	0	12965	0	20	18	212057	265550
Melons, watermelons...	0	1604	10499	68	11	3	29332	0	111	1196	5468	48292
Apples, pears and quinces	0	0	47	0	1	0	195	0	3	0	4400	4646
Apricot, cherry, plum, peach	0	708	5304	2	190	0	8306	0	25	405	128665	143605
Fruits nes	0	13300	35947	363	7	7	43786	1553	0	923	4393	100279
Fruits frozen	0	1326	3064	0	0	0	38883	0	1	27	21212	64513
Fruits, nuts prov, preserved	0	23	3239	0	0	0	68	0	3	0	4512	7845
Fruit, dried	0	7	42	0	102	0	1	0	30	68	87955	88205
Peel of citrus fruit or melons	0	2	26	0	0	0	260	0	0	120	502	910

VI. Standards currently in force within the European market

Beyond the regulation of trade with third countries through tariff restrictions, the rules of the common organization of the market in fruit and vegetables also define quality, marketing and labelling standards. These standards, which are in force within the European market, must also be applied by third countries when their products enter the European Union. They become non tariff barriers from the moment third country exporters do not comply with them. However, unlike tariffs, these rules apply to all operators on the European market, without any preferential agreements. In other words, the position of Mediterranean countries is the same as other countries. Only the exporter's capacity to comply with these European standards is important, but such compliance can induce costs and strongly limit the volume of exports to the EU. Furthermore, if the standards to be applied are the same for all, the procedures for verifying compliance may differ according to the countries. Thus, Morocco signed in 2001 a memorandum of understanding enabling it to limit the transaction costs induced by these verification procedures.

Finally, if these marketing standards have been developed within the framework of the « standardisation » policy, implemented for the functioning of the single market and more particularly for the common organization of the fruit and vegetable market, food safety and consumer health remain a priority for European food policy. Therefore, alongside these marketing standards, other regulations concerning food safety must be applied to the fruit and vegetable trade. These are, however, not specific to the common organization of the fruit and vegetable market but are imposed on all food products.

VI.1. Standards imposed by the common organization of the market in fruit and vegetables

The objectives of technical harmonization within the single European market were to ensure fair competition, enable market transparency, remove products of unsatisfactory quality and reduce transaction and standards compliance costs according to the different markets. Within this context, particular attention was given to marketing standards so as to enable the differentiation of products and the harmonization of quality criteria: freshness, taste, traceability, health security, environmental considerations, nature and quantity of sugar, health aspects... These standards thus allowed to protect both European producers and consumers at the same time.

The new common organization of the market was implemented in 1996, notably to comply with the standards adopted by the United Nations Economic Commission for Europe (UN/ECE). All products listed in annex I of this regulation must comply with the standards applied at all the stages of commercialization.

The standards also impose restrictions concerning size and quality aspects, packaging, presentation and the information content of the labels (identification, nature and origin of the product, commercial specifications, grade, category...). These measures apply to the whole sector but are declined in a specific way for each product, each having a particular regulation corresponding to its own characteristics (for exemple, for cherries, regulation EC n°214/2004).

VI.2. Standards imposed for consumer health protection

Directive 93/43/EEC was the first regulatory framework concerning food hygiene. This directive supplements the control arrangements for food products (directive 89/397/EEC), and aims to improve **the level of hygiene of foodstuffs** at all the stages of a product's development, thereby increasing the level of confidence with regard to the latter. By relying more on prevention, it proposes the drawing up of « guides to good hygiene practice which may be used voluntarily by food businesses » (Art. 5).

In the fruit and vegetable sector there are, in addition to these constraints regarding food product hygiene, standards concerning **pesticide residues** (directives 90/462/EEC and 895/EEC), **contaminants** (regulation EC/94/97), **genetically modified organisms** (regulation (EC) 1139/98 concerning labelling), **and additives** etc.

Moreover, following the food crises of the mid-1990s, and always in the objective of consumer protection, the question of traceability has become a priority for the organization of the European food sector. The whole chain (from the producer to the distributor) must be able to provide, to the relevant authorities, information regarding production conditions. Thus, exporters must be able to prove that their products are in compliance with the restrictions imposed by the EU, in other words that they comply either to European standards or to equivalent standards recognized by the Community or by a specific agreement.

VI.3. Phytosanitary restrictions

Fruit and vegetables are also directly concerned by phytosanitary regulations. Consumer protection remains the first priority of directive 2000/29/EC, which indicates the necessary protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread. This directive has been modified by the 2002 directive (2002/89/EC). A phytosanitary certificate is required so as to prove that the product is free of pathogenic organisms. According to Vital (1997), these phytosanitary licences seem to act as quantitative restrictions on imports. Indeed, they represent important administrative and financial costs, which are strongly linked to the length of the licences' period of validity.

VI.4. Environmental protection

If consumer protection remains the central point of food policies, environmental considerations are becoming an important concern in Europe. Operators in the food sector must notably comply with the guidelines provided by the European Parliament and by Council Directive 94/62/EC on packaging and the reduction in packaging waste. This directive covers all the types of packaging on the market, and the requirements concern essentially prevention, recycling and collection systems.

VI.5. Private standards

With regard to the quality management of fruit and vegetables, it is clearly established that the common organization of the market is the basis and that regulations concerning consumer protection are a priority. Beyond these, operators in this sector (producers as well as exporters) must also comply with other « unwritten » quality standards. Certifying bodies can provide information concerning these standards, which must be fulfilled by each type of product. The most common private standards for fruit and vegetables are those of EUREP-GAP and Safe Quality Food (SQF). For example, EUREP-GAP has established stricter constraints concerning traceability: record keeping and internal self-inspection, preserving varieties and rootstocks, specifications on site, soil and substrate management, requirements and conditions on fertilizer use, irrigation, crop protection, waste and pollutant management, etc. It can also be noted that for processed fruit and vegetables numerous private standards are applied: HACCP, British Retail Consortium (BRC), International Food Standard (IFS), Safe Quality Food (SQF) and ISO 9000.

Such a list of standards (regulatory or private) raises the question of the overall costs borne by operators for having these standards implemented by the exporter from the moment his product is sold within the EU. This question seems important to us if one is interested in measuring European market access conditions, but measuring these costs was not the aim

of the present phase of the project. Nevertheless, the study by Darmawan (2004) provides some indications on the constraints faced by an exporter when selling his product. Among the more significant of these can be mentioned:

- Sampling and testing upon entry;
- Following inspection program;
- Agreement between trading partners;
- Export certification;
- Product registration

According to this study, the main sources of rejection when importing products are:

- The products do not meet the requirements of the importing country;
- Lack of information and communication knowledge (legislation, procedures of the importing country);
- No efficient export control;
- Certification documents or procedures.

Furthermore, the main reasons behind trading problems are labelling, contamination, pesticide residues, additives, toxins and contaminants.

The considerable number and variety of standards that have to be applied raises not only the problem of compliance costs for products, of transaction costs induced by certificates and controls, but also raises upstream the problem of the information cost. These standards are numerous, of very different origins (WTO rules on fruit and vegetables, health regulations, environmental constraints...) and also evolve over time. E. Rouvière (2004) shows, for example, that access to information depends on the size of a company, on the level of integration between producers and distributors and on the specialization of the exporting country in terms of the product concerned. The greater the size of an exporting company, the greater is its capacity to know all the regulations (specialized services). Similarly, an exporting country's specialization enables to generate economies of scale in terms of foreign market knowledge.

Another problem highlighted by these studies is the fact that the standards previously described differ from one EU member state to another. Indeed, even if a European directive exists, for example, on the official control of foodstuffs, such a directive is transposed in each member state. Consequently, most member states have their own control arrangements which can be even more drastic than what is foreseen by European legislation. Thus, for foreign exporters, the European market remains somewhat fragmented even if a product released for free circulation in a country can then be sold on all the European territory.

VII. A few comments by way of conclusion

From the foregoing analysis, it appears that the agreements signed between the EU and the Mediterranean countries are very heterogeneous from one country to another. The discussion of liberalization scenarios must take into account several elements:

This discussion cannot be undertaken independently of the ongoing WTO negotiations. This is because, on the one hand, some countries such as Israel will see their access to the European market improved de facto, and on the other hand because this opening up of trade within the multilateral framework will bring about a de facto erosion of the preferential margins currently granted to Mediterranean countries.

A stronger liberalization process can be considered in two ways. Firstly, by adopting an alignment of regional preferences on the Mediterranean country that has the most favourable preferences (GSP type). This solution, which supposes that there is a willingness to establish a Mediterranean regional trade area, would lead to the realization of a single Euro-

Mediterranean agreement. It would also result in the European market being substantially opened up to the region's products. Secondly, the liberalization process can be pursued bilaterally, where negotiations would be carried out by product and by country. This solution allows, on the one hand, to target sensitive products originating from Mediterranean countries, and on the other hand to continue the process already under way by extending quotas (allocated volumes, periods of application).

Whatever solution is chosen, though, granting greater openness to Egypt or Israel will considerably affect the preferential margins currently granted to Morocco and Tunisia and will intensify, on the European market, the competition not only with European countries but also between Mediterranean countries. In such circumstances, other factors of competitiveness will come into play: importance of transport and logistical costs, capacity to adapt to European standards and to private standards imposed by the distributors.

Finally, a full comprehension of the stakes involved in these negotiations cannot be achieved without taking into consideration the degree of symmetry of the agreements between the EU and the Mediterranean countries. The issue concerning the degree of reciprocity of preferences is at the centre of this debate.

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