

**EU-MED Agpol Annual Meeting**  
**Istanbul May 9– 12<sup>th</sup> 2005**

**Meeting Report**  
**Decisions Summary**

**WP1**

Reports for Tunisia , Turkey, Egypt are finished.  
Israeli report will be published on the web site soon.  
Morocco report is still a draft report

**WP2**

D8/9 and D10 are completed.  
Case studies will be conducted to complete the analysis.  
D11 is in progress (to be finished in June.). In this report Regional Vulnerability indices will be calculated as in D8/D9. The data on fruit and vegetable industries are difficult to obtain for Greece. We will ask Medfrol's help.

In WP8 we will use the RVIs and compare the results with CAPRI results and with other results, notably from expert opinions obtained in WP5.  
(before that, we will check consistency in cost data, as we are working at the same disaggregation level : Nuts II)

**WP3**

D13 is in progress, it contains a detailed description of what are the EU protection measures by product and country.  
The proper level of aggregation is a big issue that has to be solved. It is difficult especially for products with minimum entry prices and import windows.  
There was a significant discussion on how this protection will be taken into account in models, and in Delphi analysis.

**WP4**

In WP-4, trade liberalization scenarios must be developed in order to estimate quantitatively and qualitatively the impacts of EU-MED trade liberalization. These scenarios will be based on the assumption that concessions will be made both by the EU and the Mediterranean countries. In addition to a reference 'run', three scenarios will be built. The reference scenario will take into account all policy decisions which have already been made, even if their implementation has hardly begun. In that sense it is different from the mere assumption of a continuing status quo. It includes, for instance, the single direct payments to farmers, decided for the CAP in June 2003, which are just being put in place by the national governments of the member states of the EU.

The last scenario (n° 3) will entail complete liberalization of EU-MED agricultural trade within ten years, coupled with "realistic" assumptions on multilateral liberalization, corresponding to a plausible outcome of the Doha round of WTO negotiations. Admittedly, such a scenario is not realistic politically; but it is necessary in order to answer the questions raised in the original call for research proposals of the Commission. The other two scenarios, assumedly more realistic ones, are intermediate between these two extremes. The first one

will entail a partial liberalization of EU-MED agricultural trade and the second one the same partial liberalization at the regional, level coupled with the same multilateral liberalization assumptions as in scenario n° 3.

Specifying the intermediate scenarios will be challenging, particularly because of the complexity of the existing border measures in the EU-MED region, notably the measures protecting European fruits and vegetables, as described and analyzed in WP 3.

▪ **Next Steps:**

The multilateral trade liberalization scenario will be specified in a way representing a likely outcome of the Doha Round of WTO negotiations. This will be done before the models are run on the basis of the most recent developments in those negotiations, i.e; just prior to the Hong Kong ministerial meeting or shortly thereafter. EU Commission officials will be consulted and their views will be carefully taken into account. Appropriate meetings in Brussels will be set up for this purpose, the first one hopefully in June 2005, in order to prepare a first draft of a document describing the liberalization scenarios on time for Deliverable D 15 - , in August 2005.

The intermediate Euro-med liberalization scenario will be specified once a more precise assessment of what the regional most favored nation principle would entail. Then consultations will be held with the research team responsible for WP-3 and with the model builders, as well as with officials of the EC.

Emmanuelle will build a MedMFN scenario, and we will then consider if it is possible to use it, depending how far it is from full liberalization. Otherwise, we will use some uniform scenario like a 25 % reduction of current protection ( + an enlargement of quotas and windows)

## **WP5**

4 questions have been discussed in the small group :

-panel list , experts: add experts from non national sources, namely European importers

-design of questionnaire: experience in Morocco as a reference:

1) translation

2) simplify

3) review the questionnaire

4) distribute to others

5) each one will have to adapt it regarding the specificity of the country and of the exportable commodity

-methodology : chose exportable commodities. We will focus on the 7 (maximum) main products (fresh fruit and vegetable, olive oil) exported by each country.

-assumptions : how to handle scenarios in the Delphi. We will use the liberalization scenarios described above with appropriate specific features for each product/country

## WP6

### ▪ **CAPRI : Status of work in progress**

- Fruits and veg . disaggregation is : olive oil; apples, pears, and peaches; citrus; grapes; other fruits; potatoes; tomatoes; other veg ; wine
- Implementing CMO for olives, fruit and veg. , wine
- First results:
- Unexpected result: Export of cereals from EU to med are decreasing. Could be explained by the fact that 2 measures are introduced simultaneously : suppression of import tariffs of Med countries, and suppression of export subsidies of the EU.

### ▪ **Presentation of TASM, and Moroccan Model (see PPT)**

### ▪ **Decisions concerning WP6 and Model Articulations :**

- 1.Single Turkey out from MED as a specific trade block in CAPRI
- 2.Compare data for the base year (quantities, prices, border protection, domestic supports ...) and remove any inconsistencies
- 3.Shock models for Turkey and Morocco by changing the prices, report changes in supply and demand
- 4.Calibrate CAPRI to the results from 3.
- 5.Run scenarios with CAPRI
- 6.Take changes in border prices from CAPRI (Step 5) , and introduce them into TK and MO model

### ▪ **Integration between WP6 and WP3:**

Aggregate tariffs (and eventually trigger prices) by product, season, countries to CAPRI possibilities.

## **WP7: 2 main topics will be analysed in this WP**

### ▪ Trade policies, with 2 parts:

1- WTO : follow the ongoing negotiations. Focus on the Hong Kong 3 pillars of the negotiation:

*Market access:* the big debate is to convert tariffs to AVE and to decide how much reduction after computation. The reason why the debate on computation is tough is that it has impacts on reduction effects. We expect no major progress on non tariff barriers /SPS/Food safety.

*Export competition:*

Elimination of the export subsidies , with probably full elimination in 10 years.

Food aid, Credit guarantees and STEs don't play an important role in the region for the EU but could for the US

*Domestic support :* reduction is forecast. Last July framework agreement keeps the boxes. The two questions in debate are: what goes in which box ? Ceilings for amber and blue boxes. We will analyse what could be the impact on competitiveness of EU exports of some discipline on the domestic for olive oil and fruits and vegetables. Other issues: TRIPS, Geographical Indications are important but will not be analysed deeply.

2 Bilateral and regional negotiations:

GAFTA, Free trade agreements between US and Morocco, Israel, Jordan.. could have a significant impact, mainly on the division of the Cereals market between US and EU

In the Middle East, the peace process could lead Israel to become a training center in technological issues and this could affect the long term dynamics of the fruit and vegetable sector.

- Market developments

We will analyse the situations and trends inside the EU-MED market and the position of the EUMED inside the world market, with other trading blocks.(especially: Eastern European , Black sea, Great Middle East).We will study :Characteristics of the market, seasonality of the markets, segmentation, regionalisation .

Other subjects : multinational firms, retailers, supermarkets... should be described in WP7.  
JL Rastoin, and Montigaud (logistic)

## **WP8**

In order to make the final report, we will use results of previous WP.

The main inputs will be:

- Change in EU Agric. Indicators: effects of export increases to Med, and global impact calculation. (CAPRI)
- Changes in EU fruits and vegetables and olive oil producing areas :
  - From Delphi, and national models estimates of total export increases
  - Use of CAPRI, to calculate the impacts on Production and Farm Income by region (nuts II)
  - Use of Vulnerability Indices to analyse the impacts on sensitive areas: economic and social impacts+ compensation policies for affected regions and overall
- Changes in EU agricultural policy budgets (CAPRI)

## **Coordination with MEDFROL**

Basically the coordination concerned WP1, and WP2:

WP1

- the medfrol reports are much broader and cover 13 countries
- the eumed agpol are more detailed and are for 5 countries

WP2

- eumedagpol 3 reports : fruits , veg. and processed fruits and veg.
- medfrol: 2 reports : Netherlands + Germany
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We will exchange drafts, check consistency in results, and make a common synthesis report.