

## PANORAMA



## The new Mediterranean trade routes

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**INTEGRATION  
IS SLOWLY  
DECLINING IN THE  
MEDITERRANEAN**

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**NEVERTHELESS,  
NEW TRADE ROUTES  
HAVE OPENED**

**T**he return to protectionism on the international scene has, once again, put the spotlight on free trade agreements. At a time when America is closing up, other regions of the world have decided to open their doors, reshaping international trade alliances. This push towards liberalisation could give new momentum to a cooperation attempt set in motion nearly thirty years ago, in one of the world's oldest trading regions. In 1995, Mediterranean countries embarked on a major project to create an integrated economic area. This ambitious scheme, known as the Barcelona Process, was to be based on a comprehensive free trade agreement. It was to be built on the European model, with the aim of enabling free movement of goods within the Mediterranean region. Where exactly do we stand with this scheme today?

"Barcelona Process", "Euro-Mediterranean Partnership", "Union for the Mediterranean" – the name has changed several times over the years, but although the objectives were set in the 1990s, they still seem far from being achieved. While Asia has successfully risen to the challenge, Mediterranean countries trade relatively little between themselves. In fact it would seem that the share of intra-Mediterranean trade in the region is even diminishing. How can these disappointing results be explained? First of all, although the Barcelona Process had the aim of creating a regional free trade zone, so far it has only

resulted in a multitude of bilateral agreements between the EU and individual Mediterranean countries. Regional agreements bind certain North African countries, whereas Turkey has developed its own network of cooperation. In summary, we are still far from achieving the model of a free trade zone. Trade liberalisation in the region, although incomplete, is not yet producing many results, due to a number of reasons. In addition to the economic similarities seen between the countries that make up the region, trade expansion has been limited by a complex institutional framework, persistent protectionist policies, the consequences of the 2009 crisis and the Arab Spring.

Nevertheless, there are reasons to give hope. The trade structure within the region has been evolving since the 2000s. Some southern and eastern economies are specialising in higher added-value sectors, in order to move upmarket. Information and communication technology exports have increased (Tunisia, Morocco), while the automotive sector is illustrating the booming integrated value chains in the region. In this upmarket context, lower value-added goods, such as the textile and clothing sector, are now less prevalent in the region's trade. Another positive trend evolving is that new actors supplying raw materials have emerged in the region (energy, chemicals and construction). More specifically, these new players are Greece, Cyprus, Malta and Egypt.