

IPEMED News



EDITORIAL



Radhi Meddeb *Président of Ipeмед*

Food security: we share a common future

► One of the basic demands emerging from upheavals in Arab countries over the last two years is that of living standards and improving people's economic and social conditions. Since the revolts started, global prices for raw materials, especially agricultural ones, have shot up, with average increases of up to 80%, leading to major tensions in state budgets and intensifying deficits

and compensation expenditure. At the same time, almost all countries in the region have implemented policies to stabilize prices and protect inhabitants' spending power. The richest countries, in particular the oil states, have bought social peace and political stability at a low cost. Less rich countries have more urgent matters to deal with. They are torn between demands from the people to maintain, if not improve, spending power, and the state's incapacity to sustain expenditure that is increasingly out of synch with market realities. In the short-term, this difficult situation is coupled with disorganized production and

distribution circuits, and rising demands in a post-revolutionary environment where governors lack experience in exercising power, vision and projects. In the longer term, predicted climate change, encroaching desertification, and scarce water resources point to a major food deficit for the whole southern Mediterranean region. More than ever, we share a common future. We must work responsibly together on research, production, commercialization and security so that we may lay down the conditions for tranquil cooperation, in a world where boat people are no longer an everyday drama and a patent expression of failure.



Regional integration is key to growth

CREATING REGIONAL INTEGRATION IN THE MAGHREB WILL BENEFIT THE EUROPEAN UNION AS WELL AS PARTNER COUNTRIES.

The major preoccupation for both North and South of the Mediterranean is to create growth to fulfil inhabitants' expectations and give them a perspective for the future. Time, perhaps, to give the Union for the Mediterranean a new lease of life? That's the ambition of its Secretary-General, Fathallah Sijilmassi, who intends to take advantage of the new political impetus in southern countries in order to encourage them to take on and develop their own projects with support from the secretariat's expertise. Another ambition of stakeholders on both sides of the Mediterranean is to boost regional integration, which is alone capable of creating longed-for growth. Wishful thin-

king? Analysts and observers agree that the Mediterranean is the least integrated region in the world – the cost of the non-Maghreb is estimated at between 1% and 2% of GDP per country – and that the new leaders' priority should be to move in this direction. The Tunisian president, Moncef Marzouki, frequently brings up the issue, declaring that, "An area of 100 million consumers could also be an asset for development in Europe, because the Maghreb needs infrastructures". At the "5+5" second summit of heads of state and government held in Malta on 5 and 6 October, he proposed a meeting between heads of state and government of the Arab Maghreb Union (AMU) before the end of the year.

SHARED BENEFITS The announcement was welcomed by the European Commission's President, José Manuel Barroso, also present in Malta, who esteemed that the advantages of integration are not just economic, but also affect human development in the region. According to Mr Barroso, the benefits of closer integration in the Maghreb would be shared between partner countries and also benefit neighbouring states, including those in the EU. This is the challenge that we need to tackle, because although regional construction is ultimately a North African affair, Europe can help in the process. The momentum is underway and everything should be done to move in this direction.

Agnès Levallois

PHOTO
5 October in Malta. Second summit of "5+5" heads of state and government.

Greater food insecurity is a major issue for Mediterranean Arab countries. To deal with the phenomenon, they urgently need to set up national policies for agricultural and rural development.

Bread vendor in Cairo.



Courses of action to tackle this major challenge

In a completely new context of political, social and economic transition, Arab Mediterranean Countries (AMCs) are faced with increasing food security challenges. This situation, complicated further by climate change, must more than ever be analyzed in line with geostrategic considerations. A number of pressures underline the acuteness of the problem: water scarcity; soil degradation; insufficient farm production to respond to demographic development; weak organization of production channels; changing consumer patterns; and the persistent gap between globalized coastal towns and marginalized rural zones, etc.

STRUCTURAL DEPENDENCE Greater food insecurity has been pinpointed in numerous forecasting studies. Over recent years, AMCs, which consume high amounts of cereals, have seen the gap widen between their crop production and import levels, resulting in deeper deficits. Their structural dependence on external imports is of geopolitical concern in a world where the risk of food conflict is on the rise.

As a reminder, countries in North Africa and the Middle East only represent 6% of the population, but attract 30% of global wheat imports per year. Coupled with the price effect caused by highly volatile foodstuffs (including wheat), the result is a strong impact on the trade balance and on public finance through compensation policies. The rise in food prices has a significant impact on popular discontent, leading to compensation policies that leave fewer resources to allocate to other social expenditure like education and health.

To deal with the food security issue, it is vital that AMCs can implement national agricultural and rural development policies. This means investing in production, improving infrastructures to reduce waste and stimulate trade, supporting innovative practices to economize natural resources, and reinforcing the various links of the food chain to encourage involvement from different channels and business activities, etc. These national policies should be backed by more determined regional approaches. Greater technical, territorial and commercial cooperation on agricultural, food and rural issues could represent one of the main axes of the Euro-Mediterranean project, which now

needs to be redefined and prioritized based on mutual North-South, and South-South, interests.

CREATE EU-SEMC CONTRACTS Reinforced regional cooperation must be put forward, including increased EU participation to spread better crop and irrigation techniques, and the optimal management of soil and water resources. In addition, so as to ensure regular provision of strategic foodstuffs (particularly cereals), why not draw up mid-range EU-SEMC contracts guaranteeing quantities and price brackets? Lastly, the Mediterranean is never going to be competitive for the quantity of its production. On the other hand, if synergies emerge, the quality of its produce has potential. Working as a collective movement, Mediterranean countries could extend the scope of their trade markets. It is worth reviving the principle of a Mediterranean diet and Mediterranean produce, since this is clearly the farming and food model that suits the region best.

Amal Chevreau

Ipemed Project Manager for Finance and Agriculture in the Mediterranean

Sébastien Abis

Administrator at the General Secretariat of Ciheam and political analyst on the Euro-Mediterranean area, agriculture and food

Euro-Mediterranean countries obviously complementary

Which features and targets in Ipemed's suggested agricultural food policy could lay the foundations for regional food security?

Trends in the eleven countries that make up the South and East Mediterranean Countries (SEMCs) indicate significant food insecurity, with deficits that could go as high as 50 billion dollars in 2030, endangering public health and social cohesion in these countries. Agriculture and related activities provide a livelihood for at least 72 million people in SEMCs (25% of the total population). Around two million jobs per year would have to be created in these countries between 2010 and 2030, in addition to indispensable absorption of high structural unemployment.

Complementary commercial factors in the Euro-Mediterranean farming and food industries are obvious: the need for cereal and animal products in SEMCs matched with the EU's production capacity; the need for fruit and vegetables in the EU matched with SEMCs' production potential. The common food and agricultural policy for SEMCs (CFAP-SEMC), proposed by Ipemed, aims to base regional food security on increased agricultural and food production in each Mediterranean country along with Euro-Mediterranean trade partnership, and to contribute to sustainable development in rural zones by organizing territorial food production channels. The CFAP-SEMC's tools are inspired by those of the European CAP. Adapted to local characteristics, they would be implemented in each SEMC as part of a common regional framework.

QUALITY INCENTIVE The food component of the CFAP-SEMC includes promoting the organoleptic and nutritional qualities of food products existing in the Mediterranean diet; consumer education and information; creating a food security agency; a specific measure giving the poorest inhabitants access to healthy food; setting up a Euro-Mediterranean partnership to supply food products based on multi-year contracts that define price brackets, a system of removal and restitution at borders to keep domestic prices stable, and the creation of strategic stocks.

The agricultural component would include: secure land status for small and mid-size farmers; professional status for farm managers, salaried farmhands and family farmhands, with parity between the sexes; income support for farmers via stable, remunerating farm prices (in particular through border regulation), via aid for inputs and investment (credit and insurance); R&D focused on devising new sustainable systems for farm production and agricultural-support training for farmers and technicians; a measure to control quality and trace farm produce and label-based promotion; support for organizing channels and markets.

The estimated cost of the CFAP-SEMC was around 31 billion dollars per year in the early 2010s, of which 26 billion for a food policy and 5 billion for farming measures, i.e. in total less than 2% of GDP. The CFAP-SEMC (farming component) would generate annual expenditure of 4.6 billion euro, with co-funding split equally between SEMCs and the EU, thanks to redeployed national policies and a specific component of the EU neighbourhood policy.

Jean-Louis Rastoin

Professor emeritus, President of World Food System UNESCO Chair, Montpellier SupAgro, Ipemed associate expert



Women in Sous (southern Morocco) shelling argan nuts. The status of family labour needs to be discussed.

J. Rastoin J.L., Bourgeois L., Chriet F., Mohavedi N., 2012, *Pour une politique agricole et agroalimentaire euro-méditerranéenne*, Ipemed, collection Construire la Méditerranée, Paris: 86 p.

Public health concern

The steep rise in food-related health problems has put the human health issue high on the list of global concerns.

Recent debates on food security, nutrition and health have contributed to moving these topics higher up in the list of development programme priorities. These include the impact of the financial crises and their disastrous repercussions on food and energy; the alarming scourge of chronic food-related non-communicable diseases (NCD); the emergence of the central role played by food and its impact on health and sustainable development; a better understanding of the interconnection between climate change, agriculture and health.



The escalation of diabetes is a concern for Arab countries. Here, a diabetes awareness day in Bougaa (Sétif region, Algeria)

AWARENESS All of this reinforces the awareness that food security remains, in both quantitative and qualitative terms, a fundamental human requirement. In 2012, a conceptual framework was produced to improve understanding of the complex food security issue in the light of current threats, whether they be immediate or the result of more long-term dynamics, like climate change. The framework integrates a macro-economic dimension, shocks, and outside stresses like natural disasters, ultimately providing an overview of health and food as both a consequence and cause of under-development. Politicians have finally started to react to the alarming progression of obesity and chronic non-communicable diseases round the world due to the heavy burden on public finances. The cost is both direct and indirect, because overnutrition, like undernutrition, not only has an immediate deficit impact on public health systems, but also an

indirect impact on the gradual deterioration of human capital and the inevitable loss of productivity. The extent and gravity of health problems linked to food, which affect development, social activity and human beings' creative and productive capacity, have moved the human health issue higher up in the range of global concerns. It was not until political negligence led to deteriorating health conditions that political leaders finally realized the importance of food security.

VULNERABILITY The uprisings or revolutions in countries to the South of the Mediterranean have shown the vulnerability of these countries in terms of food security. They have highlighted the limits of sectoral approaches used in the past to manage interdependent issues connected to food security. Anyone who has looked at putting together integrated policies to tackle food

security as an interdependent system will know that making inter-sectorial decisions is one of the biggest challenges in the face of deep-seated and opposing bureaucratic customs. One of the keys to success at local, participative level, lies in the long-term operation and promotion of traditional, Mediterranean-type, food systems. Populations' specific food systems result from their natural resources and history, and the challenge will be to adapt these local food customs to the requirements of twenty-first-century consumers.

Habiba Hassan-Wassef

International expert on nutrition and health policies in development

1. Mainly type-2 diabetes, obesity, heart disease and some types of cancer.
2. "The Food Security System: A new conceptual framework", Ecker, O., and Breisinger, C., IFPRI Discussion Paper n° 1166, March 2012.
3. "Reshaping Agriculture for Nutrition and Health", IFPRI 2020. Edited by Fan, S. and Pandya-Lorch, R., IFPRI 2012.

CONFERENCE

Food security issues in the Mediterranean



EMA - MINISTÈRE DE LA DÉFENSE ET DES ANCIENS COMBATTANTS

September 2011, members of the United Nations Interim Force in Lebanon (Finul) opening a sanitation network in the village of Srifa.

IPEMED PUBLICATIONS

● Ipemed has devoted several publications to food security in the Mediterranean. This is a crucial theme for the future of a region that suffers from structural food insecurity for several reasons: strong dependence on highly volatile international markets that increase exterior costs at a time when public deficits are rising; more undernourished people because of the political and economic crisis; escalation in food-related non-communicable diseases. Propositions and scenarios are put forward in *La situation céréalière en Méditerranée* (French only) with the aim of devising possible futures for the region, which would involve mobilizing all stakeholders in the cereal industry, for example, to

secure supplies and promote stronger Euro-Mediterranean cooperation. The three-part report, *Partenariats stratégiques pour la sécurité alimentaire en Méditerranée* (French only), gives an overview of the principle issues, followed by an analysis of the opportunities and requirements and the difficulties of inter-company partnerships. The last part gives a forecasting exercise on the Mediterranean cereal situation in 2030. This month's Ipemed News focuses on this important subject, and the authors of these publications, especially of the last one (*Pour une politique agricole et agroalimentaire euro-méditerranéenne*) participated in writing this issue.

A. L.

● Ipemed, in collaboration with the Ecole Supérieure des Affaires (ESA), organized a conference in Beirut on 3 October 2012 on the theme of *Food security, a challenge for the Mediterranean*. The former Spanish minister for foreign affairs and current advisor on food security issues to the Emir of Qatar, Miguel Angel Moratinos, insisted on bringing urgent solutions to the large-scale political and economic challenges posed by the food security issue in the Mediterranean. According to Mr Moratinos, the question is inextricable from the problematic issue of water and land. He observed that, “No subject is more conflictive in the region”. Water is a very rare commodity and a vital resource, although Lebanon is privileged in comparison to its neighbours when it comes to hydraulic resources. He therefore invited countries located on both sides of the Mediterranean to envisage a complementary neighbour approach between North



Miguel Angel Moratinos, advisor on food security issues to the Emir of Qatar, and former Spanish minister for foreign affairs

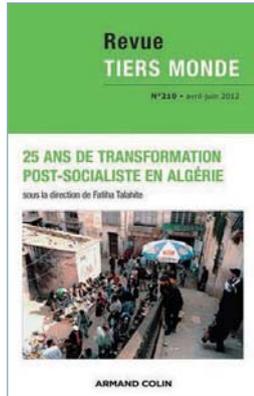
and South, which would help pull Europe out of its economic crisis and enable Arab countries to respond to the challenges of food security. Mr Moratinos suggested the creation of a *Mediterranean Food Pact*, inspired by the European CAP, which he esteemed would entail bringing together three key elements: “Political support from governments both North and South Mediterranean; innovative funding mechanisms that might include a Mediterranean Bank; and awareness and social mobilization by involving young people and civil society in setting up solutions to this issue”.



→ www.ipemed.coop

25 ans de transformation post-socialiste en Algérie

« Revue Tiers Monde » n° 210 (2/2012)
Armand Colin



To mark the fiftieth anniversary of Algeria's independence, the journal *Revue Tiers Monde* has devoted its latest edition to the last twenty-five years in Algeria, referred to as the post-socialist transformation years. The authors set out the factors explaining the state's structure and legitimacy, along with the situation in society. They give an overview of various sector reforms (trade, agriculture, housing, migration), identifying changes and continuity. They conclude by insisting on the fragile nature of state and society, largely because of revenue from hydrocarbons (43% of GDP). This revenue, which is synonymous with the decline of the economic sector (Dutch disease), allows informal sectors to exist. Efforts

to open up trade, despite positive macroeconomic and intellectual contexts, have proved insufficient to curb the impact of this revenue, the effects of which are extending into the housing and food sectors. Residential property, thanks to subsidies and the government decision to create a heritage pact, illustrates the finer side of urban revenue. The authors point to worrying weaknesses in the agricultural sector: despite policies judged as proactive, bad land management, increasingly large areas of fallow land, and food dependence (revenue can be used to guarantee cheap supplies) combine to create food insecurity.

Although all of the contributors recognize that this revenue has a fundamental impact on the state, others point to geopolitical and geostrategic factors. Exogenous shocks, the spirit of the times, and direct policies (diplomacy and defence) all shape the nature of the state. One illustration is the way the government made use of the Global War on Terror to consolidate its security operations. The last twenty-five years have established Algeria as a rentier state that is almost necessarily authoritarian and uncertain, and have further weakened its society.

Audrey Audousseau



iReMMO launches a new collection edited by Pierre Blanc and Bruno Péquignot

Published by l'Harmattan, this collection from the Institute for Middle East Mediterranean Research and Studies (iReMMo) aims to cover a variety of topics concerning the Mediterranean region and highlight emerging factors. The objective is to create a sort of encyclopaedia that clearly and rigorously presents all of the knowledge resulting from scientific research, along with commentaries from those involved at all levels of society.

Each volume covers a particular subject and makes it accessible beyond specialist circles.

The first titles in the series are: *Pour une III^e République libanaise. Etude critique pour une sortie de Taëf*, by Mounir Corm; *L'émergence d'une nouvelle scène politique. Egypte, an 2 de la révolution*, both edited by Marc Laverger; and *Pour le futur de la Méditerranée, l'agriculture* by Sébastien Abis.

ON THE WEB

The Arab Reform Initiative is a research centre gathering Arab and non-Arab institutes to focus on the issue of reform. It has published two studies, on Algeria and Morocco.

State, security and reform: the case of Algeria

MUSTAPHA MOHAMED

The study highlights the role of security in Algeria, which it says cannot be reformed without a reform of state. After an overview of the intelligence services that sprung up during the war of liberation, the author asks whether organized, well-managed domestic reform is possible following previous failures (i.e. Mouloud Hamrouche's attempts). Since society does not possess the political and organizational means to impose peaceful change, development can only come from within the regime. But can the army and services undermine their own dominant role? Nothing is less certain as long as leaders traumatized by their "inability to anticipate the Islamic Salvation Front's landslide victory in the first round of the 1991 elections" have brought political processes to heel by "emptying public life of all substance".

Morocco: Towards a cohabitation between the King and the Islamists?

ABDALLAH TOURABI

By proposing a new Constitution in July 2011 and legislative elections in November, King Mohammed VI defused the popular protest represented by the 20 February movement. This study analyzes the first ever cohabitation between the Palace and the Islamic government led by Abdelillah Benkirane (Parti de la justice et du développement). Does this political party hold the real power, or does the Palace still control the situation? The government's capacity to tackle economic and social issues will provide part of the response. www.arab-reform.net

Tunisia: Confronting social and economic challenges

(full report in French)

Middle East/North Africa report, June 2012, International Crisis Group (ICG)

This report looks at the current situation in Tunisia eighteen months after the revolution and insists on the "worrying" economic situation. The growth rate is negative, following 3% the year before Ben Ali's departure. Deteriorating economic trends are exacerbating social tensions, and protest movements are destabilizing the country. The government needs to take concrete measures to tackle youth unemployment and local and regional development. The legitimacy of the authorities will depend on their capacity to deal with economic and social issues.

www.crisisgroup.org

SEMINAR IN BEIRUT

Avenues for creating a digital Mediterranean



A common digital area is indispensable for developing information and communication technologies in the Mediterranean. We take a look at the different ways of creating it.

Information and communication technologies (ICTs) must and can be at the heart of economic and human development in the Mediterranean, on the condition that a regional policy is put in place to create a common digital area, a “.med” area. This was the main conclusion drawn by the conference organized by Ipemed and Bader Young Entrepreneurs Program, in partnership with ESA and the Lebanese ministry for telecommunications, echoed in the report, *Confidence in the Mediterranean digital society. Steps towards a med. area*, published by Ipemed¹.

ICTS AS GROWTH FACTORS “ICTs should no longer be perceived as a potential investment area, but rather as at the core of the changes taking place in the productive system, it’s a

strategic issue,” Pierre Musso underlined throughout the conference. Countries in the region, particularly in the South, need to choose innovation as a key growth factor and stop thinking in terms of labour force and more in terms of brain force. This goes hand in hand with improving support for young engineers to encourage incubators and start ups, and in particular the development of an active strategy for content (software and programmes) and services linked to ICTs. Countries to the south of the Mediterranean are big, even excessive, consumers of resources like the Internet. The challenge is to encourage the production of content, exploit existing skills (which are numerous) and so create jobs and added value, and limit the brain drain towards the United States. A good example is EuraTechnologies², which created 2,600 jobs from 2008 to 2010.

GOVERNANCE AND FUNDING The creation of a Mediterranean digital area and a computing cloud in the general interest cannot be achieved without in-depth debate on its governance, the issue of intellectual property and trust. Another key issue dis-

cussed was that of the funding required to set up this “.med” area. As Wahiba Hammaoui pointed out, Ipemed’s report puts forward the idea of public-private investment, with long-term financial involvement from countries and companies (e.g. telecommunications operators) fostering trust in ICTs. Leila Serhan (Microsoft Lebanon) brought up the idea of creating tax incentives to encourage companies to get involved. Khater Abi Habib, chairman and managing director of Kafalat, mentioned the possibility of creating two separate funds, one profit-seeking and governed by market laws, and the other with a regional development objective. Participants were all in agreement that investors must be ready to take risks on uncertain ICT projects. For Nassim Kerdjoudj, CEO of Net Skills, the business angel model is probably the most suitable to accompany developing businesses in the ICT domain.

Macarena Nuño
Ipemed project manager

1. Co-written by Pierre Musso, Wahiba Hammaoui and Laurent Gille with a group of Mediterranean experts. Full report in French.
2. Economic centre of excellence focusing on ICTs located in Lille.

READING MATTER

Carbon Constraint in the Mediterranean: Differentiated Impacts and Policies for Carbon Reduction in the Euro-Mediterranean Region

LOUIS BOISGIBAUT,
MORGAN MOZAS
September 2012

● The combination of the European Union’s energy targets for 2020, the inclusion of the international air sector in the EU Emissions Trading Scheme (EU ETS) since 2012, and the significant increase in CO₂ emissions in countries to the

South, justify paying particular attention to carbon constraint issues on a Euro-Mediterranean scale.

The notion of “carbon constraint” stems from the application of the United Nations Framework Convention on Climate Change (UNFCCC) and from the Kyoto Protocol that led to the implementation of the EU ETS in European Union countries from 2005. Contrary to European countries that committed to emissions reductions goals (“Annex I countries” of UNFCCC and “Annex B countries” of Kyoto

Protocol), Southern and Eastern Mediterranean countries, like other emerging countries, apply the principle of “common but differentiated responsibility”, which exempts them from adopting any binding emission reductions goals.

Following on from studies initiated in 2009 on this issue, IPEMED has published a report presenting current developments in the differentiated



commitments made by countries in the North and South Mediterranean as part of international agreements. It sheds light on the current and future impacts that carbon constraint

is likely to generate in the region. The report lists the different initiatives undertaken in countries in the Southern Mediterranean and those that could be developed to implement a virtuous regional momentum.

“The FCE aims to use Ipemed membership to improve Algeria’s image”



What is the FCE?

The FCE is an independent employers' association created in 2000 gathering business leaders active in the world of industry and services. Its members are major company leaders in Algeria. Our missions are typical for this type of organization, in other words, moral and material defence of members' interests, the desire to influence the country's economic policy, and lobbying for the private sector. We defend business values, private initiative, and the merits of the market. Our hope is that the state will intervene as a regulator rather than a stakeholder on an economic level. But we have had difficulty promoting these

The Algerian Business Leaders' Forum (FCE) has recently joined Ipemed. To mark the occasion, we went to Algiers to meet its chairman, Réda Hamiani, a company head and former minister for small and mid-sized enterprises, to find out more about the reasons behind the move.

ideas during a transition period marked by a move from a centralized economy to a liberal economy. Despite the reforms undertaken in the 1990s and the structural adjustment policies implemented with the IMF and the World Bank, which are perfectly compatible with free enterprise, the old system continues to rear its head. There is no consensus admitting the benefits of the private sector and making it the driver of the economy.

What are your relations with the state and what kind of dialogue is possible?

For us, the emphasis should be on dialogue and consultation with the aim of mobilizing all creative energy. Based on this idea, the FCE uses its influence to act at all government levels to achieve consensus on points of view and then implement them. We are waiting for the government to outline its vision of Algeria in 2030, when its oil and gas reserves will all be gone. The goal should be an economy that gives jobs to the young, starting with national investment and followed by foreign investment.

Why did the FCE join Ipemed?

We share the same values as Ipemed and we like the way this think tank works, bringing together business peo-

ple to debate on their centres of interest and concerns. Ipemed can help us improve the image of our country, build up partnerships, and develop the ideas behind moderate liberalism. We are particularly interested in the quality of relations between Ipemed members. It's a think tank that produces innovative ideas that help us understand today's world. We are going to use its support to work in this direction. For us, it's a challenge that will oblige Algerian employers to move forward, put together a debate and take on an international context.

Do you have a policy regarding Europe?

It seems to us that Europeans know little about Algeria. The mostly sensational image put forward by the media does the country a disservice. Europeans see it as an unstable, unsafe country in which the state intervenes randomly. Despite this unattractive environment, the country possesses some great potential and strong points. Growth is at 5% and Algeria has significant liquid assets. Today, Europe is losing large market shares to new arrivals like China, Turkey and Egypt. We would like to consolidate our traditional links with Europe, which should help us remain within its area of influence.

Interview by Agnès Levallois