

**A STUDY ON THE AGADIR AGREEMENT AS THE GATEWAY TO
ESTABLISH A PAN-ARAB FREE TRADE AREA
ASSESSMENT OF AGADIR'S TRADE EFFECTS (THE CASE OF Egypt)**

By

Mohamed Tolba

THESIS

Submitted to
KDI School of Public Policy and Management
In partial fulfillment of the requirements
for the degree of

MASTER OF PUBLIC POLICY

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Committee in charge:

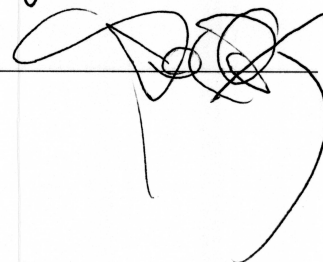
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بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

In The Name of ALLAH, Most Gracious Most Merciful

ABSTRACT

THE AGADIR AGREEMENT AS THE GATEWAY TO ESTABLISH A PAN-ARAB FREE TRADE AREA – ASSESSMENT OF AGADIR’S TRADE EFFECTS (THE CASE OF EGYPT)

By

Mohamed Tolba

The AGADIR agreement is the recent agreement which Egypt signed in February 2004 with Jordan, Morocco and Tunisia to establish a free trade area between them. AGADIR was part of long process that began in the mid-1990s to establish and strengthen a union of Mediterranean states that would act more cooperatively, both politically and economically.

This thesis will examine the effect of the Agadir Agreement on intra-trade between member countries, with a particular focus on Egypt. We will attempt to assess this impact through an analysis of trade statistics from both before the agreement was signed and after it entered into force. Moreover, we will show how the member countries might utilize the benefits from the cumulation of origin to increase their exports to the EU.

This thesis also describes the benefits to the Agadir countries resulting from the FTA and also produces reasonably concrete policy recommendations that can be implemented.

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Dedication:

To my family especially for my father's spirit

ACKNOWLEDGEMENTS

First, I would like to thank my family for their support all the time while I was in KOREA. Secondly, I would like to convey my gratitude to Professor Jong Bum, KIM for his supervision, patience and guidance. I learned through his lectures lots and lots, particularly with regard to the principles of the WTO. Since Professor Jong Bum, KIM's first lecture, I knew that I will gain information and experience through his special teaching method followed in the commentary. I'm totally indebted to his support and encouragement.

Finally, my thanks and deep appreciation is for the KOICA that gave me the opportunity to study in Korea and learn about the culture of the Korean society. I'm also indebted to KDI student affairs staff for their continuous help and friendly attitude along my stay in KOREA.

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(1) ABBREVIATIONS

- ASEAN: The Association of South East Asian Nations.
- ATU: The Agadir Technical Union.
- EMFTA: The Euro-Mediterranean Free Trade Area.
- EUROMED circulation certificate: this refers to the use of the cumulation of origin in products with other countries.
- EU: The European Union.
- FTA: Free Trade Area.
- FDI: Foreign Direct Investment.
- GAFTA: The Great Arab Free Trade Area.
- GTZ: The German Agency for International Technical Cooperation.
- MENA: The Middle East and North Africa.
- MFTI: The Ministry of Trade and Industry (Egypt).
- NAFTA: The North America Free Trade Agreement.
- RTAs: Regional Trade Arrangements.
- WTO: The World Trade Organization

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INTRODUCTION

The world economy is increasingly dominated by two phenomena: globalization on one hand, and regionalization and integration on the other hand.¹ Developing countries want to maximize the benefits from liberalization, especially in the trade field. As a developing country, Egypt aims to promote further integration of the Egyptian economy into the global market and build a solid network of international trade relations.²

The Agadir agreement is a step towards Euro-Mediterranean Free Trade Area (EMFTA), which was adopted by the European and Mediterranean Foreign Affairs ministers in 1995. The EMFTA shall be realized gradually in the course of the trade and partnership agreements between the EU and the Mediterranean partners.³

As a result, Egypt, Jordan, Morocco and Tunisia signed Agadir Declaration in May 2001 to express their intention to establish a FTA between them. The agreement itself was signed in February 2004 and entered into force on the 6th of July 2006. Like so many other trade agreements Egypt has signed with countries around the world, The Agadir Agreement would reduce or eliminate tariffs on goods traded between the four countries.

¹ Boussetta, M. (2005). The Agadir Agreement, South-South Integration and the Euro-Mediterranean Partnership. *Panorama* , 174-177.

² Industry, M. o. (2007). Highlights on The Agadir Agreement , Cairo: Ministry of Trade and Industry.

³ Backer, A. (2005). The impact of the Barcelona Process on Trade and Foreign Direct Investment, Brussels: European Commission.

The purpose of Agadir's establishment, according to its founding charter, is for "the development of economic and commercial cooperation between them, and in support of quality, and in hope of widening the base of shared benefits and advantages in all fields, and the economic unification between them, and supporting the development and advancement of their people" ⁴

This thesis will examine the effect of the Agadir Agreement on intra-trade between member countries, with a particular focus on Egypt. The study will attempt to assess this impact through an analysis of trade statistics from both before the agreement was signed and after it entered into force. In contrast to prior research papers which have tended to focus on the potential effects of the agreement, this thesis sets out to show the actual impact through the results of the current analysis.

Moreover, this thesis will examine if Agadir member countries are using the cummulation of rules of origin or not and produces reasonably concrete policy recommendations that can be implemented by Agadir member countries to maximize the benefits from these rules.

Although, Egypt, Morocco, Jordan and Tunisia are members of The Great Arab Free Trade Area (GAFTA) which had already entered into force 1/1/1998,⁵ these countries later concluded a separate regional treaty agreement known as the Agadir Agreement in 2004, Why did they see the need for this new agreement? What are the reasons for establishing a new free trade area?

⁴ Treaty, T. A. (2007). The Agadir Agreement, Retrieved october 2009, from www.agadiragreement.org.

⁵ Ministry of trade and Industry, www.mfti.gov.eg

This paper is organized as follows: Section II includes a review of the available literature dealing with the impact of the Agadir Agreement, as well as that of the participation of the four member countries in the Euro-Med Partnership and GAFTA, to analyze the current state of regional integration among those countries .

- Section III describes an overview of the Agadir Agreement itself.
- Section IV describes the relationship between the Great Arab Free Trade Area (GAFTA) and the Agadir Agreement.
- Section V describes how the member countries of the Agadir agreement might maximize the benefits from the Pan-Euro-Med system of cumulation of origin.
- Section VI contains an analysis of the trade indicators existing both before and after Agadir's implementation to assess its impact on trade, especially within Egypt.
- Finally, Section VII summarizes and concludes the paper.

(2) LITERATURE REVIEW AND HYPOTHESIS BUILDING:

(i) *Background:*

The Agadir agreement is one of the preferential regional trade agreements of the Pan-Euro-Mediterranean system, which is consistent with the scope of the Barcelona process to create a framework supporting dialogue and comprehensive cooperation in the Mediterranean area. The Euro-Med partnership was launched by a Joint Declaration of the Foreign Ministers of 15 members of the EU and 12 Mediterranean countries in Barcelona in 1995. At that time, the partners agreed on a strategy aiming at creating a shared zone of peace, stability and prosperity by progressively establishing free trade between the EU and its Mediterranean partners countries and among those countries by 2010.⁶

In furtherance of the objectives initially outlined in Barcelona, nine of the participating Arab Mediterranean countries have since signed an association agreement establishing preferential provisions for trade with the EU (Program, 2009). Likewise, in May 2001, four of those countries- Egypt, Tunisia, Morocco and Jordan – created an additional partnership under the Agadir Declaration, to establish a FTA amongst them.⁷

Within three years of initiating the Agadir Declaration, the four signatories met again in Rabat, Morocco, and on February 25, 2004, they strengthened their partnership by signing the Agadir Agreement which reinforced the initial declaration aims and bolstered the commitment of the participating nations to establish a FTA throughout the region by facilitating increased trade – both amongst the four signatories and between the Agadir agreement members and the EU.

⁶ Cenival, A. B. (2008). Study on the components and spare parts industry and motor vehicles assembly activities in the Arab-Mediterranean Free Trade Agreement Member Countries, the Agadir Agreement , Amman: The Agadir Technical Unite

⁷ Unit, T. A. (2007). The agadir Agreement . Retrieved October 2009, from www.agadiragreement.org.

The agreement also resulted in the Pan Euro Med rules of origin adoption, which were designed to promote regional economic development and integration, and established the participants' commitment to attracting foreign direct investment, especially from the EU. The Agadir Agreement was ultimately ratified by each of the four nations and took effect on June 7, 2006, whereupon it was published in the EU official gazette. On March 27, 2007, the Agadir member countries began notifying customs authorities in each country to initiate the implementation of the Agadir agreement's customs exemptions.⁸

In 2003, the European Union decided to support the Agadir process not only financially but also technically, investing 4 million Euros to promote trade and integration as a necessary complement to both the Barcelona and Agadir association agreements. Sectorial studies, along with training for the government officials, businesspeople and business associations, were concluded under EU support.⁹

Before brokering the Agadir Agreement, Egypt, Tunisia, Jordan and Morocco had already been participating in the 17-member Great Arab Free Trade Area (GAFTA) since 1997, and they remain members to this day. Nevertheless, each of those four countries determined that a new free-trade pact in the form of the Agadir Agreement would produce additional benefits.

The Agadir Agreement, by establishing the rules of the cumulation of origin between the EU and the Mediterranean partner countries, strengthened the economic co-operation between the EU and the 4 countries, as well as amongst the countries themselves. Testing how come, the Agadir member countries succeeded in implementing

⁸ Unit, T. A. (2007). The agadir Agreement . Retrieved October 2009, from www.agadiragreement.org.

⁹ Unit, T. A. (2007). The previous refrence.

the rules of the cummulation of origin is considered a basic objective of this thesis and how they could maximize the benefits from these rules according to the available resources in each country.

Moreover, while the EU may position itself as a hub, the Agadir countries would represent a spoke, operating as a subcontracting area or a pole of competitiveness whose objective is to attract investment by combining the forces of the four countries. The Agadir countries could therefore integrate the international value chain by constituting themselves as low cost production platforms, and indeed, although their combined market represents 125 million inhabitants, the motorization rate of the countries is weak while the demand for their products has been growing very fast.¹⁰

(ii)Literature Review:

Steffen Wippel (2005) shows that Agadir agreement is an important achievement in the Arabic environment, which has not garnered much profit in relation to regionalization and South-South co-operation for a very long time. Also, the Agadir agreement is considered to be a gateway towards multi-regional connections and cooperation, especially through the combination of its Mediterranean and Arab orientation and aspirations.

Wippel posits that the trade procedures of Agadir must be implemented quickly and without fail because the Agadir agreement members have the advantages and opportunities of rapid integration, owing to their geographical proximity, economic similarities, and cumulation of origin rules; he further mentions an important point

¹⁰ Cenival, A. B. (2008). Study on the components and spare parts industry and motor vehicles assembly activities in the Arab-Mediterranean Free Trade Agreement Member Countries, the Agadir Agreement , Amman: The Agadir Technical Unite.

concerning the importance of harmonization within GAFTA, before the Euro-Med free trade area, as a means of achieving the road map of Euro-Arab partnership.¹¹

Javad Abedini and Nicolas Peridy (2008) have observed some positive results from the implementation of the GAFTA agreement, pointing out that from 1997 to 2005, an increase in GAFTA intra-exports by 15.1%, in contrast to the worldwide rate of 7.9%. At the same time, they concluded that there is a need for more cooperation to promote the ability, capacities and trade interdependence between the GAFTA members because the GAFTA covers the political institutions which it relies on like the Gulf Cooperation Council and the Arab League. Moreover, provisions of GAFTA call for the removal of tariffs and nontariff barriers, and the agreement encourages member countries to proceed rapidly along an integration track.¹²

Likewise, the GTZ Trade Program (2009) mentions that there has been an increase in intra-regional trade as a positive impact of the dismantling of tariffs under the GAFTA and the Agadir agreements. In addition, that agency notes that intra-Arab regional trade increased from 46.3 billion USD in 2003 to 98.1 billion USD in 2005, while the ratio of intra-regional trade to foreign trade increased from 9 to 11%. Nevertheless, this ratio is somewhat low compared to other economic regions. For example, in the EU 64.1% of overall trade is intra-regional, in the NAFTA countries the rate is 43.1%, and within ASEAN it is 25.5%. In contrast, among the four Agadir countries, only 3% of overall trade is conducted with one another.¹³

¹¹ Wippel, S. (2005). *The Agadir and Open Regionalism*. Lisbon: EuroMeSCo Secretariate at the IEEI.

¹² Peridy, J. A. (2008). *The Greater Arab Free Trade Area (GAFTA): An Estimation of the Trade Effects*. Paris: University of Nantes.

¹³ Programme, G. T. (2009). *Trade in the Middle East and North Africa*. Eschborn: GTZ.

On the other hand, Mohamed Boussetta (2005) has concluded that the Agadir Agreement will promote trade and development, especially in “the industrial fabric, supporting economic activity and employment,” which in turn will “increase productivity and improve living standards in the signatory countries”.¹⁴

Similarly, Nicolas Peridy (2005) has indicated that the Agadir agreement could well pave the way for further economic and social integration in the Arab Mediterranean FTA. Specifically, Peridy expects that the flow of trade in the MENA region will be facilitated as a result of Agadir agreement; however, he does also note that at the same time there is a potential export limitation among the member states because of the lack of trade complementarities between them.¹⁵

With reference to Egypt specifically, Mofti (2007) points out that the country will most likely benefit from its participation in Agadir because under that agreement, an FTA is in force among the member countries; industrial and economic integration is promoted in order to benefit from the cumulative rules of origin; and allowances are made for the co-production of products exportable to other Arab countries, as well as to the markets of the EU member states. Moreover, Mofti argues that Agadir will play a positive role towards maximizing the benefits from the partnership agreement between Egypt and the EU as trade interdependence increases while assistance is readily available to achieve the other aspects of the partnership agreement.¹⁶

According to a brochure on the Agadir Agreement (2008), there are certain new characteristics of the agreement which will promote trade among the member countries

¹⁴ Boussetta, M. (2005). The Agadir Agreement, South-South Integration and the Euro-Mediterranean Partnership. *Panorama*, 174-177.

¹⁵ Peridy, J. A. (2008). *The Greater Arab Free Trade Area (GAFTA): An Estimation of the Trade Effects*. Paris: University of Nantes.

¹⁶ Industry, M. o. (2007). *Highlights on the AGADIR agreement (Egypt, Jordan, Morocco, Tunisia)*. Cairo: Ministry of Trade and Industry.

and attract FDI, including: the adoption of the Euro Mediterranean Rules of Origin; the accumulation of origin, which will lead to the promotion of exports by member countries to the EU; the free circulation of goods in the Euro Mediterranean area; and the adoption of a Euro-Med circulation certificate, which will eliminate all cross-border barriers so that Agadir goods will be flow freely throughout the Euro Mediterranean area.

Some technical studies on the agreement have been completed by the Agadir Technical Union (ATU) in Amman, Jordan. Included in these analyses are reports on the cumulation of origin and complementarities issues as they present opportunities in the sectors of textile-apparel, automobiles and leather. Those studies also aim to provide a guide to member countries, especially to the private sector, as a resource for understanding and dealing with origin accumulation in these sectors throughout the Agadir region, with the overall goal of maximizing the benefits from Pan Euro Med Cumulation of Origin. (The latter term means that products that have originated from any of the four member countries may use production inputs from one another in order to produce the final product.¹⁷

An example of how the Agadir agreement can promote further trade integration and cooperation among the four member countries can be seen in the textile industry. For instance, if a textile-clothing manufacturer in a particular country wishes to produce ready garments according under the Agadir regime, then the agreement facilitates the utilization of each country's resources to accomplish that task. Specifically, since Egypt

¹⁷ Unit, T. A. (2007),The agadir Agreement ,Retrieved October 2009, from www.agadiragreement.org.

is famous for its cotton, it might produce the fabrics and the production phase could be carried out at a factory in Morocco, Tunisia or Jordan.¹⁸

In conclusion, the Agadir agreement can be considered a gateway to increasing economic integration among the four member countries – as Mofti, Nicolas Peridy, Mohmoud Boussetta, Stephen Wippel and Javad Abdini have all mentioned – because the agreement adopts the application of cumulation of origin among the members, which in turn will help them to forge a more interdependent trading relationship.

Until now, there is no record on concrete cooperation between the Agadir member countries in the implementation of cumulation of origin although the affordable resources in each country help them to maximize the benefits from cumulation of origin. We will try to examine the current situation of implementing the cumulation of origin and what are the potentiality to utilize the benefits from such rules within concrete examples.

Moreover, Agadir may indeed constitute a primary nucleus towards greater regional integration with the European Union – the first trading partner with the Agadir member countries.

The coordination of policies with GAFTA is considered an important action that must be carried out by the Agadir member states because each one is a member of both GAFTA and Agadir, and such coordination would help them avert the duplication of procedures while removing impediments to trade, as Steffen Wippel mentioned.

¹⁸ Unit, T. A. (2007), The previous reference.

There are several promising sectors in the Agadir countries which can be considered as laying the groundwork for real cooperation and will likely be instrumental in the launching of markets of Agadir countries to access the European market. One such sector is textiles and clothing. Indeed, the fundamental pillars for the cumulation of origin are already available in the Agadir member states. For example, Egypt has high-quality cotton; and Morocco, Tunisia and Jordan all have sophisticated industries devoted to the production of clothing and other textiles.

(3) OVERVIEW OF AGADIR AGREEMENT:

(i) *Historical Background:*

Regional Trade Arrangements (RTAs) have become one of the most important elements of the world trading system, as each country wants to maximize the gains from trade through RTAs membership. WTO statistics show an increase in the number of RTAs with 214 such agreements reported to the organization as of December 2006.¹⁹ In that regard, the Agadir agreement is considered to be the most important initiative in the regional economic integration process in the MENA region recently.

On the other hand, the Euro-Mediterranean Partnership declaration, which was signed by 15 EU countries and 12 Eastern and Southern Mediterranean countries during a meeting of foreign ministers in Barcelona in 1995, has been an important source of motivation for Mediterranean countries because it aims to establish a EMFTA by the target date of 2010 while creating a framework of joint co-operation between the EU and the Mediterranean countries in economic, political, cultural and social aspects.²⁰

¹⁹ Organization, W. T. (2009), The World Trade Organization. Retrieved from http://www.wto.traptop_e/region_e/region_e.htm.

²⁰ Wippel, S. (2005), The Agadir and Open Regionalism . Lisbon: EuroMeSCo Secretariate at the IEEI.

As a result of discussions between the foreign ministers of the four Agadir countries during the Marseilles conference in November 2000, The ministers met again in Morocco on May 8, 2001, and express their intention to establish an FTA between them. This produced the Agadir declaration, which aims to promote intra-Arab cooperation and to further develop the Pan-Arab FTA; strengthen economies and enhance trade liberalization between the Med-Arab countries and the EU, in terms compatible with regional and global economic trends.²¹

The EU expressed its support for the Agadir Declaration, as well as for the creation of an FTA between Egypt, Morocco, Jordan and Tunisia. In order to further develop South-South trade along a fast track, the EU recommended that the four countries conclude the agreement by the start of 2002. Also, the EU expressed its readiness to support the establishment of the Agadir agreement by providing financial and technical assistance.²²

As a result of the decision by the four foreign ministers of the Agadir countries, the countries held many meetings with joint technical experts and high level government officials in the capitals of Cairo, Tunis, Amman and Rabat in 2001. The Moroccan government was responsible for preparing the draft of the agreement by taking into consideration the experts' recommendations. Following several more meetings in 2003, the four Ministers of Foreign Affairs formally signed the Agadir agreement in Rabat on February 25, 2004.²³

The government in each of the four countries later ratified the agreement, and Agadir entered into force on July 7, 2006. Customs authorities in each of the member

²¹ Hamoudeh, M. (2002), The Agadir process, Malta: University of Malta.

²² Hamoudeh, M. (2002), The previous reference.

²³ Wippel, S. (2005), The Agadir and Open Regionalism, Lisbon: EuroMeSCo Secretariate at the IEEI.

countries were then notified of the terms of the agreement, and it was implemented on March 27, 2007.²⁴

The Agadir agreement aims to create a free trade area between the Member Countries; increase trade volume between Agadir members especially between them and the EU; promote economic development and integration by implementing of the Pan-Euro-Med rules of origin and attracting FDI from the EU and the world, as there are more than 120 million consumers living within the Agadir free trade zone.²⁵

(ii) *Facts about the Agadir Agreement:*

The Agadir Agreement was signed by Egypt, Tunisia, Morocco and Jordan in Rabat, Morocco, on 25 February, 2004. The four member countries had already signed a bilateral Free Trade Agreement with one another before signing the Agadir agreement. Agadir came about as part of the Barcelona Process, which governs relations between the MEDA countries and the EU and aims at establishing an FTA among them.²⁶ Between 1995 and 2003, eight association agreements were signed with the MEDA countries, and it now appears that trade of manufactured goods will be gradually liberalized between the EU and its partners.²⁷

There is now the potential for the Agadir members to obtain preferential access to the EU market, which consists of more than 600 million people and has a combined domestic product of around 9.5 trillion Euros through the diagonal cumulation of origin which operates between more than two countries.²⁸

²⁴ Unit, T. A. (2007), The agadir Agreement, Retrieved October 2009, from www.agadiragreement.org .

²⁵ Unit, T. A. (2007), The agadir Agreement, Retrieved October 2009, from www.agadiragreement.org .

²⁶ Cenival, A. B. (2008), Study on the components and spare parts industry and motor vehicles assembly activities in the Arab-Mediterranean Free Trade Agreement Member Countries, the Agadir Agreement , Amman: The Agadir Technical Unite.

²⁷ Cenival, A. B. (2008), The previous reference.

²⁸ Unit, T. A. (2007), The agadir Agreement , Retrieved October 2009, from www.agadiragreement.org

The advantage of the diagonal accumulation under the Pan Euro-Med system of accumulation of origin will give Agadir member states the opportunity to cumulate origin between them, and also with the EU. This opportunity will give the member countries the motivation to enhance their capacities and investment climate to attract FDI, while expanding the possibilities for business and trade relations with the EU and other international partners.²⁹

The aims of the Agadir agreement are:

To establish an Arab Mediterranean free trade area, for the purposes of:³⁰

- Improvement of economic activity and increasing productivity.
- Employment support.
- Humanizing standards of living within the member countries.
- Guarantee environment for objective competition between the member countries through coordination in the overall and sectoral economic policies in the member countries, especially in the areas of foreign trade, agriculture, industry, tax regimes, finance, services and customs.³¹
- Create a favorable climate for economic integration by approximating the legislation between the member countries in economic domains.

²⁹ Unit, T. A. (2007), The agadir Agreement . Retrieved October 2009, from www.agadiragreement.org

³⁰ Unit, T. A. (2007),The previous reference.

³¹ Unit, T. A. (2007),The previous reference.

(iii) Summary of the provisional principles and main commitments of the Agadir agreement:

- Trade in agricultural, processed agricultural and industrial products:
“Immediate exemption of custom duties and other duties and taxes of similar effect upon entry into force of the agreement.”³²
- Trade in services: “Member countries agreed to respect commitments on liberalization of trade in services under the world trade organization which are defined in the schedules of general agreement of trade in services. In addition, Members will seek to expand the scale of services trade between them, in accordance with the applicable laws and structures existing in each member country.”³³
- Non tariff restrictions and technical barriers to trade: “The Agadir agreement also commits members to remove immediately all non tariff restrictions that might restrict imports from other members, including, but not limited to quantitative, currency, administrative and technical restrictions. In addition, prevent member countries from imposing new non tariff restrictions, in accordance with WTO rules and the arrangements of the GAFTA.”³⁴
- National treatment: “The Agadir agreement supports one of the core principles of the international trading system under the WTO, that of national treatment. The member countries are committed to extend the same treatment to imports from other members as that extended to domestically

³² Unit, T. A. (2007), The previous reference.

³³ Unit, T. A. (2007), The agadir Agreement, Retrieved October 2009, from www.agadiragreement.org .

³⁴ Unit, T. A. (2007), The previous .

produced goods, for example in relation to internal taxes and charges, transportation, quantitative restrictions and administrative procedures.”³⁵

As summarized by A.B. Cenival in a 2008 study, the Agadir Agreement will create a better position from which the four member countries can be more effectively integrated into global economy by: ³⁶

- Promoting trade and reinforcing the industrial fabric of Agadir members;
- Improving competitiveness and increasing the productivity of companies;
- Enhancing economic coordination and the harmonization of sector-based, tax-related and financial policies;
- Harmonizing legislation among the Member States regarding foreign trade.³⁷

The legal status of the agreement:

Until now Agadir member countries didn't notify the WTO with intering into force the Agadir agreement but they are preparing to submit the notifications durring the next period according to Egypt's Ministry of Trade and Industry and they intend to notify it under the Enabling Clasue.

The current executive position of The Agadir Agreement:

Since 2007, Agadir membre countries have eliminated all tariff and non tariff barriers. The Agadir member countries have agreed that the Technical Unit will notify the European Commission by entering the Agadir Convention into force.

Member countries are working now on the documents to report the Agadir agreement to the WTO.

³⁵ Unit, T. A. (2007),The previous.

³⁶ Cenival, A. B. (2008), Study on the components and spare parts industry and motor vehicles assembly activities in the Arab-Mediterranean Free Trade Agreement Member Countries, the Agadir Agreement , Amman: The Agadir Technical Unite.

³⁷ Unit, T. A. (2007),The agadir Agreement, Retrieved October 2009, from www.agadiragreement.org .

(4) GAFTA AND THE AGADIR AGREEMENT:

(i) Background:

The creation of the Arab League in 1945 was the first step towards trade integration among Arab countries. This was followed by many other attempts to promote regional integration both economically and politically, such as the 1950 Treaty for Joint Defense and Economic Cooperation; the Convention for Facilitating and Regulating Transit Trade in 1953; the Arab Economic Unity Agreement in 1957; the Arab Common Market in 1964; the Gulf Cooperation Council in 1981; and the Arab Cooperation Council, as well as the Arab Maghreb Union, in 1989.³⁸

In 1997, the Greater Arab Free Trade Area was adopted, wherein 14 Arab League members agreed to decrease customs on locally produced goods in each of those countries. The goal was to establish a Greater Arab Free Trade Area by 2007.³⁹

The current members of GAFTA are Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, the Palestinian territories, Qatar, Saudi-Arabia, Sudan, Syria, Tunisia, the United Arab Emirates and Yemen. Algeria, the Comoros, Djibouti and Mauritania have not yet ratified the agreement.⁴⁰

The members of GAFTA participate in 96% of the total internal Arab trade, and 95% with the rest of the world by applying the following conditions:⁴¹

1. Instruct the inter-customs fees: To reduce the Customs on Arab products by 10% annually, the 14 Arab states reported their custom tariff programs to the

³⁸ Simon Neaime, M. Y.-K. (2005), South-South Trade Monetary and Financial Integration and The EURO-MEDITERRANEAN Partnership. Lebanon: European Union.

³⁹ Peridy, J. A. (2008), The Greater Arab Free Trade Area (GAFTA): An Estimation of the Trade Effects, Paris: Univerisity of Nantes.

⁴⁰ Programme, G. T. (2009), Trade in the Middle East and North Africa, Eschborn: GTZ.

⁴¹ Peridy, J. A. (2008), The Greater Arab Free Trade Area (GAFTA): An Estimation of the Trade Effects. Paris: Univerisity of Nantes.

Security Council of the Arab League to coordinate them with each others, except for Syria that is still using the Brussels tariffs system.⁴²

2. Applying the locality of the Arab products: All members have shared their standards and specifications to help their products move smoothly from one country to another.⁴³

(ii) *The main objectives of GAFTA are concentrated in:*⁴⁴

1. Development of economic relations and trade between the member countries.
2. Enhancing the economic gains of the joint Arab countries.
3. Safeguarding the economic interests of Arab countries.
4. Take advantage of the variables in the global trading system.
5. Development of bilateral economic and trade relations with the outside world.
6. Setting the bias for the establishment of an Arab economic bloc with its own place on the global economic scene.

By 2001, the Greater Arab Free Trade entered into its fourth year of implementation, and member countries had decided to accelerate tariff reduction schedules by 20% annually, with the goal of abolishing tariffs completely by 2007.⁴⁵ As a result of this decision, most of GAFTA members had eliminated all customs duties and related taxes by 2005.⁴⁶

⁴² Institution, A. (2001), The Arab Strategic Report , Cairo: Alahram.

⁴³ Institution, A. (2001), The previous refrence.

⁴⁴ Institution, A. (2001), The previoous refrence.

⁴⁵ Institution, A. (2001), The Arab Strategic Report . Cairo: Alahram.

⁴⁶ Institution, A. (2001), The previous refrence.

Despite the availability of the infrastructure of the Arab economic cooperation agreements and treaties, mechanisms and devices, the harvesting of Arab economic integration through GAFTA was very modest compared with the objectives set in advance, and compared to similar projects in other areas, such as the European Union, which were initiated within the same time period as the Arab projects.⁴⁷

The main reasons of the modest benefits of GAFTA can be seen in its exemptions from the implementation process; indeed, certain non-tariff barriers (NTBs) are still applied in the service sector to significant industries such as technology, finance and administration.⁴⁸

Moreover, additional obstacles remain as the adoption of agreements on critical issues including the liberalization of services and investment, harmonization of standards, and the granting of intellectual property rights have been postponed. Further impediments include geographic distances, the diversity of regional economic and political orientations, and the lack of infrastructure.⁴⁹

On the other hand, the lack of Arab experiences in achieving joint Arab economic integration has manifested in from a variety of factors, such as a general lack of awareness of the large mutual benefits of economic integration; inefficiency of Arabic covenants and obligations; excessive application of protectionist policies; adoption of policies concerning the replacement of imports; differences in political systems; and the persistence of political disputes on economic relations.⁵⁰

⁴⁷ Institution, A. (2001), The previous refrence.

⁴⁸ Institution, A. (2001),The previous refrence.

⁴⁹ Programme, G. T. (2009), Trade in the Middle East and North Africa . Eschborn: GTZ.

⁵⁰ Institution, A. (2001),The Arab Strategic Report , Cairo: Alahram..

The Agadir agreement can be seen as a test case that may forge a new path forward by establishing a gateway which would enable the more effective integration between the four member countries. Perhaps Agadir illustrates the means by which the members may overcome the kinds of obstacles which have prevented them from reaping more than meager benefits and rewards through their participation in GAFTA.

(iii) *GAFTA Relations with the EU:*

The Arab League and GAFTA members are linked to the EU by an association or free trade agreements which later led to the Agadir agreement. The approval of the foreign ministers' committee and the implementation of their recommendations are considered to be a necessary precondition for developing the relations between EU and Agadir. The club of four (Egypt, Tunisia, Jordan and Morocco) would thus become the nucleus of a future Mediterranean-Arab Free Trade Area, which is still the official title of the agreement. At the same time it is considered a first step in creating a greater Arab market.⁵¹

The European Commission has been supporting the Agadir process politically more than GAFTA. The Agadir process is considered to be an important achievement in light of the repeated demand for South-South co-operation, as well as a critical step towards the establishment of a Euro-Med Free Trade Zone by 2010. Moreover, the European Commission has expressed its willingness to provide technical assistance to the Agadir process. In December 2004, the EU and the Agadir states signed a four million Euro program to assist the treaty signatories and their secretariats.⁵²

⁵¹ Wippel, S. (2005), *The Agadir and Open Regionalism*, Lisbon: EuroMeSCo Secretariate at the IEEI

⁵² Wippel, S. (2005), *The Agadir and Open Regionalism*, Lisbon: EuroMeSCo Secretariate at the IEEI.

(iv) The relation between Agadir and GAFTA:

The Agadir Agreement goes in line with the Arab League Covenant, which emphasizes the importance of economic integration and cooperation between Arab countries. Furthermore, Membership in the Agadir agreement is open to all members of the Arab League and GAFTA who have association agreements or FTAs with the EU; in that regard, Lebanon and Syria have been expressing their desire to join the agreement since 2004.⁵³ The agreement is also aligned with the principles of the WTO, and it contributes to the achievement of the goals of the Barcelona Declaration for Euro-Med Partnership.⁵⁴

The intention of Egypt, Tunisia, Morocco and Jordan to form a free trade area among themselves raises some significant questions, as each country is already a member of GAFTA. Considering this, Why is it that those four countries decided to conclude a separate FTA under Agadir?

One important reason for forging the Agadir Agreement is that although the four countries already have bilateral agreements for FTAs and are members of GAFTA, the Agadir Agreement creates new dimensions to promote trade and attract investment, as follows:⁵⁵

- The adoption of Euro-Med Rules of Origin which will allow the products of Agadir member countries to enter the EU market with certain preferences. (this will be discussed in greater detail in the next chapter)
- The implementation of the cumulation of origin to increase trade within the member countries and with the EU. (e.g., Tunisia is using Egyptian cotton to

⁵³ Wippel, S. (2005), The previous reference

⁵⁴ Unit, T. A. (2007), The agadir Agreement, Retrieved October 2009, from www.agadiragreement.org.

⁵⁵ Unit, T. A. (2007), The agadir Agreement . Retrieved October 2009, from www.agadiragreement.org

produce cotton T-shirts, and under the cumulation rules those T-shirts will be considered to be of Tunisian origin).⁵⁶

- The promotion of the free movement of goods in the Euro Mediterranean area through the adoption of a EURO-MED circulation certificate, which means that if Tunisia uses Egyptian cotton to produce cotton T-shirts, when the final product is exported to the EU the Tunisia customs administration must issue a movement certificate (EURO-MED) containing the statement “Cumulation applied with Egypt” .⁵⁷

⁵⁶ Unit, T. A. (2007), The previous reference.

⁵⁷ The Agadir Agreement website, www.agadiragreement.org.

(5) THE AGADIR AGREEMENT AND THE PAN-EURO-MED SYSTEM OF ACCUMULATION OF ORIGIN:

(i) The benefits from the implementation of the Pan Euro-Med system of cumulation of origin:

The Agadir agreement has adopted the Pan Euro Med Rules of Origin and its application of rules on cumulation of origin between the member countries, which means that materials originating from a country not a member of the Agadir Agreement or the EU, when used in the production of products in any member country of the Agadir agreement, can be considered as national materials in the final processing of the products.⁵⁸

Article 5 of appendix 2 of the Agadir agreement shows that the following three criteria are used to distinguish which products are eligible or not for the preference, as well as to measure the sufficient degree of processing:

- The change of tariff heading (taken into consideration whenever it is regarded as reflecting sufficient processing)
- The criterion of the added value, which is mainly used to determine the origin of industrial products. The value of the imported products, incorporated in the final product in order to benefit from the preferential origin, should not exceed a specific percentage of the value of this product;
- The criterion of the specific processing. Some goods are subject to particular rules of processing in order to obtain the origin. This is particularly applicable in the case of many textile products.⁵⁹

⁵⁸ Unit, T. A. (2007). The agadir Agreement . Retrieved October 2009, from www.agadiragreement.org.

⁵⁹ Treaty, T. A. (2007). The Agadir Agreement . Retrieved october 2009, from www.agadiragreement.org.

The rule of variable geometry governs the implementation of the diagonal cumulation of origin in the Euro-Med area. According to this rule, the Euro-Med countries can't cumulate the origin unless a Pan-Euro-Mediterranean Protocol of origin is included in their free trade agreements. The Pan Euro-Med cumulation allows products produced in any of the 44 countries in the Pan Euro-Med area to enter The EU market with the Pan Euro-Med preferences. As a result of this rule, the Agadir agreement countries should apply the Pan Euro-Med Rules of Origin, if they want to benefit from the cumulation of origin rule.⁶⁰

The cumulation provision of the Pan-Euro med `rules of origin is allowed between the four countries of The Agadir Agreement under the following conditions, as mentioned in the treaty:⁶¹

- The materials "originating" in the partner countries are not subjected to the obligation of being sufficiently processed.

It means that the good must either be holly produced like Egypt export natural gas which is extracted from Egypt soil, or undergo a certain amount of working or processing as we have mentioned befor in p.33;

- The country's product acquires the origin where the last processing beyond the insufficient operations took place or, failing this, the origin of the country which provided the highest value in terms of the originating materials;

In order to determin the sufficient processing and working opeptions, one of the following operations should be took place in a member country:

⁶⁰ Cenival, A. B. (2008), Study on the components and spare parts industry and motor vehicles assembly activities in the Arab-Mediterranean Free Trade Agreement Member Countries, The Agadir Agreement , Amman: The Agadir Technical Unite

⁶¹ European Union, A User's Handbook to the Rules of Preferential Origin used in trade between the European Community, other European Countries and the countries participating to the Euro-Mediterranean Partnership, http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_duties/rules_origin/preferential/handbook_en.pdf

- Value percentage: which means that the value of the non-originating materials must not exceed a certain percentage of the ex-works price of the finished product. There is specific rules in each treaty to determine the value percentage for example non originating material shouldn't exceed 40% of the ex-work price of the finished product
- Change of tariff heading: where the non-originating raw materials or components used must have a different HS tariff heading from the HS tariff heading of the finished product. Ex. If Morocco import cotton from Egypt to produce shirts so the tariff heading will be change.
- Specific rules: where very specific criteria are laid down. Ex. If Egypt produce shirts from non-originating fabric, the end products will not obtain origin.
- The products which do not undergo any work in a partner country preserve their origin when they are re-exported to another partner country.⁶² If Jordan import cotton shirt from Egypt and re-export it to Morocco, the cotton shirts will preserve the Egyptian origin.

There are certain benefits derived from the implementation of the cumulation of origin in the Agadir agreement, as follows:

- The bilateral cumulation will increase economic integration between each member country of Agadir and the EU, and also among the members themselves. Moreover, it will increase inter-trading among the Agadir Agreement members.
- The diagonal cumulation between the 4 countries and the EU and EFTA, which was implemented since 01/08/2007, could be a tool by which the Agadir Agreement members can play the role of subcontractors on behalf of the EU and

⁶² Treaty, T. A. (2007), The Agadir Agreement, Retrieved October 2009, from www.agadiragreement.org.

EFTA. This has also been applied between the EU, Morocco, Tunisia, Egypt and Turkey since July 1, 2006.⁶³

(ii) Some examples of sectors with the most potential to gain from cumulation of rules of origin between Agadir member countries:

As part of the project funded by the European Union to provide support for the implementation of the agreement, the Agadir Technical unit, in co-operation with the four member countries of the Agadir agreement, conducted several studies in different fields (e.g., the textile, automotive, and leather industries) to evaluate the availability of new opportunities in the areas of exports and cumulation of origin that are available to producers in the Agadir region.

According to the textile study, which was conducted in 2008 by Jean Francois Limantour and Tahar Ben Amor, the four members of the Agadir agreement now have better opportunities to produce many textile products (such as carpets, blankets, linens and woven clothing). The data indicated that Tunisia and Morocco, in particular, have relative advantages in the production of sewed textiles. Therefore, there is a chance for producers in Agadir who export goods related to textiles to form profitable alliances, as they had previously been exporting these products at uncompetitive prices in EU markets because they had no previous access to the possibility of delivering their products to EU markets through the established rules of origin of the Euro - Mediterranean.⁶⁴

Similarly, Morocco has a relative advantage in the fishing sector compared

⁶³ Cenival, A. B. (2008). Study on the components and spare parts industry and motor vehicles assembly activities in the Arab-Mediterranean Free Trade Agreement Member Countries, the Agadir Agreement, Amman: The Agadir Technical Unit

⁶⁴ Amor, J. F. (2008), Origin accumulation and complementaries opportunities in the textile-apparel sector in the member countries of the Arab-Mediterranean Free Trade Agreement, Amman : European Union

with others in the production of food and manufactured marine products, while Tunisia has a comparative advantage in the export of live fish. In the same context, also Jordan has a comparative advantage in the production of packaging materials, while other countries of the Agadir agreement have better capabilities in producing the inputs of this industry.

The same applies to the production of shoes, as Jordan, Tunisia and Morocco have a comparative advantage in the shoe exports, while Tunisia and Egypt have comparative advantages in the production and manufacture of leather; likewise, Jordan has comparative advantages in manufacturing leather. Similar opportunities are available in many other production sectors of the four member countries.⁶⁵

There are also available opportunities for the cumulation of origin in countries from the Euro – Mediterranean region which are not members in Agadir agreement, if these countries can join multilateral systems by forging preferential trade agreements among themselves. For example, Morocco has a comparative advantage in the production of wood chips, while Lebanon and some EU countries (Bulgaria and Romania) have a comparative advantage in the manufacture of furniture.

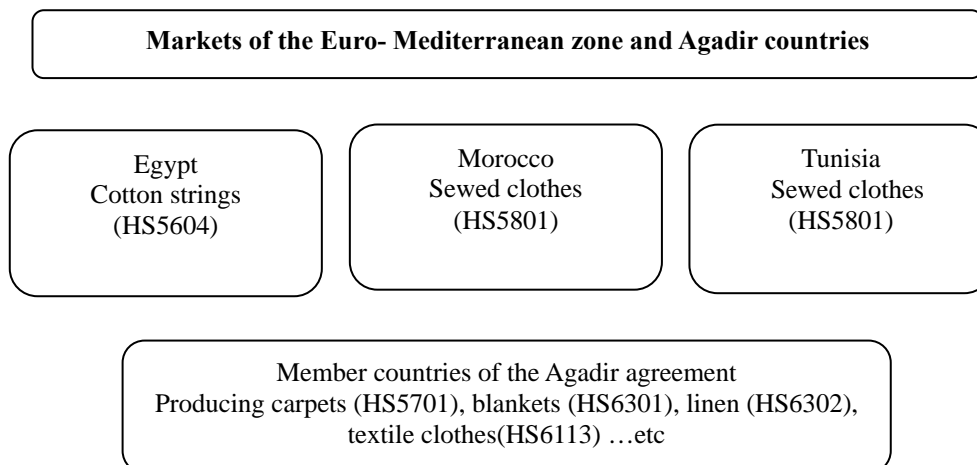
In the field of producing sewed clothes, the studies showed that Turkey and Syria have comparative advantages in exporting some of these products (e.g., shawls and scarves), in the case of signing preferential trade agreements between these countries and the Agadir countries.⁶⁶

⁶⁵ Unit, T. A. (2007), The agadir Agreement , Retrieved October 2009, from www.agadiragreement.org.

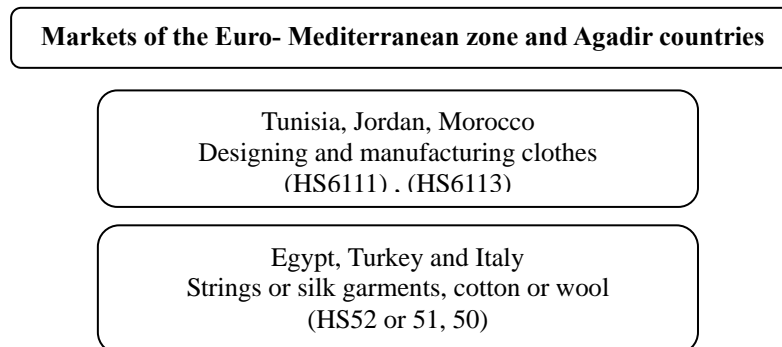
⁶⁶ Amor, J. F. (2008), Origin accumulation and complementaries oppertunities in the textile-appareel sector in the member countries of the Arab-Mediterranean Free Trade Agreement , Amman : European Union.

The following examples show the potential origin cumulation and complementarities between Agadir agreement members in different sectors:

- **Sewed products:**⁶⁷



- **Clothes:**⁶⁸



The rules of origin of the Euro – Mediterranean zone assure that it is possible to import strings or garments from a partner country (under free trade provisions similar to those of the Agadir agreement), and to then convert them into clothes and export those clothes to the EU markets while getting preferential treatment. This issue has many

⁶⁷ The Agadir agreement boucher (2007), Cumulation of Origin “ Opportunities through the Agreement”, under the EU financial support to the implementation of the agreement.

⁶⁸ The Agadir agreement boucher (2007), the previous reference.

advantages compared to using materials from outside Agadir or the Euro – Mediterranean Zone, particularly regarding the inputs which do not belong to any one origin; for example, only the strings but not the garments can be used in the production of clothes and exported to the EU under preferential conditions.⁶⁹

- ***Marine Food, fresh and processed:***⁷⁰

Markets of the Euro- Mediterranean zone and Agadir countries

Morocco
Exporting and packing marine food
(HS0304)

Tunisia
Live fish
(HS0301)

- ***Packaging and packing materials:***⁷¹

Markets of the Euro- Mediterranean zone and Agadir countries

Jordan and Egypt
Producing Packaging materials
(Hs4415)(HS0304)

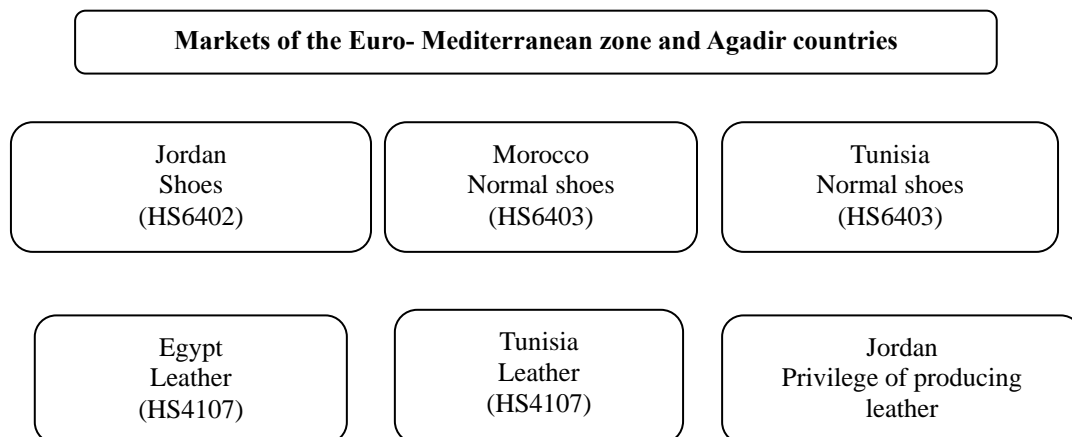
Tunisia and Morocco
Producing the inputs needed to produce
Packaging materials
(HS3923) (HS0301)

⁶⁹ Amor, J. F. (2008). Origin accumulation and complementarity opportunities in the textile-apparel sector in the member countries of the Arab-Mediterranean Free Trade Agreement (Egypt, Jordan, Morocco, Tunisia). Amman : European Union

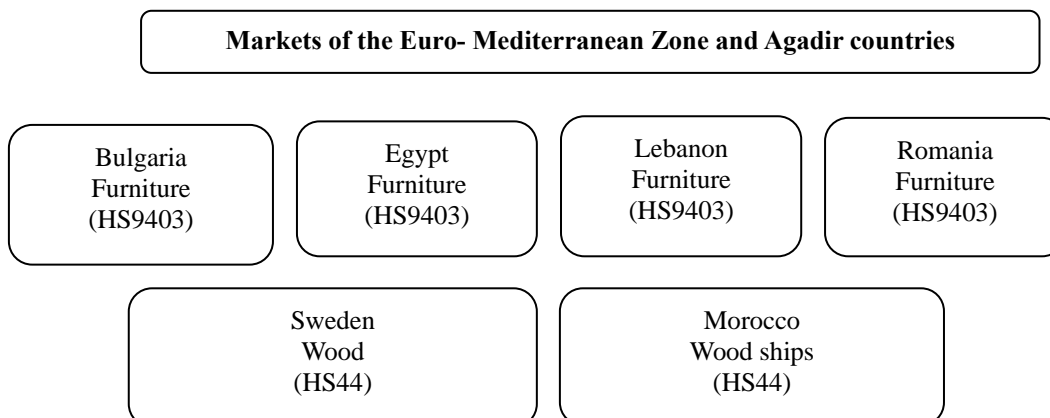
⁷⁰ The Agadir agreement boucher (2007), Cumulation of Origin “ Opportunities through the Agreement”, under the EU financial support to the implementation of the agreement.

⁷¹ The Agadir agreement boucher (2007), the previous reference.

● *Leather and leather products* :⁷²



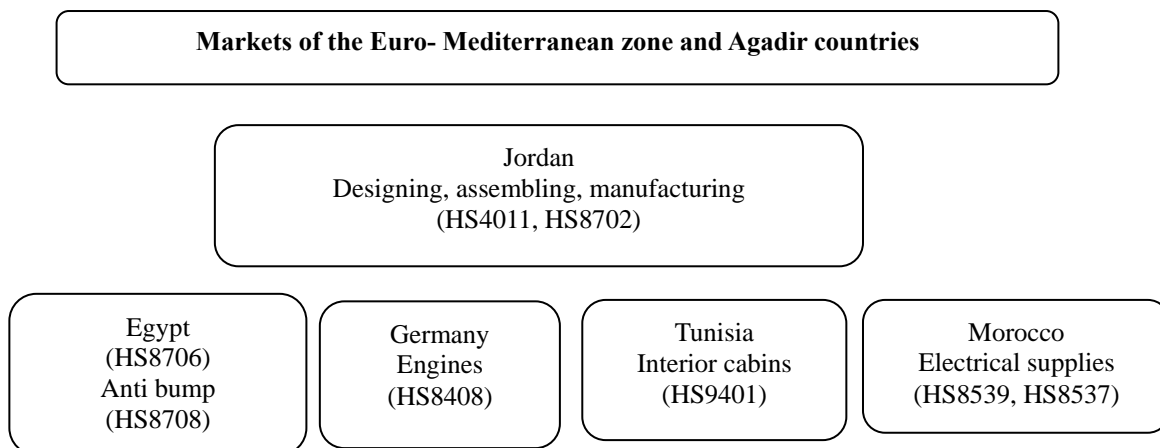
● *Furniture in the Euro – Mediterranean zone*:⁷³



⁷² The Agdir agreement boucher (2007), Cumulation of Origin “ Opportunities through the Agreement”, under the EU financial support to the implementation of the agreement.

⁷³ The Agdir agreement boucher (2007), the previous reference.

- **Vehicles:**⁷⁴

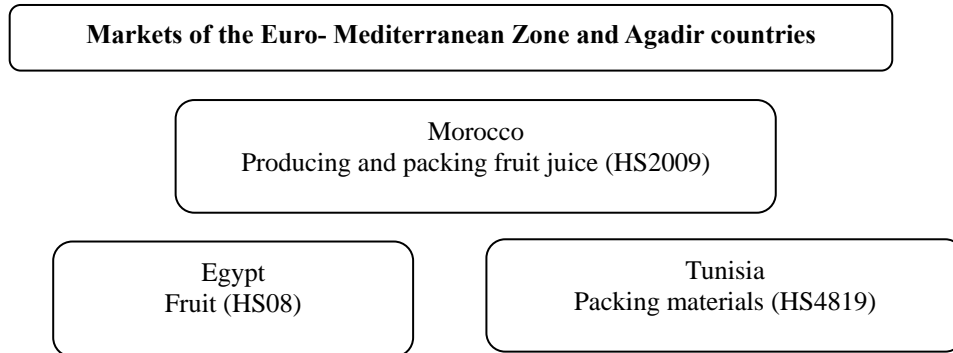


So in this case, it is possible for a vehicle to be designed and produced by a Jordanian company, and then receive further inputs from sources originating in different countries as follows: Anti-bumps from Egypt, engines from Germany, interior cabins from Tunisia (e.g., seats), and electrical supplies from Morocco.⁷⁵ Such vehicles could then can enter European markets or any market of the partners in the Agadir agreement with preferential treatment, owing to their Jordanian origin. This also applies to other mechanical and electrical products, including appliances such as washing machines and refrigerators.

⁷⁴ The Agdir agreement boucher (2007), Cummulation of Origin “ Oppertunities through the Agreement”, under the EU financial support to the implementation of the agreement.

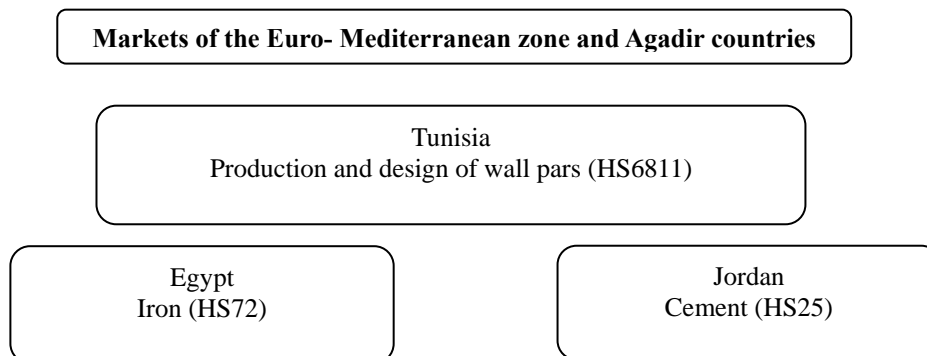
⁷⁵ The Agdir agreement boucher (2007), the previous reference.

- **Juice:**⁷⁶



In this case, fruit juice produced and packaged in Morocco using fruits from Egypt and packing materials from Tunisia could enter other markets with a preferential Moroccan origin.

- **Wall pars:**⁷⁷



In this case, wall articles produced and designed in Tunisia using cement imported from Jordan and iron bars imported from Egypt could enter other markets with preferential Tunisian origin.

⁷⁶ The Agdir agreement boucher (2007), Cumulation of Origin “ Opportunities through the Agreement”, under the EU financial support to the implementation of the agreement

⁷⁷ The Agdir agreement boucher (2007), the previous reference

(6) THE IMPACT OF THE AGADIR AGREEMENT ON TRADE DEVELOPMENT:

In this section we will attempt to assess the impact of the Agadir agreement on:

- (i) The trend of inter-trade between the four member countries of the agreement during 2003-2008.
- (ii) The trend of intra-trade between Agadir countries and the EU during 2003-2007 as compared with the rest of the world.
- (iii) The trend of trade between Egypt and the Agadir agreement members.

(i) The trend of the inter-trade during 2003 -2008:

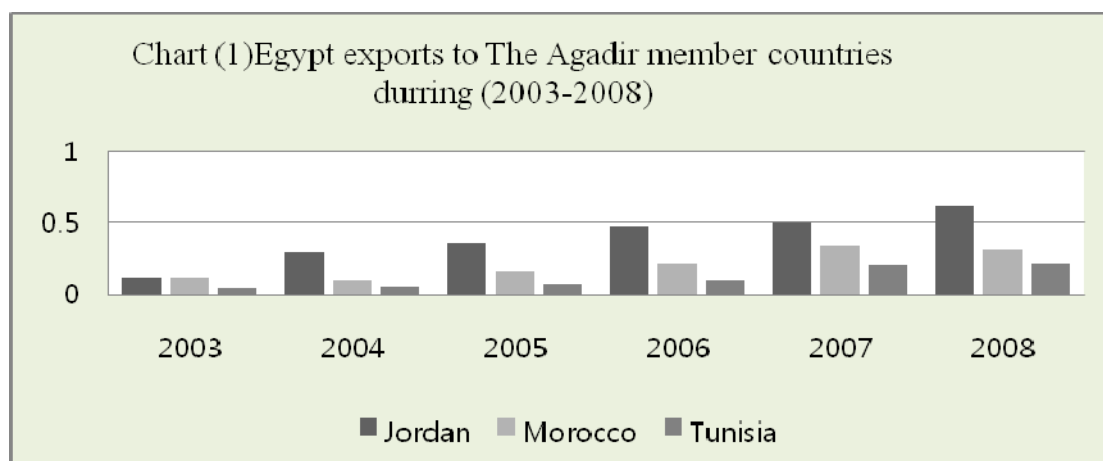
- (1) **Egypt:** The following table (1) represents Egyptian exports to the Agadir agreement member countries during the period of 2003-2008.

Table (1) Egyptian exports to the Agadir Agreement members

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008
Jordan	0.12	0.30	0.36	0.48	0.5	0.62
Morocco	0.12	0.10	0.16	0.21	0.34	0.31
Tunisia	0.05	0.06	0.07	0.10	0.20	0.21

Source: www.tardemap.org



From the above mentioned data we can discern that there has been an increase in Egyptian exports to the Agadir member countries, with Jordan accounting for about half of the total Egyptian exports received in Agadir member countries. Generally, the most important exports to Jordan have been mineral fuels; oil; copper and articles thereof; electrical and electronic equipment; paper, including articles of pulp, paper and cardboard; ceramics; animal products; vegetable fats and oils; and cleavage products.

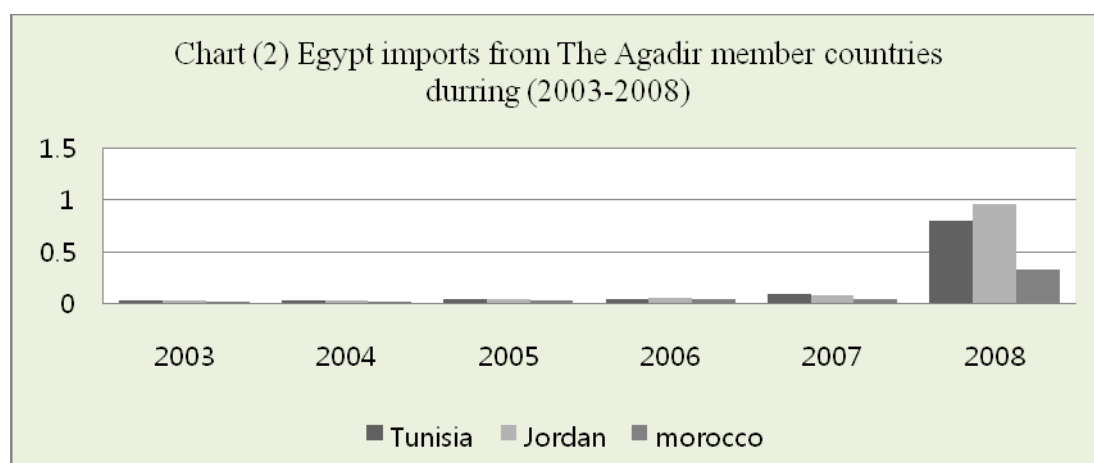
The following table (2) represents the Egyptian imports from the other three member countries during the period of 2003-2008:

Table (2) Egyptian imports from the Agadir agreement members

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008
Tunisia	0.03	0.03	0.04	0.05	0.09	0.80
Jordan	0.03	0.03	0.04	0.06	0.08	0.96
Morocco	0.02	0.02	0.03	0.04	0.04	0.33

Source: www.trademap.org



The data indicate a significant increase in Egyptian imports from Agadir member countries in 2008 compared with 2007, which could be because the agreement entered into force in mid 2007. it should be noted that Jordan is the most important trading partner for Egypt, due to the geographical proximity of the two countries which affords convenient access by different means of transportation) both overland and by air).

(2) Tunisia:

The following table shows the Tunisian exports to the Agadir countries:

Table (3) Tunisian exports to the Agadir agreement members (2003-2008)

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008
Morocco	0.05	0.07	0.11	0.11	0.17	0.23
Egypt	0.028	0.03	0.048	0.05	0.087	0.128
Jordan	0.008	0.005	0.010	0.005	0.006	0.02

Source: www.trademap.org



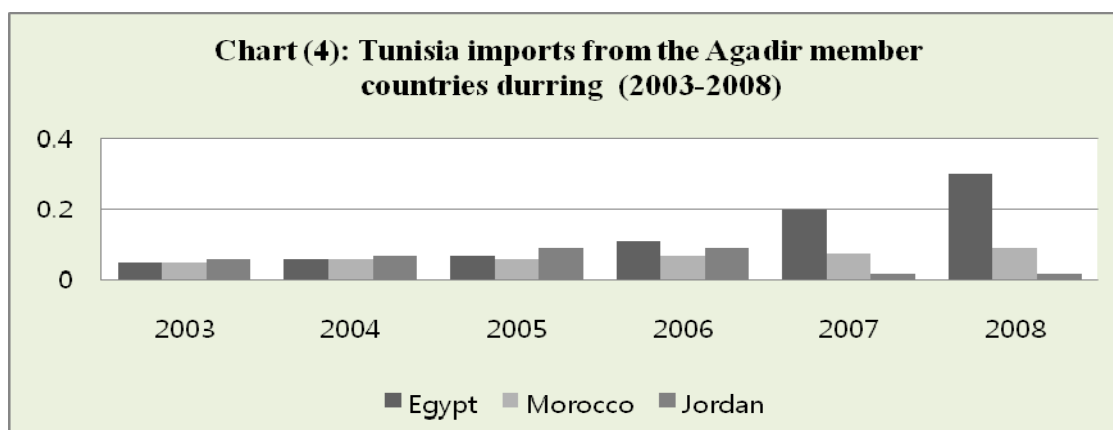
The following table shows the Tunisian imports from the Agadir countries:

Table (4) Tunisian imports from the Agadir agreement members (2003-2008)

(Values are in billions of U.S.dollars)

	2003	2004	2005	2006	2007	2008
Egypt	0.05	0.06	0.07	0.11	0.20	0.30
Morocco	0.05	0.06	0.06	0.07	0.075	0.09
Jordan	0.06	0.07	0.09	0.09	0.02	0.021

Source: www.trademap.org



The data indicate a marked increase in exports and imports of Tunisia to the Agadir member countries, especially in 2008 as compared to 2007. For example, Egyptian imports from Tunisia came in at 128 million US dollars in 2008, compared to 87 million US dollars in 2007, which means that between these two years Tunisian exports to Egypt increased by 47%.

The most important Tunisian exports to Egypt are inorganic chemicals; precious metal compounds; isotopes; mineral fuels, paper & paperboard; other textile articles; used clothing; plastics and articles thereof; nuclear reactors; boilers; machinery; electrical and electronic equipment; and food staples such as cereal, flour, starch, and milk-related products.

Significantly, Tunisian imports from Egypt increased by 103% in 2006 to 2008, with the rate of exports in 2008 amounting to 249 million U.S. dollars as compared to 106 million U.S. dollars in 2006. The most important Tunisian imports from Egypt have been mineral fuels; oil; distillation products; miscellaneous foodstuffs; iron and steel; inorganic chemicals; precious metal compounds; isotopes; plastics and articles thereof; edible vegetables and certain roots and tubers; paper & paperboard; articles of pulp, paper and cardboard; soaps; lubricants; wax; candles; and modeling pastes.

(3) Morocco:

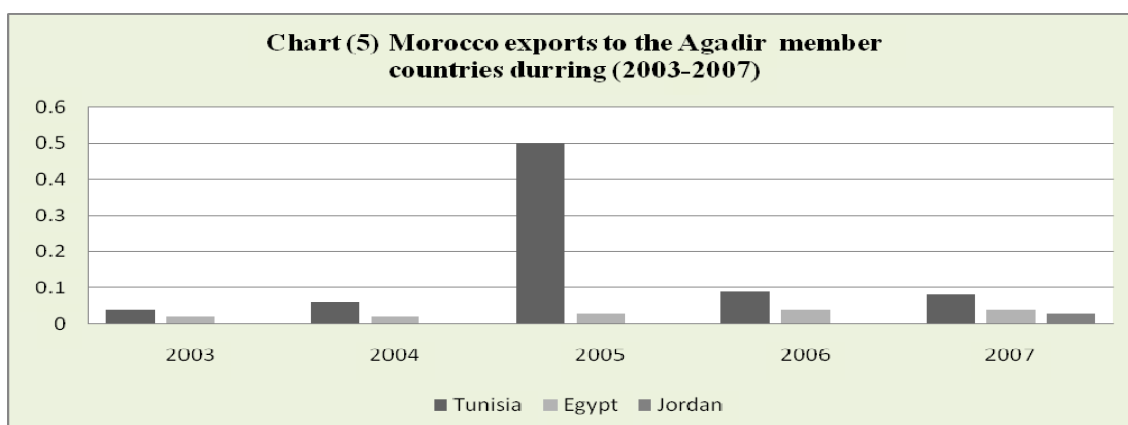
The following table shows Moroccan exports to the Agadir member countries:

Table (5) Moroccan exports to the Agadir agreement members (2003-2008)

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007
Tunisia	0.04	0.06	0.5	0.09	0.08
Egypt	0.02	0.02	0.03	0.037	0.041
Jordan	0.02	0.01	0.02	0.02	0.03

Source: www.trademap.org
 - 2008 data are not available



The data in table (5) above shows no significant change in the Moroccan exports to the Agadir member countries even though has been in effect since mid 2007. The total value of Moroccan exports to the Agadir agreement members was 114 million US dollars in 2006, as compared to 14 billion total for all Moroccan exports to the entire world in 2007. This would indicate relatively weak trade relations between Morocco and the Agadir member countries compared to the rest of the world, and many people hope that the agreement will pave the way for the promotion of improved trade relations between Morocco and the member countries of the agreement.

The following table shows the imports to Morocco from the Agadir member countries:

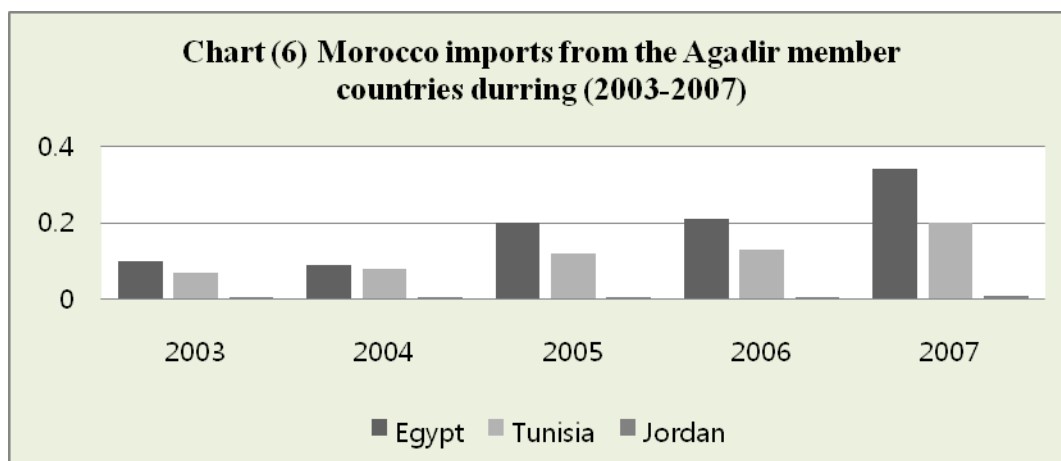
Table (6) Moroccan imports from the Agadir agreement members (2003-2007)

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007
Egypt	0.1	0.09	0.2	0.21	0.34
Tunisia	0.07	0.08	0.12	0.13	0.2
Jordan	0.001	0.002	0.004	0.005	0.008

Source: www.trademap.org

-The data of 2008 are not available.



On the other hand, the imports registered a significant rate of change of during 2006 to 2007. The total value of Moroccan imports from the Agadir members amounted to 210 million U.S. dollars in 2007, as compared to 138 million U.S. dollars in 2006, representing an increase of 52%. The data also shows that Egypt is the biggest trading partner of Morocco: Egyptian exports to Morocco came in at 342 million U.S. dollars in 2007, as compared to 209 million U.S. dollars in 2006.

(4) Jordan:

The following table shows Jordanian exports to the Agadir member countries:

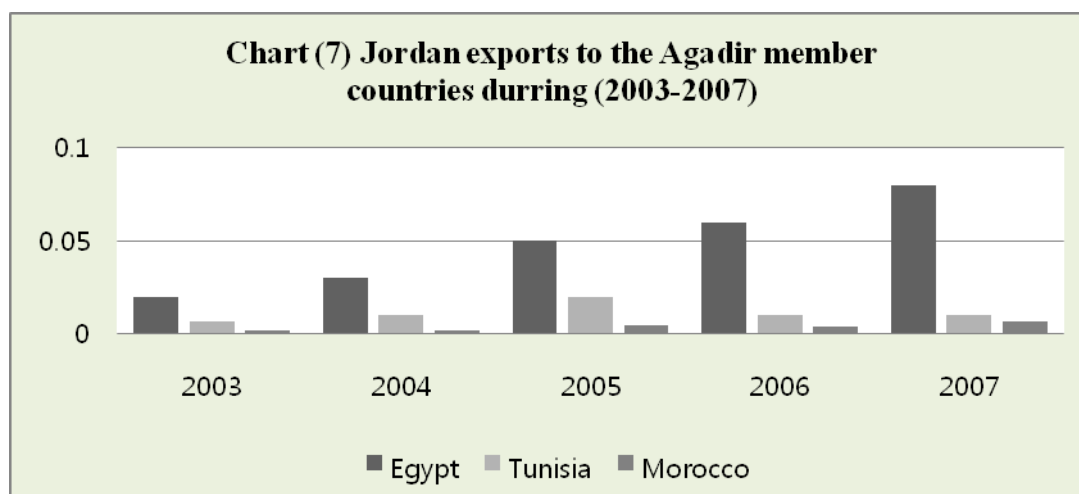
Table (7) Jordanian exports to the Agadir agreement members (2003-2007)

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007
Egypt	0.02	0.03	0.05	0.06	0.08
Tunisia	0.007	0.01	0.02	0.01	0.01
Morocco	0.002	0.002	0.005	0.004	0.007

Source: www.trademap.org

-The data of 2008 not available.



The data in table (7) shows that Egypt was Jordan's number one trading partner during 2003 -2007, compared with the other member countries of the Agadir agreement. The total value of Jordanian exports to the Agadir agreement member countries amounted to 20 million U.S. dollars in 2007, as compared to 13 million U.S. dollars in 2006.

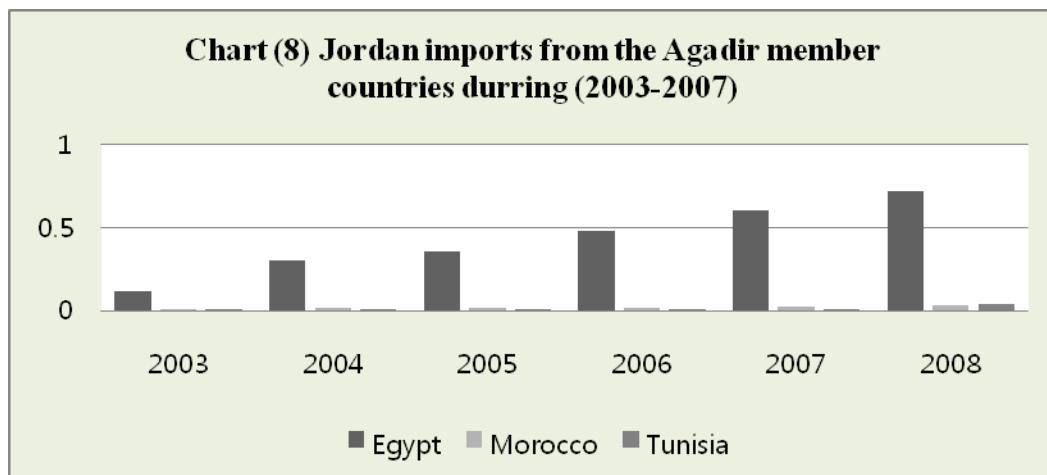
The following table shows Jordanian imports from the Agadir member countries:

Table (8) Jordanian imports from the Agadir agreement members

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008
Egypt	0.12	0.3	0.36	0.48	0.60	0.72
Morocco	0.01	0.014	0.015	0.018	0.026	0.032
Tunisia	0.001	0.003	0.005	0.005	0.005	0.044

Source: www.trademap.org



The data reflect that imports registered a significant rate of change as their value jumped by 103% from 32 million U.S. dollars in 2007 to 76 million U.S. dollars in 2008.

Over all, considering the information about intra - trading between the Agadir member countries as tabulated above, we may conclude that there has been an increase in the volume of trade among the member countries of the Agadir agreement, especially from 2006 to 2008, and this can be partially interpreted as one of the effects of the agreement.

(ii) The trends of intra-trade between Agadir countries and the EU during (2003-2007), as compared with the rest of the world.

(a) Exports trends:

(1) Tunisia

The following table shows Tunisian exports to the EU and the rest of the world:

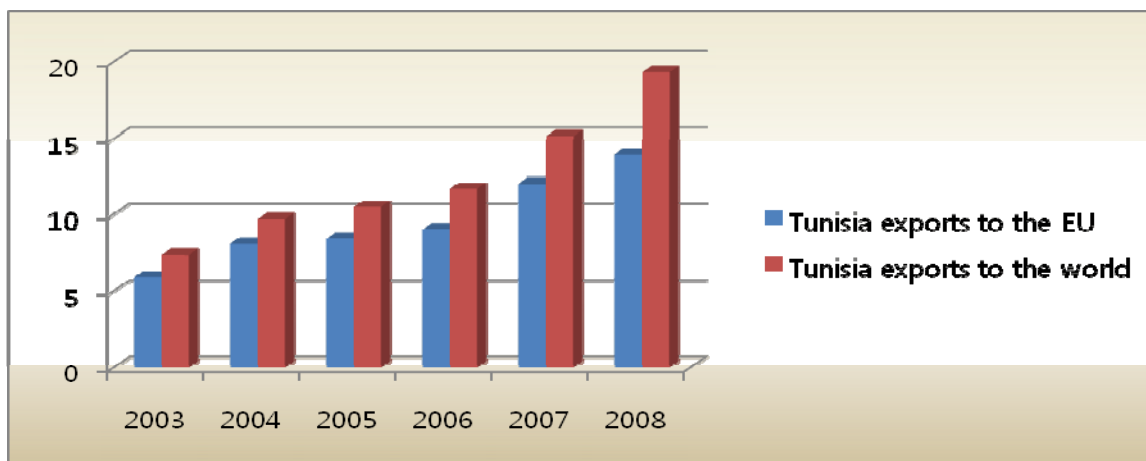
Table (9) Tunisian exports to the EU and the rest of the world (2003-2008)

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008
Tunisian exports to the EU	5.91	8.1	8.41	9.03	12.02	13.92
Rate of change rate (%)	-	36.7	4.1	7.37	33.11	15.80
Tunisian exports to the world	7.35	9.68	10.49	11.69	15.17	19.32
% of Tunisian exports to the EU to its exports to the world	80.3	83.9	80	77.2	79.3	72.04

Source: www.trademap.org

Chart (9) : Tunisia exports to the EU and the rest of the world durring (2003-2008)



It is obvious that there was a significant increase in the volume of Tunisian exports to the EU: the rate increased by 33% from 2006 to 2007, and by 15.8% from 2007 to 2008.

The percentage of Tunisian exports to the EU among its total exports to the world ranged between 77.04% and 80% during 2005 to 2008, which is considered very high and indicates how important the EU has been as a trading partner for Tunisia in terms of exports.

The most important agricultural exports of Tunisia to the EU have been: animal products; vegetable fats and oils; fish; fruit; nuts; peels of citrus fruit; melons; tobacco and manufactured tobacco substitutes; beverages; spirits and vinegar; certain roots; Coffee; tea; mate and spices; live trees; plants, bulbs, roots, and cut flowers; and food staples such as cereal, flour, and milk-related products

The most important industrial exports of Tunisia to the EU have been: articles of apparel; accessories; electrical and electronic equipment; mineral fuels; oils; footwear; vehicles other than railways; tramways; fertilizers; other made textile articles; used clothing; nuclear reactors; boilers; and machinery.

Tunisia's agricultural exports to the EU account for 8% of the total, while the percentage of industrial exports is 92%.

(2) Morocco:

Table (10) Moroccan exports to the EU and the rest of the world (2003-2007)

(Values are in billions of U.S dollars)

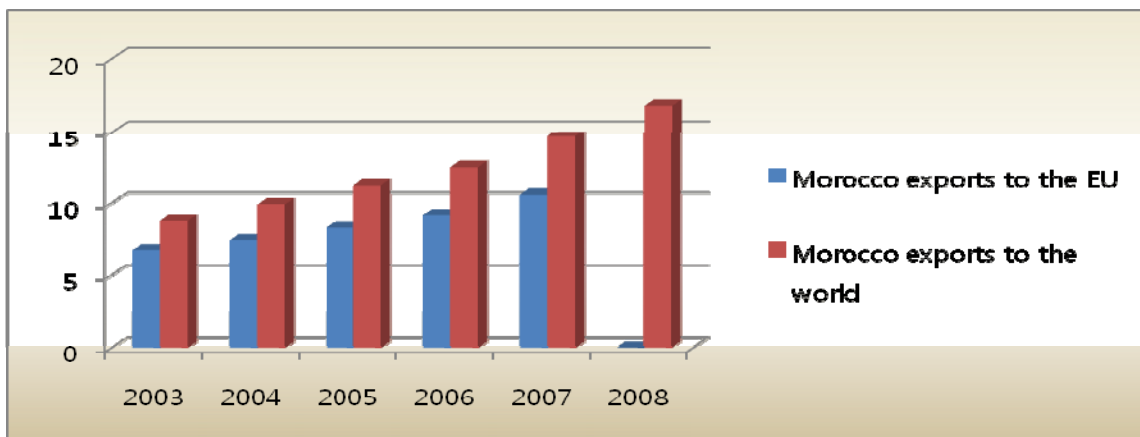
	2003	2004	2005	2006	2007
Moroccan exports to the EU	6.72	7.4	8.28	9.16	10.57
Rate of change (%)	--	10.2	11.9	10.6	15.4
Moroccan exports to the world	8.8	9.9	11.2	12.5	14.6
% of Moroccan exports to the EU to its exports to the world	76.5	75.6	74	73	72.4

Source: www.trademap.org

- The data of 2008 are not available.

The data shows that exports of Morocco to the EU increased by 15.4% in 2007. In addition, the percentage of Moroccan exports to the EU to the total exports of Morocco to the world is very high, ranging between 72.4% and 74% during 2005 – 2007. The total value of exports was approximately 8.28 billion dollars in 2007, with agricultural exports registering at a volume of approximately 1.78 billion dollars during the same year.

Chart (10): Morocco exports to the EU and the rest of the world durring (2003-2007)



The most important agricultural exports of Morocco to the EU have been: fish; fruit; nuts; peels of citrus fruit; melons; vegetables and certain roots; meat, fish and seafood; prepared foods; animals; vegetable fats and oils; Oil seeds; animal products; beverages; and spirits and vinegar; The volume of industrial exports came in at approximately 6.5 billion dollars during 2007.

The most important industrial exports of Morocco to the EU have been: articles of apparel; accessories; electrical and electronic equipment; mineral fuels; oils; footwear; inorganic chemicals; precious metal compounds; lime and cement; fertilizers; and iron and steel; The percentage of the agricultural exports of Morocco to the EU was 21.4%, while the percentage of industrial exports was 78.6%; this suggests that there are opportunities the Agadir member countries to supply Moroccan industries with production inputs.

(3) Egypt:

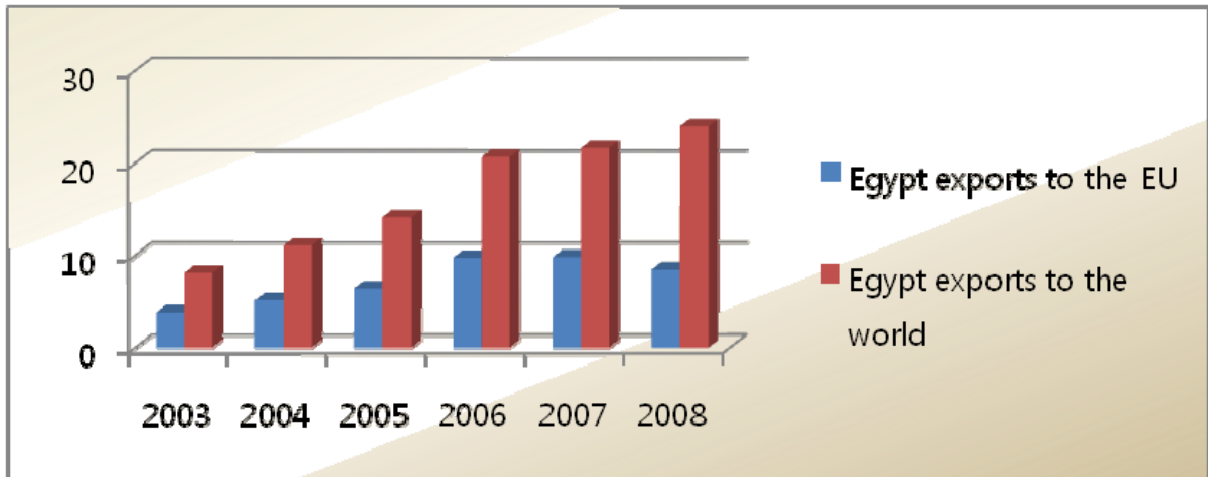
Table (11) Egyptian exports to the EU and the rest of the world (2003-2008)

(Values are in billions of U.S dollars)

	2003	2004	2005	2006	2007	2008
Egyptian exports to the EU	3.85	5.16	6.42	9.77	9.82	8.46
Rate of change rate (%)	--	35.2	24.5	52.2	0.5	-13.84
Egyptian exports to the world	8.11	11.1	14.1	20.7	21.7	23.99
% of Egyptian exports to the EU to its exports to the world	47.1	46.5	45.5	47.2	45.3	35.26

Source: www.trademap.org

Chart (11) Egyptian exports to the EU and the rest of the world durring (2003-2008)



The data indicates that there was a significant increase in Egyptian exports to the EU between 2005 and 2006, with a 52.2% rise during that period; however, the rate declined by 13.84% from 2007 to 2008. Still, the EU market is considered the largest trading partner of Egypt.

The percentage of Egyptian exports to the EU to the total exports of Egypt to the world is comparatively high, ranging between 35.26% and 47.2% during the period of 2003-2008. This indicates the importance of the EU for Egypt as a trade partner.

The most important agricultural exports of Egypt to the EU have been: vegetables and certain roots; fruits; nuts; peels of citrus fruit; melons; cereals; oil seeds; grains; seeds; fruit; animal products; beverages; spirits and vinegar; sugar; fish; food preparations; live trees; plants; bulbs; roots; and cut flowers.

The most important industrial exports of Egypt to the EU have been: mineral fuels; oils; iron and steel; articles of apparel; accessories; aluminum; salt; lime and cement; plastics; cotton; electrical and electronic equipment; other made textile articles; and clothing. The percentage of agricultural exports to the EU is 9%, and the percentage of industrial exports is 91% (especially readymade garments and cotton textiles).

As indicated in the previous section, in which the opportunities of the cumulation of origin between the member countries of the Agadir agreement were discussed, there would appear to be a good opportunity to utilize the absolute advantage of the Egyptian textile industry in the Agadir region.

(4) Jordan:

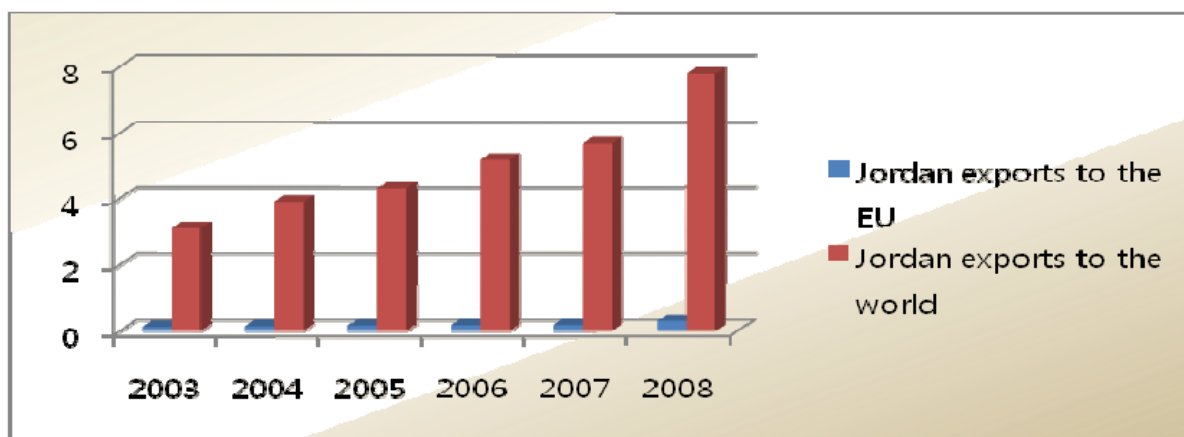
Table (12) Jordanian exports to the EU and the rest of the world (2003-2008)

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008
Jordanian exports to the EU	0.12	0.14	0.16	0.17	0.18	0.30
Rate of change (%)	--	18.4	14.5	9.0	7.0	66.6
Jordanian exports to the world	3.1	3.9	4.3	5.2	5.7	7.8
% of Jordanian exports to the EU to its exports to the world	3.7	3.5	3.6	3.3	3.2	3.8

Source: www.trademap.org

Chart (12): Jordan exports to the EU and the rest of the world during (2003-2008)



According to the data, Jordanian exports to the EU increased by 66.6% from 2007 to 2008, as compared to a 7% rate of change from the previous year. The percentage of Jordanian exports to the EU to its exports to the world ranged between 3.2% and 3.8%, and the total value of exports in 2008 was 184 million U.S. dollars, as compared to 155 million U.S. dollars in 2007.

The most important agricultural exports of Jordan to the EU are: vegetables and certain roots; fruit; nuts; peels of citrus fruit; melons; animal, vegetable fats and oils; dairy products; eggs; honey; animal products; food preparations; cereal; flour; milk-related products; tobacco; oil seeds; grains; seeds; fruit; and fish.

The most important industrial exports of Jordan to the EU are: fertilizers; salt; cement; inorganic chemicals; precious metal compounds; pharmaceutical products; pearls; precious stones; metals; coins; aluminum; nuclear reactors; boilers; machinery; aircraft; spacecraft; articles of apparel; accessories; and electrical and electronic equipment.

The percentage of the Jordan's agricultural exports to the EU to the total exports of Jordan to the EU is 11.3%, and the percentage of its industrial exports to the EU is 88.7%.

In general, we may conclude that since there has been an increase in the volume of exports of Agadir member countries to the EU, it is very obvious that the EU is an important trading partner of every Agadir member.

(b) The imports of the Agadir member countries from the EU and the rest of the world:

(1) Tunisia:

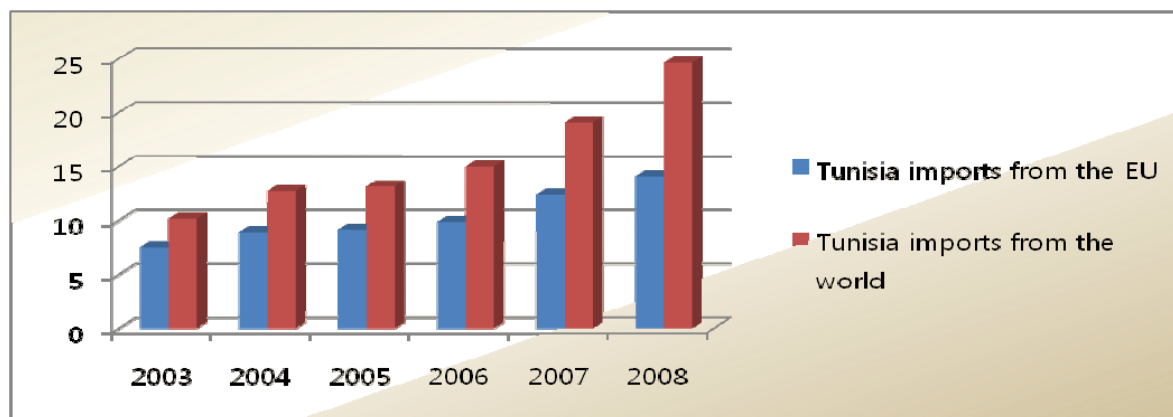
Table (13) Tunisia imports from the EU and the rest of the world (2003-2008)

(Values are in billions of U.S. dollars)

	2003	2004	2005	2006	2007	2008
Tunisian imports from the EU	7.51	8.95	9.18	9.86	12.4	14.11
Rate of change (%)	-	19	2.5	7.4	25.7	13.7
Tunisian imports from the world	10.15	12.73	13.17	15.01	19.1	24.63
% of Tunisian imports from the EU to its imports from the world	-	25.4	3.4	14	27.2	57.3

Source: www.trademap.org

Chart (13) : Tunisia imports from the EU and the rest of the world durring (2003-2008)



The data in table (13) shows that the EU accounted for 57.3% of the total imports of Tunisia in 2008, compared with 27.2% in 2007; in that regard, the EU has become the most important trading partner of Tunisia.

(2) Morocco:

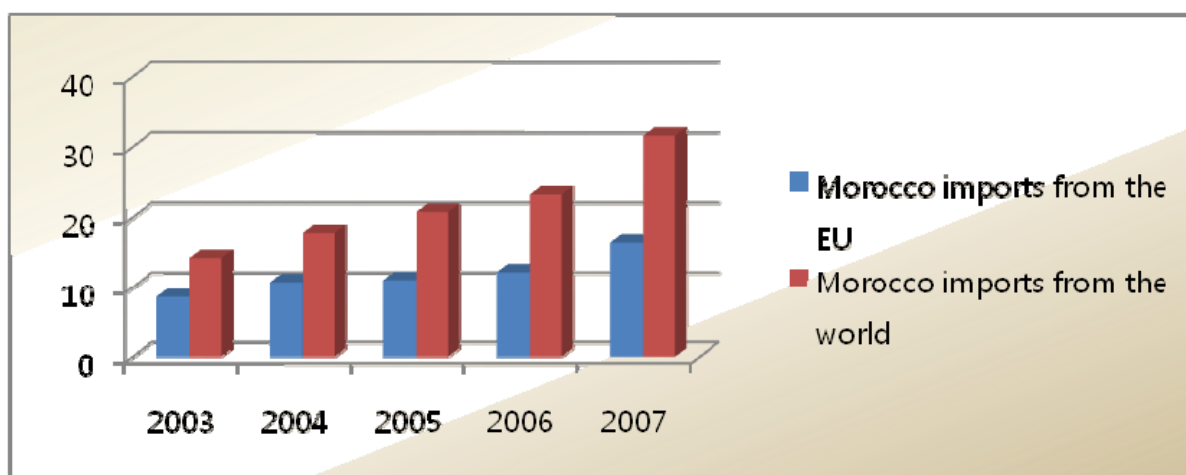
Table (14) Moroccan imports from the EU and the rest of the world (2003-2007)

(Values are in billions of US dollars)

	2003	2004	2005	2006	2007
Moroccan imports from the EU	8.57	10.73	11.06	12.19	16.43
Rate of change (%)	--	25.2	3	10	34.8
Moroccan imports from the world	14.23	17.82	20.8	23.29	31.65
% of Moroccan exports to the EU to its exports to the world	--	25	17	12	36

Source: www.trademap.org

Chart (14) Morocco imports from the EU and the rest of the world during (2003-2007)



The data in table (14) shows that the EU accounted for 36% of the total imports of Morocco in 2007, compared with 12% in 2006; this is clearly a significant increase.

(3) Egypt:

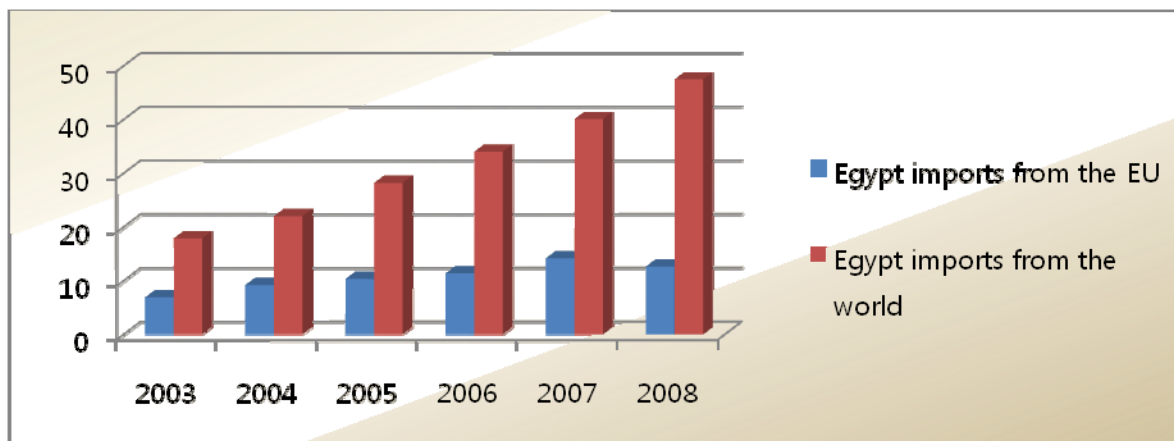
Table (15) Egyptian imports from the EU and the rest of the world (2003-2008)

(Values are in billions of US dollars)

	2003	2004	2005	2006	2007	2008
Egyptian imports from the EU	6.93	9.22	10.36	11.39	14.18	12.67
Rate of change (%)	--	33	12	10	24	-10.6
Egyptian imports from the world	17.91	22.03	28.23	34.05	40.13	47.53
% of Egyptian imports from the EU to its imports from the world	--	23	28	20.6	18	26.65

Source: www.trademap.org

Chart (15) Egypt imports from the EU and the rest of the world during (2003-2008)



The data in table (15) shows that the EU accounted for 26.6% of the total Egyptian imports in 2008, compared with 18% in 2007. The most important imports were nuclear reactors; boilers; machinery; electrical and electronic equipment; iron and steel; articles of iron or steel; vehicles other than railway and tramway; plastics and

articles thereof; organic chemicals; wood and articles of wood; wood charcoal; pharmaceutical products; paper & paperboard; articles of pulp; paper and cardboard; mineral fuels; oils; distillation products; optical items; photographic equipment; technical and medical apparatus; and miscellaneous chemical products.

(4) Jordan:

Table (16) Jordanian imports from the EU and the rest of the world (2003-2008)

(Values are in billions of US Dollars)

	2003	2004	2005	2006	2007	2008
Jordanian imports from the EU	1.53	1.99	2.57	2.69	3.33	3.52
Rate of change (%)	--	30	29	5	24	5.70
Jordanian imports from the world	5.56	8.14	10.45	11.45	13.53	16.87
% of Jordanian imports from the EU to its imports from the world	--	46	28	10	18	20.7

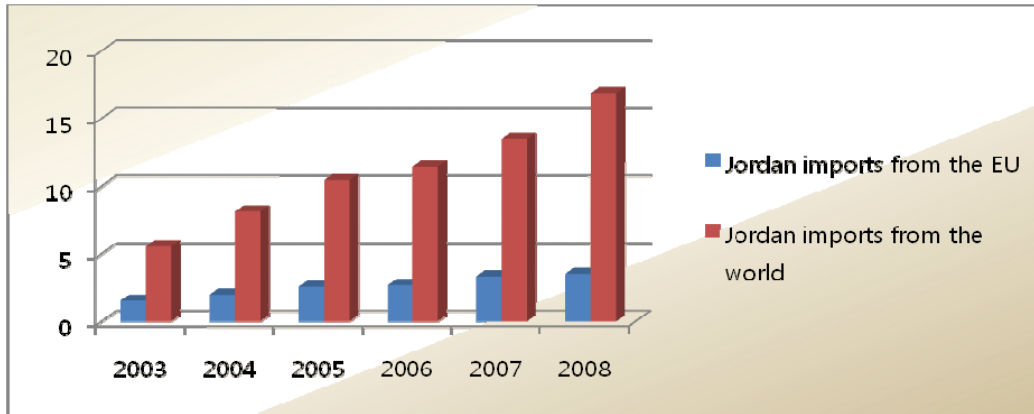
Source: www.trademap.org

The data in table (16) shows that the EU accounted for 20.7% of the total imports of Jordan in 2008, compared with 18% in 2007. Although the share of Jordan's imports from the EU is not high, the EU is still considered the most important market not only for Jordan, but also for all of the countries in the Mediterranean region.

The information tabulated above indicates that there has been a substantial increase in the volume of imports to the Agadir agreement member countries from the EU, suggesting the obvious importance of the EU as a trading partner to each Agadir member. As such, Agadir would appear to provide a pathway, especially in terms of the

benefits to be accrued from cumulation of origin, to promote increased trade between the member countries and the EU.

Chat(16) Jordan imports from the EU and the rest of the world durring (2003-2008)



(iii)The trend of trade between Egypt and the Agadir agreement members:

- i. Egyptian exports to the Agadir agreement members (2006-2008):

Table (17) Egyptian exports to the Agadir member countries (2003-2008)

(Values are in millions of U.S. dollars)

	2006	2007	2008
Value of total exports to the Agadir member countries	351	574.7	1142.07
Rate of change	-	64%	98.7%

Source: www.trademap.org

It seems from the previous data that there was a significant increase in the volume of Egyptian exports to the member countries of the Agadir agreement between 2007 and 2008. The total value of those exports increased by 98.7% during that period, going from approximately 5.75 billion U.S. dollars in 2007 to approximately 1.14

billion U.S. dollars in 2008. This increase can partially be interpreted as a result of the implementation of Agadir, which entered into force in the second half of 2007.

ii. Egyptian imports from the Agadir member countries (2006-2008):

Table (18) Egyptian imports from the Agadir member countries (2003-2008)

(Values are in millions of U.S. dollars)

	2006	2007	2008
Value of total imports from the Agadir member countries	116.1	95.7	210.5
Rate of change	-	-17.5%	119.9%

Source: www.trademap.org

Regarding the imports of Egypt from the member countries of the Agadir agreement, the value of imports increased significantly between 2007 and 2008, rising by 150% from 95.7 million U.S. dollars to 2.4 billion U.S. dollars during that period. This increase can also be interpreted as a result of the implementation of the Agadir agreement.

The tables also indicate that the most significant volume of Egyptian imports and exports was to the Agadir member countries, as compared to Egypt's trade with the entire world. This suggests that Agadir has led to opportunities for the creation and diversion of trade within the Agadir countries.

According to the Table 18 above, which refers to Egyptian imports from the Agadir member countries as compared to the world, it seems that there have been many opportunities for trade creation within the Agadir countries. For example, Egypt imported 53 million U.S. dollars worth of inorganic chemicals, precious metal compounds, and isotopes in 2008, compared with 344 million U.S. dollars in worldwide

imports for the same products; at the same time, Agadir countries exported around 4 billion U.S. dollars worth of such products in 2008. As such, it is clear that Egypt could increase its share of trade with the Agadir countries.

Another example can be seen in Egypt's imports of other made textile articles, sets, worn clothing (code 63), all of which amounted to 3 million US dollars in 2008 from the Agadir member countries, as compared to almost 5.3 billion U.S. dollars in worldwide imports; at the same time, imports of such products from the Agadir countries came in at 304 million U.S. dollars in 2008.

Although exports of fertilizers by the Agadir member countries amounted to 4 billion U.S. dollars in 2008, Egyptian imports of such products from the Agadir countries came in at 9 million U.S. dollars, compared with 149 million U.S. dollars worth of imports from the entire world.

Table (19) Egyptian imports from Agadir member countries compared
with the world durring (2006-2008)

(Values are in thousands of U. S. dollars)

Product code	Product label	Egypt imports from Agadir	Agadir group's exports to world			Egypt imports from world
		2008	2006	2007	2008*	2008
28	Inorganic chemicals, precious metal compound, isotopes	53,360	1,643,729	1,771,410	4,023,811	344,218
71	Pearls, precious stones, metals, coins, etc	30,665	647,425	365,331	312,264	900,774
72	Iron and steel	15,019	439,057	463,547	499,096	4,499,272
48	Paper & paperboard, articles of pulp, paper and board	9,461	228,226	314,234	371,835	871,488
31	Fertilizers	9,421	1,441,182	2,161,999	4,195,821	149,692
84	Nuclear reactors, boilers, machinery, etc	8,775	539,145	764,331	1,062,658	5,403,639
30	Pharmaceutical products	7,229	358,764	510,277	574,167	823,304
39	Plastics and articles thereof	5,916	304,192	477,629	514,386	2,133,466
03	Fish, crustaceans, molluscs, aquatic invertebrates	5,749	860,150	1,019,559	685,751	238,138
21	Miscellaneous edible preparations	5,604	77,789	106,896	122,867	71,260
73	Articles of iron or steel	5,519	239,176	383,544	479,892	2,396,062
29	Organic chemicals	4,877	24,614	28,394	51,676	1,109,228
16	Meat, fish and seafood food preparations	4,212	502,016	510,336	458,987	112,089
63	Other made textile articles, sets, worn clothing	3,056	227,287	337,561	304,707	52,761
56	Wadding, felt, nonwovens, yarns, twine, cordage, etc	2,677	42,162	49,031	52,183	64,907
87	Vehicles other than railway, tramway	1,082	553,224	684,596	753,500	2,722,333
27	Mineral fuels, oils, distillation products, etc	1,041	2,033,035	3,052,360	3,729,035	5,407,451
94	Furniture, lighting, signs, prefabricated buildings	1,028	162,335	195,487	207,296	200,838
33	Essential oils, perfumes, cosmetics, toileteries	791	117,083	139,075	145,994	129,366
69	Ceramic products	591	119,413	120,409	104,073	114,874
62	Articles of apparel, accessories, not knit or crochet	520	5,125,297	5,575,900	5,061,418	277,986
52	Cotton	354	104,479	126,306	86,015	619,429
	Others	33,584	13,601,840	16,314,547	20,117,737	18,897,21
	Total imports	210,531	29,391,620	35,472,759	43,915,169	47,539,78

Source: www.trademap.org

* Data based on the partner-reported data (Mirror data)

The following table (20) refers to Egyptian exports to the Agadir member countries compared with the world; it shows that the most important Egyptian exports to the EU in 2008 were mineral fuels; oils; paper & paperboard; plastics and articles thereof; nuclear reactors; machinery; iron and steel; copper and articles thereof; aluminium; electrical and electronic equipment; edible vegetables and certain roots and tubers; ceramic products; dairy products; eggs; honey; and edible animal products.

Egyptian cotton exports to the Agadir member countries came in at 3 million U.S. dollars in 2008, as compared to 341 million U.S. dollars in exports to the rest of the world. At the same time, imports of cotton by the Agadir member countries amounted to 1.5 billion U.S. dollars in 2008. Thus, we can discern the importance of the textile industry in the Agadir member countries, as well as the opportunities for mutual benefits to be accrued from the increasing trade in this sector.

In another example, Egyptian exports of iron and steel to Agadir countries amounted to 41 million U.S. dollars in 2008, compared to 1.1 billion US dollars to the world in the same year; however, such imports from the Agadir countries came in at 3.4 billion US dollars in 2008.

Based on this, we may conclude that the Agadir member countries have the fundamental pillars necessary to achieve the objectives of the Agadir agreement, which will lead to the development of economic activity and increased productivity through the promotion of improved trade relations among them. Nevertheless, the extent to which these goals will be achieved will depend on how well each member country will be able to exploit these opportunities for trade and maximize the benefits.

Table (20): Egyptian exports to the Agadir member countries compared with the world durring (2006-2008)

(Values are in thousands of U.S. dollars)

Product code	Product label	Egypt exports to Agadir	Agadir group's imports from world			Egypt exports to the world
		2008	2006	2007	2008*	2008
27	Mineral fuels, oils, distillation products, etc	405,351	9,980,007	11,714,33	9,682,855	10,630,537
48	Paper & paperboard, articles of pulp, paper and board	56,508	774,680	957,263	919,258	295,741
39	Plastics and articles thereof	51,633	1,958,767	2,573,663	2,329,397	813,534
84	Nuclear reactors, boilers, machinery, etc	46,776	4,944,022	6,650,400	8,052,878	255,765
72	Iron and steel	41,682	2,080,968	2,745,264	3,447,969	1,159,235
74	Copper and articles thereof	32,776	596,106	840,825	858,766	613,660
76	Aluminium and articles thereof	32,387	550,281	639,144	588,881	515,605
85	Electrical, electronic equipment	31,047	4,774,311	6,339,247	6,311,360	734,978
07	Edible vegetables and certain roots and tubers	29,395	120,596	191,146	161,592	595,554
69	Ceramic products	26,538	190,790	234,727	248,601	292,989
73	Articles of iron or steel	25,892	864,672	1,276,117	1,414,717	403,036
04	Dairy products, eggs, honey, edible animal product nes	20,006	292,309	392,124	566,623	332,050
28	Inorganic chemicals, precious metal compound, isotopes	15,827	473,419	536,519	653,148	390,268
25	Salt, sulphur, earth, stone, plaster, lime and cement	9,010	500,961	642,985	1,876,921	521,728
08	Edible fruit, nuts, peel of citrus fruit, melons	6,126	141,463	197,242	199,713	621,515
31	Fertilizers	4,924	181,365	212,337	187,210	598,438
52	Cotton	3,987	1,531,541	1,863,753	1,522,898	341,208
38	Miscellaneous chemical products	3,394	454,540	567,894	547,736	748,519
63	Other made textile articles, sets, worn clothing etc	3,171	121,251	148,333	176,809	252,530
	Other products	295,648	19,220,625	37,271,88	27,566,010	3,877,778
	Total exports	1,142,078	49,752,674	64,280,86	67,313,342	23,994,668

Source: www.trademap.com

*_The data aggregated are mirror and direct data

(8) CONCLUSION AND RECOMENDATIONS

From the previous analysis about the Agadir agreement, it is obvious that this agreement is very important to its member countries and can be very beneficial to economic integration between them, provided that they can take advantage of the potential benefits from the comparative advantages and the existing opportunities in each member country. If they are able to do, they should be able to produce and export more competitive products that can access the EU market while competing with products from other countries by achieving the standards and technical regulations, as well as market access requirements, and selling them at competitive prices.

There are many elements in the Agadir agreement countries which are considered to be backbone for economic integration. For example, the similarity in the standards of living in the member countries, combined with the strategic location of those countries at the crossroads of Europe, Middle East, and Africa, gives them significant advantages for a better integration climate.

Moreover, since the Agadir Agreement has already entered into force and contains no further restrictions, it would appear to be a gateway towards increasing economic integration not only among the member countries of the agreement, but also with the EU.

Beyond that, with respect to the rule of cumulation of origin as introduced by the agreement, this is considered to be one of the most important factors for further integration, whether by assembling groups or processing companies. The agreement can be considered, therefore, as a tool that would create a pathway for the efficient exchange of semi-finished products between the countries of the region under this rule.

Unfortunately until now, Agadir member countries didn't utilize the benefits of cummulation of origin which needs more concentration and regional policy from member countries durring the next period. As, we have already explained some examples for potential co-operation between agadir member countries in the area of cummulation of origin, so agadir member countries should start to develop their co-operation to utilize the benefits from cummulation of origin by selecting one of the potential sector to start with for example textile.

As we have shown previously, the Agadir agreement will affect the volume of inter – trade, both among the member countries and between each of them and the EU. In order for the Agadir countries to achieve the benefits of the agreement, it is recommended that several measures be undertaken:

1. Increasing public awareness of the agreement and the potential opportunities to be gained from it, especially to business professionals in each member country, while detailing how products may be developed and exported by cumulating them with products in other member countries in order to achieve more competitive final products.
2. Developing new ways to facilitate trade among the member countries of the agreement to encourage business professionals to deal with partners from other member countries.
3. Concentrating more on creating a mechanism for further economic integration, especially by utilizing the benefits from cumulation of origin among the member countries.
4. Focusing on achieving the goals of the agreement: to increase the exports of the member countries, rather than merely increasing intra-trade among the member

countries, because frameworks already exist for trade liberalization among the member countries under GAFTA. The Agadir agreement has proposed a new approach for cooperation between the member countries for economic integration and for better access to the EU markets.

5. Increasing coordination among the member countries to unify their standards and technical regulations according to what is applied in the EU, in order to achieve a final product that is qualified to be exported to the EU.

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