1984

The Agricultural Trade and Economic Development Between the European Community and Maghreb Countries

M. Nidal Shaar

THE AGRICULTURAL TRADE AND ECONOMIC DEVELOPMENT
BETWEEN
THE EUROPEAN COMMUNITY AND MAGHREB COUNTRIES

By

M. NIDAL SHAAR

A research paper submitted
in partial fulfillment of the requirements
for the degree Master of Science, Major in Economics
South Dakota State University

Spring 1984

THE AGRICULTURAL TRADE AND ECONOMIC DEVELOPMENT

BETWEEN

THE EUROPEAN COMMUNITY AND MAGHREB COUNTRIES

This research paper is approved as a creditable and independent investigation by a candidate for the degree, Master of Science, and is acceptable for meeting the research paper requirements for this degree. Acceptance of this research paper does not imply that the conclusions reach by the candidate are necessarily the conclusions of the major department.

Dr. Charles E. Lamberton
Research Paper Adviser

Date

Dr. John Thompson
Head, Economics Department

Date

ACKNOWLEDGEMENTS

The author extends his appreciation to Dr. Charles E. Lamberton, Associate Professor of Economics, for his time and unlimited cooperation toward the completion of this research paper. Also, thanks to Dr. Harry Greenbaum for his help and encouragement.

Special thanks is extended to the author's parents for their lifetime devotion and spiritual support.

M.N.S.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF TABLES (continued)

GLOSSARY

CAP: The common agricultural policy aims to rationalize agricultural production and establish a Community system of aids and import surveillance. It encompasses over 95% of the Community's agricultural production.

ECU: The monetary unit used by the Community for financial aid. It is calculated on the basis of a basket comprising the currencies of the ten EEC Member States and represents a weighted average of their market values.

Levies: Levies amount to countervailing duties charged on imports in order to offset export aid granted by another country.

I. INTRODUCTION

A critical motivation of the post-war drive for European unification was the desire to change the bases for Europe's relations with the rest of the world in an era of dominance by extraneous continental super-powers and of the decolonization of its own nineteenth-century empires. The strategy adopted after the collapse of the European Defense Community (EDC) of concentrating on economic integration, and assuming that its inevitable success would facilitate political unification, left the European communities with few instruments for the pursuit of external policy. Even within the economic sphere joint methods of policy formation have only fully superceded the national institution in the fields of commerce and agriculture.

The European Community is today linked by many bilaterial agreements with individual third countries, and it is committed to many more. The vast majority of these agreements are based on preferential trade arrangements, invariably granting the partner country easier access on a global basis for its industrial exports to the Community Market. Even before the Community enlargement, the Community was the biggest single export market for a large number of third countries, including many of the Mediterranean regions. Purely trading motivations led to a large number of countries seeking some form of special privileged relationship with the Community, and this polar attraction has been further increased by the enlargement.

II. THE HISTORY AND FUNCTION OF THE EUROPEAN ECONOMIC COMMUNITY

The EEC, created in 1958, provides a broad foundation for a united Europe. The development began centuries ago but the first practical steps were taken in the years following the Second World War.

In 1946, Winston Churchill called upon European states to create a kind of United States of Europe. This initiative was followed in 1947 by the Marshall Plan which asked the European nations to draw up a joint program for the reconstruction of the devastated continent. That same year, the Benelux Customs Union between the Netherlands and the Belgium-Luxemburg Economic Union entered into force as the first concrete step toward economic unity (29).

The organization for European Economic Cooperation (OEEC) was established in 1948 as a result of the Marshal Plan. During that same year, the Congress of Europe took steps toward the creation of the Council of Europe. The Council became a forum for discussing means of creating a politically unified Europe, but it was unable to take any concrete steps in this direction (29).

In 1950, the French foreign minister, Robert Schuman, proposed the European Coal and Steel Community (ECSC). Shortly after the Paris Treaty establishing the ECSC was signed, a draft treaty for the European Defense Community was prepared. The EDC was designed to solve the problems of German contributions to the European defense, but it was rejected by the French Parliament (15).

The European unity movement took a new direction after the defeat of the EDC. The six members of the ECSC (Belgium, France, the Federal Republic of Germany, Italy, Luxemburg and the Netherlands) agreed at Messina, Italy, in 1955 to create a full economic union and to unite in their efforts to use atomic energy for peaceful purposes (29).

Negotiations were carried on in the last half of 1956 concerning the treaties of the new communities: the European Economic Community and the European Atomic Energy Community. On March 25, 1957, the treaties were signed in Rome and were ratified by the national Parliaments by the end of that year. The EEC entered into force on January 1, 1958, and the institutions of the Community were immediately set up in Brussels (27).

The Treaty of Rome marked the convergence of two tendencies which have appeared in Europe since the end of World War II: A political trend toward international rapprochement and an economic trend towards the expansion of markets (2).

Article 131 of the Treaty of Rome provides for an association with the community of the "non-European countries and territories which have special relations with Belgium, France, Italy and the Netherlands'. The objectives of the association were to:

> 'promote the economic and social development of the countries and territories and to establish close economic relations between them and the community as a whole'*

*Treaty of Rome, Part IV. Article 131 (22, P. 26).

III. THE MAGHREB COUNTRIES

The Maghreb is bordered by the Mediterranean in the north, the Sahara in the south, and the Atlantic on the west with a total population of 49,100 thousand (Table XIV). Therefore, it is geographically separated from the EEC states (1).

The economic and social condition of Algeria, Tunisia, and Morocco before and after the French Period are important questions in any discussion which attempts to understand these independent states. The relationship between Europe and these states dates back to May 25, 1830, when the Debt Crisis arose (17). The Europeans entered Northwest Africa, bringing with them western institutions. They imposed these standards, and the indigenous cultures could not resist them (21).

By the twentieth century, when the nationalist-independence movements began to have more influence, many of the inhabitants of the Maghreb countries stood in a cultural "no man's land", somewhere between the traditional culture and the new one introduced by the Europeans (17).

In Algeria, before the revolution of 1954, Europeans owned approximately one-third of the cultivatible land and nearly all the choice land. Actually, the French vastly increased the amount of land in production, from roughly 1.4 million acres in 1830 when the population was perhaps 2 million; to 7 million acres in 1954 when 10 million people inhabited Algeria (21).

By 1954, Algeria's trade volume reached $1.023 million with imports amounting to $623 million and exports reaching $400 million. The customs union between Algeria and Metropolitan France accounted for 79 percent of these exports. A trade deficit of $223 million resulted from the determined effort to raise living standards in Algeria by importing machinery and capital goods (1).

After 1912 the French systematically obtained some of the best land in Morocco. Of the 11 million acres under cultivation in 1950, approximately 2.5 million acres were owned by six to seven thousand French; 850,000 Moroccans held the remainder (1).

Morocco often suffered a trade deficit. In 1950, imports exceeded exports by $10 million. France took 60 percent of the goods sent abroad and furnished 68 percent of the imports to Morocco (17).

Of the three Northwest African French dependents, Tunisia was the smallest, the most tranquil, and unfortunately, the poorest in natural resources.

The Europeans held approximately 26 percent of the land under cultivation. On the average, French farms ran 750 acres, while Italian holdings were one-tenth that size (1).

Cereals could, in good years, be exported; usually some 40 percent of agricultural income came from them (1). The entire Esparto grass crop was bought by Britain. Tunisian wines, produced by French and Italian families, sold well on the domestic market on the other side of the Mediterranean.

Phosphates, iron, lead, and zinc are in good supply. The quality of the Tunisian phosphate deposits is below that mined in Morocco, but through processing, super-phosphates are produced and sold in large amounts, enough to supply 10 percent of the world's consumption in 1955. Iron ore, lead, and zinc are important exports, but demand and price depend on the total world production and consumption of those products. Tunisia also exports salt and cement (17).

IV. THE RELATIONSHIP BETWEEN THE MAGHREB COUNTRIES AND THE EEC

The institutional relationship between the Maghreb countries and the European Community is not uniform. Algeria, a French territory when the Community came into existence, was given membership status under Article 237 of the Rome Treaty by virtue of this association (1). Since gaining independence in 1962, Algeria's legal status has not been settled and various European Community members have been regulating trade with it in different ways. But the preferred treatment of Algeria since its independence is still being formalized through an association agreement (17).

In 1967 the total value of imports from EEC was 275.7 million dollars for Morocco and 126.9 million dollars for Tunisia. However, the value of exports from Morocco to EEC in 1967 totaled to 256.8 million dollars. In the same year the exports of Tunisia to EEC came up to 126.9 million dollars (Table I, II).

Tunisia and Morocco signed association agreements with the European Community in 1969 under Article 238 of the Rome Treaty (11). Unlike the Greek and Turkish agreements, which were concluded under the same article, these are only partial associations which do not envisage full membership in the future. They provide for weak institutional links and include to date no financial aid or commitment to common policies. They are limited to preferential trade provisions in the agricultural and industrial sectors covering about 70 percent of Tunisia's exports to the European Community and 60 percent of Morocco's exports (12). The European Community member states have offered Algeria similar terms, pending the conclusion of an association agreement (1).

The actual impact of the links with the European Community on the three countries has varied in accordance with their respective national objectives and development strategies. The guiding principle of the Algerian development plan has been the attainment of economic independence and self-sustaining growth based on a coherent structure of intersecting chains of sectors which reinforce one another and help to insulate the economy against external pressures. Closely allied to this ambitious aim of rapid internal advancement is an attempt to effect a radical break with the traditional division of labor imposed by the international capitalist economy (24).

Algeria's natural gas and oil resources are used to the maximum in this effort to replace subservience and dependence by independent integration. In particular, these natural resources are used to diversify Algeria's exports and markets and to minimize foreign indebtedness (24).

In Tunisia, the failure of the attempt to promote agricultural modernization as the key element in the effort to gain economic independence through an expanded internal market, presaged a return to dependence on foreign aid, tourism and traditional economic policies which do not lead to good predictions for Tunisia's developmental prospects.

The agricultural sector is of even greater importance to the Moroccan economy, employing 62 percent of the active population in 1968. Here half-hearted and singularly unsuccessful official efforts to carry out structural reform meant general stagnation and the perpetuation of backward conditions. In contrast to the Algerian ambition of integration into the international market at the level of the industrialized countries, the external economic policies of Tunisia and Morocco are not geared toward jettisoning the colonial division of labor which characterizes their relationship with the advanced industrial nations (18).

This, in broad outline, is the background against which the effects of trade relations with the European Community must be evaluated. The Tunisian and Moroccan regimes have concentrated their efforts on obtaining preferential access for their agricultural goods to the European Market. Their success in this effort carries few benefits for their economic development and may actually impede it.

It encourages the maintenance of the existing export structures which reflect a center-periphery relationship in which the periphery people are "the hewers of wood and the drawers of water" (24, P. 6).

Moroccan oranges, which figure prominently in negotiations with the European Community, are a case in point. The orange industry is an enclave geared almost entirely to sale within the Moroccan economy. The enclave nature means that the profit which comes from the sale of oranges has a very limited multiplier effect because of limited reinvestment of profits and this accentuates the imbalance within the agricultural sector and constrains development.

In a conscious attempt to avoid this pitfall the Algerian planners have sought, while safeguarding Algeria's position in the European wine market, to concentrate on increasing the ratio of manufactured and semi-manufactured goods (particularly processed petroleum products) in their total exports so as to prevent an adverse shift in the terms of trade and enhance the long-term development of their economy.

The attitude of the three Maghreb countries differs in cooperation as well as in trade. In the past, cooperation was limited to food aid. This type of aid hampers the development of balanced food production and perpetuates the dependence of the recipients through a combination of higher prices for fluctuating exports and artificially cheap imports (9). The impact of the financial and technical aid that is included in the new agreements will be conditioned not simply by its magnitude but by the way it is used.

Algeria attaches the greatest importance to financial and technological cooperation with Europe and capital inflows in the form of loans and grants as well as private investment. These are likely to be channelled centrally and mobilized to accelerate the pace of industrialization without compromising the jealously guarded national freedom of action.

In Tunisia and Morocco, foreign capital is more likely to gravitate towards the profitable but tertiary sectors of oranges and tourism and consequently have a limited multiplier effect on the economy as a whole and even harmful consequences in raising the level of foreign indebtedness.

When the Treaty of Rome was signed, the governments of the member states declared their readiness to propose to the French area independent countries negotiations with a goal of concluding association agreements (26). However, in spite of the first move made by the Tunisian government in 1959, Tunisia and Morocco waited for Algeria to gain independence in July 1962 before seeking to define their relationship with the Community. On October 3, 1963, Tunisia, and on December 14th of the same year, Morocco submitted application for the opening of negotiations with the Community (10).

During exploratory talks in 1964, Morocco and Tunisia stated that they favored an agreement which would secure for them, within a free trade area, the widest possible preferential arrangements in the commercial field while, at the same time, taking into account the degree of economic development attained by each of the trade partners. These agreements were also to include a section on financial and technical cooperation, envisaging financial aid, technical assistance and provisions relating to manpower (10).

The actual negotiations began in July 1965, on the basis of a partial mandate, limited to commercial exchanges and covering only some of the exports from Tunisia and Morocco to the Community. New terms of reference adopted in October 1967 made it possible to extend the negotiations to certain other products such as durum wheat and preserves, but Tunisia and Morocco realized how long it would inevitably take to conclude the agreements they originally had in mind. They, therefore, asked for the rapid conclusion of an agreement that, although limited to those items which the Council had already listed, would be immediately applicable. It should, however, be understood that this was simply a first step towards an overall association agreement. This realistic and pragmatic approach was finally accepted (24).

These agreements are based on Article 238 of the Treaty of Rome. They are an important step on the road towards full application of the declaration of intention annexed to the Treaty of Rome. They are valid for five years from the date they come into effect (29).

A. 1969 TRADE ARRANGEMENTS

1. Advantages Granted By The EEC:

The industrial products originating in Morocco or Tunisia may be imported into the Community duty free and without quantity restrictions. Products which come under the ECSC Treaty and cork products, however, were excluded.

The Community also reserves the right to re-establish customs duties for certain petroleum products refined in Tunisia and Morocco when importing them causes serious difficulties on the market of one or more member states and, without having to provide detailed justification, when these imports exceed 100,000 tons from either of the two countries.

For products such as spaghetti, macaroni and couscous, the Community levies the variable duty applicable to non-member countries, but grants exemption from the fixed duty which affords industrial protection for community producers and amounts to 15 percent of the import value of these items.

For Morocco, non-agricultural products represented 40 percent of total imports and 55 percent of total Tunisian imports to the Community in 1969. The economic value of the excluded products in this sector was negligible (27).

The agreements made for agricultural products were designed to maintain the protection and the preferences enjoyed by Community producers while maintaining the balance at that time between competing Mediterranean producers. From the point of view of the associated states, the advantages they enjoy on the French market also had to be taken into account. In most cases these consisted of duty-free entry for quantities which corresponded largely with what these countries could export to the Community.

Crude olive oil imports enjoy an economic advantage in the form of a reduction of 5 European Currency Unit (ECU) per 100 Kg on the levy applicable to non-member countries, provided that the associated states abide by a minimum selling price, which, for comparable quality, is not less than the world cif price of olive oil plus the amount of the reduction (5). Over and above this economic advantage, there is to be a commercial advantage in the form of a standard abatement of 0.5 E.C.U. per 100 Kg. Refined olive oil produced in the Maghreb was exempted from the fixed portion of the levy. Imports of durum wheat from Morocco enjoy a standard abatement of 0.5 E.C.U. per ton (this provision does not apply to Tunisia) (20).

There are concessions on citrus fruits (oranges, tangerines, clementines and lemons), on which Tunisia and Morocco enjoy a 50 percent preference of the common customs duty provided that the prices of their citrus fruits on the Community's internal market are no less than the reference price for the period concerned.

For all the concessions set out above, a provision is made that, should the Community's regulations be modified, the Community reserves the right to modify the preferential arrangements conceded, on the condition that it grants Morocco or Tunisia a comparable advantage (24).

2. Advantages Granted By The Maghreb Countries:

In the tariff sector, Morocco grants a tariff reduction of 25 percent of the usual tariff for many products. Quotas are bound at the 1969 level of liberalization. However, Morocco reserves the right to introduce quantitative restrictions on products which are liberalized at the 1969 level (1).

In the tariff sector, Tunisia grants the Community a reduction on a number of products, corresponding to 70 percent of the preference which France enjoys on these products. These reductions were spread over 36 months from the date the agreements went into force (5).

In the quota sector, Tunisia may, however, introduce quantitative restrictions on products which are liberalized on the condition that it liberalizes products representing an equivalent volume of imports from the Community (5).

For both countries, a special arrangement for industrialization purposes, with "a lower rate of decrease" clause, is provided in the quotas introduced by Tunisia and Morocco for certain products originating in the Community (24, P. 3).

Special arrangements were made concerning the geographical and economic situation for these two countries.

Algeria's first approach as an independent country dates back to 1962 when the aim was to maintain the status with regards to trade. However, in 1963 the Algerian authorities expressed the desire, like Morocco and Tunisia, to start negotiating an overall agreement with the EEC. The negotiations were not to get off the ground properly, however, until 1972 (6).

Meanwhile, trade arrangements between Algeria and the Community were to develop rather haphazardly. With certain restrictions, Algerian products continued to benefit from duty-free entry to the French market (except for wine from 1971), but were given third country treatment by Italy from 1968 to the current time. In Germany and the Benelux countries, Algeria was accorded a tariff reduction which existed between the European Community in 1962. On the other hand, it was not until January 4, 1973, that Algeria received third country treatment by the Community, thus doing away with any preferential treatment (6).

It was not until 1972 that the community decided to open negotiations with an offer covering trade arrangements only. However, the same year saw the establishment of the overall Mediterranean policy, whereby, the Nine tried to take an overall view of their future relations with the Mediterranean Countries and, in so doing establish the essential points of the agreements to be concluded or renewed with the countries concerned (27).

Within this framework, increased importance was given to the question of financial and technical cooperation with the Maghreb countries.

B. THE ECONOMIC STRUCTURE OF THE MAGHREB COUNTRIES' FOREIGN RELATIONS AFTER THE 1969 AGREEMENTS

The ratio between exports and the Gross Domestic Product (GDP) or between imports and the GDP appears high for all three of the Maghreb nations. In the case of Algeria, the export ratio was 24 percent in 1970 and the import ratio was 30 percent. With regard to Tunisia, these ratios were 13 percent and 22 percent respectively; and for Morocco, 13 percent and 19 percent (10).

These three countries, however, have access to an equally high measure of external resources, either in the form of grants or credits. They face a foreign indebtedness which is generally considerable. According to the data supplied by the World Bank, in 1971 the ratio between debts and exports was 18 percent in Tunisia and 9 percent in Morocco. As far as Algeria is concerned, foreign estimates set this ratio at 15 to 17 percent, although according to Algeria it is 10 to 13 percent.

Agriculture products (Algerian wine, Tunisian oil and Moroccan citrus fruits) constitute from 14 to 16 percent of the total exports from each country. In addition, from a geographical point of view, trade on the part of these three countries appears to be concentrated equally. In 1971, Morocco exported to the European Community 57 percent of its total exports. It purchases 49 percent of its overall imports from the European Community. Tunisia send to the EEC (1969-1971 average) 55 percent of its exports and imports the same percentage from the EEC. For Algeria as well, in 1970 the EEC was the principal supplier at 65 percent. To all this, finally, must be added the importance to Algeria and, to a lesser extent, to Morocco, of remittances by emigrants and the importance of revenue resulting from tourism accruing to Tunisia and, to a lesser degree, to Morocco.

Beyond the similarity of dependency and integration projected by these figures, the importance and dynamism of these images appears to differ from country to country. This point is worth discussing. In more explicit terms the question to be answered is: What relationship exists between the different developmental programs and foreign relations of the Maghreb countries?

The case of Algeria is the most interesting. Algerian economic policy is progressing along two primary lines. On the one hand, Algeria is attempting to attain independence by a prudent and strict financial policy, both internal and foreign. Sources of energy play a fundamental role in this, provided above all, that they are appropriately managed. On the other hand, Algeria is trying to become integrated into the international market through a strong basic industrial sector and through highly capital intensive and competitive techniques. Algeria is explicitly attempting to overthrow the type of integration which links it to the international market in the form typical of underdeveloped, colonial countries. It prefers an industrialized integration or a change from a dependent integration to an independent integration. This, of course, is the other functional and essential side of the picture of internal development traced previously.

The primary financial objective of the Algerian economic policy towards foreign countries is that of maintaining an autonomous equilibrium in the long-term balance of payments. Various elements render this task arduous. First, the agricultural-food balance bears a deficit arising out of the deficiencies in the development of agriculture. Second, there is an important lag between effective integrated functioning of industrialization projects and their gradual start. During this time lag -- that is, during the current phase -- the importation of producer goods weighs very heavily on the commercial balance. Furthermore, importation of producer goods is achieved by means of credits. Algeria's high level of foreign indebtedness is due to contracting for commercial credit to finance importation of equipment and other basic capital commodities. For example, between 1970 and 1971, foreign indebtedness increased from 8 to 9 billion dinars to 12.7 to 13.7 billion. This is an increase of 50 percent that can be explained by a 1.5 billion dinar loan from European Investment Bank (EIB) and a 1.7 billion dinar loan from the Soviet government for the enlargement of the steel industry (17).

These difficulties reflect both structural problems and intense industrial transitional efforts. Counterbalancing factors that permit equilibrium in the balance of payments, consist of remittances from emigrants and of natural gas and petroleum resources. Nevertheless, it is most importantly Algerian management of these resources that gives them a function in the economy tending towards equilibrium and autonomy. Algerian strategy toward long-term equilibrium and autonomy in the balance of payments, far from weighing upon financial contributions resulting from energy resources, has made these resources a platform for development and diversification of the country's own financial possibilities.

However, the keystone of equilibrium regarding Algerian payments consists of recovery of national resources of energy and of re-evaluation of prices. These provisions should not be viewed so much as a supplementary source of income, either fiscal or from exports, but primarily as performing the essential function of establishing heavy Algerian imports of producer goods which have been affected by a high level of inflation. Secondly, they should be considered as a means of placing energy at the disposal of the

Algerian economy at a cost lower than the international rate, with consequent effects upon the commercial balance.

Algerians are running a race against time. Difficulties greater than those in the agricultural sector and delays or inefficiencies in the industrial sector could subject the financial projects to severe strain along with the entire plan for development. If the mechanism for development is not set into motion on schedule, certain current tensions (unemployment, inflation, low agricultural productivity) could reach a breaking point and subsequently be transformed into vehicles for a new dependency. This is all the more true since the highly capital intensive type of development chosen by the Algerians integrates them to a greater extent and exposes them even further. Thus Algeria needs international assistance and cooperation to sell its wine, to maintain present emigration rates and to export items that should be only temporary industrial surpluses. But, above all, Algeria needs international aid to obtain financial resources and technical cooperation and turn its available supplies of energy to its maximum advantage.

The situation in Morocco and Tunisia differs in two fundamental respects from that prevailing in Algeria. First, these two countries do not have surplus energy (Morocco), or have it in only a limited quantity (Tunisia), although they possess an agricultural surplus. Second, the resources provided by this surplus come within a structure which appears inadequate to transform them into development of the economy. Algerian foreign relations are functional with respect to a plan for independent integration, which in the not too distant future should re-integrate Algeria into the international market at a level quite different from that at which it started at independence. Moroccan and Tunisian foreign relations, on the contrary, fix their respective economies on the level of international integration in which they find themselves. Therefore, integration and dependency have different meanings, depending on whether one is speaking of Algeria or of Tunisia and Morocco. For the latter two nations, integration takes the form of actual dependency. For Algeria, provided that its plans do succeed, it should take the form of interdependency with the industrial sector of the capitalistic world.

The Moroccan and Tunisian agricultural surplus is one of the products for export. Especially in the case of Morocco, the food (import, export) deficit is noteworthy and constitutes a negative factor in that country's relations with foreign countries. The exportable agricultural surplus, which for Tunisia consists primarily of olive oil and for Morocco of fruit and vegetables, is generally produced by the most modern sector and constitutes an enclave in the economy of the two countries because it exists only as a result of the existence of foreign nations. On the other hand, imports of producer goods are considerable because an industrial sector exists, but they are not compensated by an equivalent productivity increase in the sector itself. This structural imbalance is, with regard to Morocco, partially countered by remittances from emigrants and, to a lesser extent, by tourism. Nevertheless, it is the recourse to foreign resources, in the form of grants and investments, that plays a fundamental role in Tunisia and Morocco's foreign relations (3). This represents another important point of divergence from the Algerians, especially as it concerns direct investments. This recourse takes the form of an indebtedness for which only scarce possibilities for rescue can be foreseen.

On the other hand, in economies such as those of Tunisia and Morocco, direct foreign investment is concentrated in sectors geared toward exports and tourism. There it attracts local capital and established an activity which has limited multiplier effects upon the economy. Recent Tunisian prescriptions for foreign investment, which practically constitute regulations for the establishment of free ports, may favor all types of investment. Actually, direct foreign investments in an economic and political context such as that of Morocco and Tunisia are placed beside enclaves of agricultural production and exportation; and together with these risk increasing the dualism of the economy.

The foreign relations of Tunisia and Morocco is based upon the need for cooperation and aid to augment or maintain their agricultural export level and to obtain financial assistance and direct investments. Even if they are obtained, the problem is whether they will be useful and to whom they will be useful. In the case of Algeria, it might be possible to reply in terms of national development and growth. In the case of Tunisia and Morocco, this appears more difficult.

At the end of 1972, in an attempt to organize the relationships with the Maghreb nations and with nearly all other Mediterranean countries, the Commission proposed a global policy for the entire Mediterranean region. The Commission's proposals envisaged that the European Community would progressively establish a free-trade area for agricultural and industrial products from the region, and at the same time institute a program for technical and financial assistance. It should also develop an acceptable plan for labor emigration and for cooperation for environmental protection (26). Exchange of industrial products would be liberalized at varying speeds, depending upon the degree of development of the individual countries. The most delicate questions would be that of ensuring, in spite of restrictions imposed by the common agricultural policy (CAP), liberalization of agricultural exchanges sufficient enough to reach the coverage required by the General Agreement of Tariffs and Trade (GATT) so that a free-trade area can legitimately be spoken of (13). In view of the importance of agricultural exchange in the Mediterranean, the Commission has calculated that at least 80 percent of the Community's agricultural imports from countries of this area must be liberalized (20).

This overall policy has generated criticism and much discussion. The accession of the three new member nations has had the effect of breaking its application and reducing its more abstract aspects in any case, this policy, conceived with a view towards a multilateral approach is shifting towards a set of bilateral agreements.

In this atmosphere, at the end of June 1973, the Council gave to the Commission a first mandate for negotiation with the association of Algeria and renewal of associations with Tunisia and Morocco. By the end of 1974, negotiations were still continuing with an aim to reach agreements that would improve the agricultural provisions and include financial and technical cooperation besides that in trade. The negotiations continued in the fall of 1974 and into April 1975, and were completed in the first half of January 1976 (10).

The very real difficulties, recognized by both sides, which were encountered in the finalization of certain points of the agreement (particularly in the agricultural sector) again meant long discussions, periods of reflection and, on the Community side, certain internal adjustments. These difficulties are themselves a measure of the determination of both parties to reach a conclusion, but they also serve as an indication of the direction which future cooperation would take.

Although negotiations were centered on reaching the necessary compromises between directly competing sectors of the respective economies, the main aim of cooperation was to help develop their complementary aspects, thus their independence.

C. THE 1976 COOPERATION AGREEMENTS

The aim of the agreements is to establish a "wide-ranging cooperation" between the trading partners. They make it possible to combine the various operations likely to contribute to the economic, technical and financial cooperation in the social field (10, P. 3). The agreements have an unlimited duration, so that this comprehensive cooperation is set in the correct perspective to enable longer-term development problems to be handled.

Although the agreements with the individual Maghreb countries are slightly different, they all contain common elements:

1) duty-free access to industrial goods by the EEC;
2) preferential access for main agricultural goods within well-defined limits;
3) access to developmental grants and loans funded by the EEC;
4) renunciation by the EEC of preferential access to the markets of developing countries in the Mediterranean area, and,

5) consultation privileges for expanding and improving the agreements and dealing with any problem that may arise (4).

In addition to the Community's financial participation in production and economic infrastructure development in each country, a vast field of action has been opened up in the following areas:

1) marketing and sales promotion;
2) industrial cooperation (through the organization of contacts between firms) by making it easier to acquire favorable patents, working to remove non-tariff barriers, etc.;
3) the encouragement of private investment;
4) cooperation in the field of science, technology and the environment;
5) cooperation in the fisheries sectors; and,
6) exchange of information on trends in the economic and financial situation.

With regard to Algeria and Tunisia, cooperation in the area of energy exists by encouraging participation of Community operators in programs for the exploration, production and processing of these countries' energy resources and the proper performance of long-term contracts concerning the delivery of petroleum products (10).

Under the agreements, Maghreb countries are not obligated to make reciprocal trade concessions to the EEC but instead they will grant the Community "most-favored-nation" treatment (MFN) (6, P. 15). This means that Maghreb countries will extend to the Community any favorable trading terms they offer in any subsequent agreements to other countries. The only exceptions are if the Maghreb countries form a customs union or a free trade area with other countries or if measures are adopted with a view to the economic integration of the Maghreb, or measures benefiting the developing countries. In order to meet their own industrialization and developmental needs, the Maghreb countries can introduce new customs duties or quotas on Community exports. Or, as an alternative, it can increase existing duties and quotas but only after consultations have first been held by the Cooperation Council. Maghreb and the EEC, as a provision of the agreements, will not discriminate against each other's nationals, companies or firms. Certain trade restrictions are allowed because of public policy or public security, but they must not "constitute a means of arbitrary discrimination or a disguised restriction on trade" (6, P. 12).

Under the agreements the goal of the trade provisions is to promote trade between the Maghreb countries and the European Community and "to insure a better balance in their trade, with a view to increasing the rate of growth of Maghreb's trade and improving the conditions of access for its products to the Community" (6, P. 4).

These trade provisions, which cover both agricultural and industrial products, came into force on July 1, 1976, pursuant to the interim agreement. Maghreb countries' import customs duties were abolished on that date, except for products coming within the EEC's Common Agricultural Policy (CAP).

1. COOPERATION WITH ALGERIA

In 1974 Algeria had a trade surplus of just over 70 million E.C.U. By 1978, this had turned into a deficit of 1,633.7 million E.C.U. By 1979-1980 that deficit was 683.4 million E.C.U. (Table III and VII).

Trade is only one form of relation between the countries, but it reflects the close ties between the EEC and Algeria. Though its relative percentage shows signs of shrinking, the Community continues to play a very important role in Algeria's foreign trade (6).

In 1978 Community exports to Algeria came to 3,635 million E.C.U. These exports (consisting mostly of machinery and transport equipment, manufactured goods, foodstuffs, and chemical products) received most-favored-nation (MFN) treatment. However, the Maghreb countries, including Algeria, can introduce import restrictions or grant other countries preferences aimed at encouraging regional integration. Algeria also has no obligation to grant reciprocal trade concessions to the EEC.

The present structure of Algerian exports shows that Algeria mainly exports non-agricultural products. This is explained both by the increase in oil and natural gas prices and the very little growth - or even falling off - of agricultural exports (Table IV). However, to get an accurate idea of the impact of the agreement, it should be pointed out that the non-agricultural exports consist almost entirely of crude oil and natural gas, on which there is no duty under the common customs tariff.

In the trade sector, the general rule in by the agreement is that industrial products "originating" in Algeria have free access to the Community market (6, P. 32)*. The only two exceptions to this rule were the restrictions put on cork and petroleum products under Article 14. However, on January 1, 1980, these restrictions were removed so all industrial products now have free access.

Most agricultural products are eligible for tariff reductions varying from 20 percent to 100 percent. This reduction depends on the agricultural products. Several checks such as quotas, import calendars and observance of entry prices have been created to protect those products that are considered most sensitive (6).

The agreement also enables the EEC to alter the arrangements with regard to petroleum products. However, these alterations are subject to consultations within the Cooperation Council at the other

*The term "originating" applies to all products accompanied by a 'certificate of origin'. The purpose of the 'originating' concept is to guarantee that it really is Algeria who benefits from the concessions granted by the EEC.

party's request. Such adjustments may be made under the following situations:

1) adoption of a common definition of origin for petroleum products;

2) adoption of decisions under a common commercial policy, or,

3) establishment of a common energy policy (6).

Algeria's agricultural exports are substantially less than its industrial exports to the Community. The main Algerian farm export to the EEC are citrus-fruit, fresh fruit and vegetables, olive oil and wine for which there are special arrangements (Table VI). In 1976 these agricultural products were only 2.4 percent of the total Algerian exports (Table VI). This is a dramatic drop compared to 1970, when agricultural products accounted for 17.9 percent. In 1974 this number was already down to only 2.8 percent. Algeria enjoys privileged access to the Community Market for its main farm exports and the products imported by the Community are eligible for customs duty reductions, ranging from 20 percent to 100 percent.

In the case of fresh fruit and vegetables, the agreement provides for tariff reductions varying from 30 percent to 60 percent, although usually within the limits of an import calendar. For example, tomatoes have a 60 percent reduction between November 15 and April 30 and water lemons a 50 percent reduction between April 1 and June 15.

Olive oil is not as important to Algeria as it is to Tunisia, but the arrangement established for Tunisia has been extended to Algeria and Morocco also. This provision calls for a reduction in the levy put on olive oil imports (56 E.C.U. per 100 Kg in 1976) by 20.5 E.C.U. This reduction is determined annually upon periodic consultations, the purpose being to identify any difficulties which might arise in respect to live oil and to seek appropriate solutions.

Algeria is taking considerable steps to restrict wine production in the country since it has to compete with both low domestic consumption and a saturated EEC market. The Community is already more than 100 percent self-sufficient in wine. The agreement is meant to give Algeria substantial advantage, taking into account both the importance of wine in relation to its agricultural exports as a whole and of the Community's responsibilities for its own wine-growing sector (Table V). The agreement called for a granting of special facilities for Algerian wine exports over a five-year transitional period to allow Algeria to adjust to the saturated market condition. It is worth noting that Community imports of Algerian wine have not varied much in recent years and seem to be stabilizing.

2. COOPERATION WITH MOROCCO

In recent years the Moroccan trade balance with the EEC has slipped from the black into the red. Whereas, in 1974, Morocco recorded a trade surplus of just over 120 million E.C.U., by 1977 this had turned into a deficit of 690 million E.C.U. (Table VIII).

The main reason for this increasing deficit is that while the value of imports doubled from 1974 to 1977, the value of exports actually fell. Morocco's main exports are phosphates and agricultural products. Although phosphate prices rose sharply in 1973-74, they soon fell again. Agricultural production is extremely dependent upon the weather and a series of disappointing harvests has affected their export. At the same time, the cost of imports, particularly those of capital goods and transport equipment essential for industrial development, have risen sharply in accordance with world inflation.

One unusual trend since 1974 is that the share of Moroccan agricultural exports to the EEC has risen but at the expense of industrial exports. Between 1974 and 1977 agricultural exports rose 6 percent for a total of 42.6 percent of exports. Usually with industrial development, the amount of agricultural exports will gradually fall. However, the share of farm exports in terms of total exports to all destinations fell by 50 percent from 1974 to 1977.

Community exports to Morocco in 1977 were worth 1.5 billion E.C.U. but this represented a mere 3 percent of its world exports. The Community exports mainly machines and transport equipment, manufactured goods and chemicals to Morocco.

Morocco is under no obligation by the agreements to grant reciprocal trade concessions to the EEC. It thus is able to consolidate the present regime and can even increase tariffs so as to protect its infant industries.

Under the terms of the agreement, Moroccan products can enter the Community both duty and quota free. Again, the only two exceptions to this general rule are petroleum and cork products. Annual duty-free ceilings were fixed on imports of these two sensitive products until December 31, 1979, but have now been abolished.

The EEC may change the arrangement concerning petroleum products but only after consultations with Moroccan representatives of the EEC-Morocco joint committee. Changes can take place under the same provisions applied to Algeria.

Under the agreements, about 80 percent of Moroccan agricultural exports to the Community benefit from tariff concessions ranging from 20 to 100 percent off the EEC Common Customs Tariff (CCT). This is a significant improvement over the 1969 agreement when only about 50 percent of farm exports were covered by this tariff concession.

Morocco thus enjoys privileged access to the Community market for most of its main farm exports. Morocco also continues to enjoy privileged access to the French market. The French give concessions to some of the products covered by the EEC-Morocco agreement as well as to about 10 percent of the products which are excluded in the EEC agreements. The French concession will eventually be phased out, by that time the Moroccan exporters will have redistributed their exports more evenly throughout the Community.

Moroccan farm exports to the EEC reached a record height of nearly 360 million E.C.U. in 1973 representing 61.5 percent of total exports. Because of the sharp rise in phosphate prices in 1974, the relative share of farm exports suddenly fell to 37 percent (7). Since then it has slowly risen to 42.6 percent and exports in 1977 were close to the 1973 level (Table VIII).

This fluctuation in Moroccan farm exports can be explained by their dependency on good weather conditions. In 1976-77 the grain harvest fell by nearly 50 percent because of a severe drought and it is estimated that imports in 1977-78 amounted to nearly two million tons as a result. Despite a big increase in irrigated crop land, only 9 percent of farm land or 600,000 hectares is under an irrigation system.

Morocco is the world's second largest exporter of citrus fruits, following behind Spain. Citrus fruits, especially oranges and mandarines, are Morocco's main farm export products. Other important agricultural exports are vegetables (tomatoes, early potatoes and dried leguminous vegetables), canned fish, olives and olive oil, canned fruit and fruit juice.

Morocco used to be largely self-sufficient in foodstuffs, but drought along with rapid population growth has meant that it has now become a substantial food importer. In 1977 it imported 75 million E.C.U. of foodstuffs from the EEC; mainly sugar, dairy products, fruit and vegetables and cereals (Table IX). This represented about half of its overall food imports. However, Morocco still enjoyed a substantial food trade surplus of nearly 250 million E.C.U. with the Community in 1977.

Morocco's most important agricultural export to the EEC is citrus fruit, representing about 25 percent of the total value of the country's farm exports. In 1977-78, Morocco exported 127,100 tons of mandarines worth 53 million E.C.U. and 262,000 tons of oranges worth 43 million E.C.U. to the Community for the market (7). The EEC produces only 45 percent of its citrus fruit needs and the Community market is by far the most important outlet for Moroccan exports (4).

Fresh fruit and vegetables represent nearly 20 percent of the total value of Moroccan agricultural exports to the Community. Under the agreement, a wide range of fresh fruit and vegetables benefits from tariff reductions, with concessions of 30 to 60 percent. However, these concessions are often limited by import calendars. These products were not included in the 1969 agreement (7).

The most important Moroccan agricultural products concerned with in the agreement are tomatoes and early potatoes. Tomato exports were worth nearly 60 million E.C.U. in 1977 (7). Under the agreement they benefit from a 60 percent tariff concession but only during the period from November 15 to April 30. Early potatoes, whose exports were worth 17 million E.C.U. in 1977, benefit from a 40 percent tariff reduction but only between January 1 and March 31 (7).

Although olive oil is a significant Moroccan export, as it earned 13 million E.C.U. in 1977, it is not nearly as important to Morocco compared to Tunisia where it accounts for half the total value of farm exports (5). The Community is only 65 percent self-sufficient in olive oil and is a major outlet for Maghreb producers (9). In 1978 olive oil exports dropped by 64 tons because of a poor harvest and high domestic prices (7).

Canned sardines are another one of Morocco's major agricultural exports to the EEC, amounting to nearly 15 million E.C.U. in 1977. Almost two-thirds of the exports go to the French market. Under the agreement, canned sardines originating in Morocco may enter the Community duty-free (7).

Moroccan wine exports to the Community have fallen at a steady pace since 1973-74 from 640,000 hectolitres to 136,450 hectolitres in 1977-78, despite a 80 percent tariff reduction on wine made from fresh grapes originating in Morocco (10). Those numbers represent only 2.6 percent of Community wine imports from third countries and was less than exports from the other two Maghreb countries (3). One reason for the decline of Moroccan wine exports is the policy of the government encouraging quality wine production instead of table wine production.

3. COOPERATION WITH TUNISIA

The Tunisian trade balance with the EEC has remained a steady deficit at an average of 420 million E.C.U. a year over the period from 1975-1980 (Table X). For the Community, agricultural imports from Tunisia account only for a small part of its total agricultural imports, about 2 percent (4). This includes a number of products which the Community itself produces (5). In conjunction with the agreement, it was arranged that Tunisia could continue to enjoy preferential access to the French market.

The Community market represents an important outlet for Tunisian wine, although the quantities imported into the EEC vary considerably (Table XII). Under the agreement, table wines originating in Tunisia are eligible for a tariff reduction of 50 percent provided that Community reference prices are observed. In the case of quality wine, exemption from customs duties is granted within the annual quota limit of 50,000 hectolitres, with the condition that they are imported in bottles no larger than two litres (5).

The agreement provides for a tariff reduction generally between 30 percent and 60 percent for a wide range of fresh fruits and vegetables but mostly within calendar limits. Apricot pulp is accorded a 30 percent reduction of duties (11.9 percent instead of 17 percent) (4). Imports of early potatoes are accorded a tariff reduction of 40 percent from January 1 to March 31 of each year.

The tariff reduction for citrus fruit is 80 percent provided that Community reference prices are complied with. Tunisia does not export large quantities of citrus fruit, unlike the other Maghreb countries.

In 1980, Tunisia supplied nearly 44 percent of the Community's olive oil needs, the total value being about 100 million E.C.U. (5). This shows the importance of olive oil to Tunisia, as it accounts for half the total value of Tunisia's agricultural exports. Under the agreement, the Community reduced the levy imposed on unrefined olive oil by according a trade advantage and an economic advantage. The trade advantage consists of a reduction of 0.5 E.C.U. per 100 Kg. As it is applied to nearly all EEC suppliers, it is of little significance. The economic advantage amounts to 10 E.C.U. per 100 Kg. Since July 1, 1976, this economic advantage to the Maghreb countries has been doubled. The additional benefit has been renewed regularly since then, so that the economic advantage stands at 20 E.C.U. per 100 Kg. It is granted on the condition that Tunisia levies an equivalent charge on exports to ensure that olive oil does not enter the Community at a price lower than the threshold price minus the 0.5 E.C.U. of the trade advantage. This economic advantage is divided into a fixed component of 10 E.C.U. and a variable component determined each year by an exchange of letters between the parties, in the light of conditions on the olive oil market (5).

Brans and sharps have the same arrangements applied to olive oil except that the levy is calculated in terms of percentages. There is a 60 percent reduction in the amount of the variable component provided that Tunisia levies an equivalent charge on its exports. Levies are calculated on a quarterly basis. Brans and sharps are mainly used for animal fodder. They are produced in considerable quantities as Tunisia produces a great deal of cereals, but they were not used much on the domestic market because of a lack of cattle numbers.

Exports of canned fruit salad originating in Tunisia are accorded a 55 percent tariff reduction if within the limit of 100 tonnes, the annual designated ceiling amount (Table XI).

D. ECONOMIC COOPERATION PRINCIPLES AND GOALS

The cooperation agreements with the EEC aim to promote economic and social development of the Maghreb states by means of economic, technical and financial cooperation. Special emphasis is placed on regional projects and development plans and programs of each individual country are complementary.

EEC and Maghreb cooperation has been developed in the following forms:

1) Economic infrastructure in the development of water and power supplies, communications and related areas. This

is meant to encourage economic diversity through industry and agriculture.

2) Industrial cooperation to help develop Maghreb industries by participation in programs, promotion of business contracts, transfers of technology, elimination of non-trade barriers, general trade promotion, exchange of information and additional cooperation in the fields of science, technology, environmental protection and the increasing development of fishing (10).

The agreements provided for a Cooperation Council that can extend the scope of cooperation between the EEC and each of the Maghreb countries. The Councils periodically redefine the cooperation guidelines and are also responsible for establishing the methods of cooperation, and supervising the implementation of the methods (10).

In order to make the Agreements effective, a Financial Protocol was annexed to each Agreement. These provided over an initial five-year period 114 million E.C.U. for Algeria, 130 million for Morocco and 95 million for Tunisia (Table XIX).

If, after their ending on October 31, 1981, new financial protocols were necessary, they were to be made available. This did occur and the new protocols will be in effect until October 31, 1986. Provisions were made for interest subsidies, soft loans and extended periods of repayment to ensure that financial conditions were appropriate for future projects (10).

The Community's financial contributions come under two categories, according to the source of the funds. The first of these is European Investment Bank (EIB) loans. The EIB is not a commercial bank but loans are granted at market rates and terms. EIB capital is subscribed by the EEC member states (Table XIX).

EIB loans to the Maghreb countries are combined with a 2 percent subsidy that is deducted from non-repayable aid and charged as such to the EEC budget (10). Loans such as these are awarded on a priority basis for economic infrastructure of agricultural development and schemes for their financing. The EIB also manages certain special loans financed from budgetary resources where there is a need for expert appraisal.

The other category is operations financed from the Community budget. These could be in the form of loans with special terms or grants. Loans are made for a 40-year period with a 10-year grace period for repayment. The interest rate is a small 1 percent per year (10). These loans are for the formation of risk capital, rural development and social infrastructure. The EEC grants are used for many purposes. These include operations where the return is not immediately obvious, such as trade promotion.

1. COOPERATION IN THE FIELD OF LABOR

Maghreb workers are concentrated in just a few Community countries, especially in France (Table XIII). As a consequence, labor force problems are dealt with mainly through bilateral agreements. This aspect of the Agreements involved institutionalizing by the Community as a whole certain principles accepted by each member state. These included equal treatment with nationals in working conditions, wages and social benefits. The main provisions regarding labor relations in the Agreements are the following:

1) Absence of discrimination in social security.
2) Accumulations for pension and annuities for the aged, medical care, death and invalidity.
3) Ability to freely transfer such pensions or annuities to the worker's country of origin.

In return, the Maghreb countries must grant similar agreements to workers from member states in their territory.

The Cooperation Council is the most important institution for implementing the Agreements. The Cooperation Committee assists the Council.

2. THE CONSEQUENCES OF GREEK ACCESSION

Greece was required to accept all of the Nine's contractual obligations towards non-member countries when it joined the Community on January 1, 1981. This made it necessary to adjust EEC-Maghreb Agreement protocols. This was concluded at the end of 1981 with

Morocco and with Tunisia and Algeria in early 1982. Since the beginning of 1981, Athens has been applying customs duty reductions as designated in the Agreement. Greece is to gradually align customs tariffs to the Community CCT.

V. THE IMPACT OF THE SPANISH AND PORTUGUESE ENTRANCE INTO THE COMMUNITY ON THE MAGHREB COUNTRIES

The entry of Spain and Portugal, no matter how economically and politically desirable, will require some major adjustments by the European Community both in its internal policy and in its behavior towards the Maghreb countries.

One gets a slightly different picture of the expected impact of enlargement on non-members if one takes into account recent trends in economic development of the countries concerned. In fact, the picture will necessarily vary considerably from country to country, as the following brief survey indicates.

Morocco's exports to the EEC represent 11 percent of its GDP, a substantial proportion (28). Morocco is disturbed by the enlargement not only because agricultural exports are still key elements in its balance of payments (over 80 percent are directed to the Community), but also because agricultural production, particularly of citrus fruits, is export oriented and more labor intensive than the phosphate industry. Phosphates have been a very high foreign exchange earner since 1973, but since 1975 relative receipts have been falling. Since Morocco is densely populated (Table XIV), its economic and political stability may well depend on what the EEC does in response to its export needs.

Algeria's exports to the EEC represent 16 percent of its GDP, being mostly oil (28). Algeria will be affected only marginally by enlargement of the EEC agricultural sector. Even the wine problem may not be an issue any longer, since production has been declining steadily for a number of years, and it exports only 60,000 tonnes each year to France, compared to the peak of 900,000 tonnes in colonial days. On the other hand, Algeria will press for free access for refined petroleum products and steel, both of which are becoming sensitive sectors with surplus capacity in the EEC.

Tunisian exports to the EEC represent 9 percent of its GDP (28). According to recent trends, it should be equally concerned for its key agricultural and industrial products (olive oil, chemicals and petroleum products). The textile sector has not been growing particularly rapidly and is not, in any case, a crucial sector in the national economy. Other manufacturing industries could pose problems in the future, including cork products, since double figure rates of growth have not been unusual in this sector during the last ten years. Spain is the greatest manufacturer of cork products in the world and would be a formidable competitor for Tunisia.

While Portugese entry into the Community has little effect on the Community's agriculture, Spanish entry will change the face of Community farming. Generally, Spanish entry will enlarge the farming sector of the EEC by about one third, both in farmland area and the number of persons living on the land (4). However, the number of consumers will only increase by 13 percent, or 36 million people. Besides increasing the number of consumers, even if slightly, the area of usable agricultural land will increase by about 27 percent, the area of irrigated farmland by approximately 80 percent, the active farm population will increase by 28 percent, and the number of farming units will go up by 30 percent (4).

Presently Spain gets lower prices for fruits and vegetables, olive oil and most wines than the rest of the Community. After membership, these prices will have to be gradually increased to EEC levels. This price increase will likely stimulate production and at the same time, a market support mechanism will be established for Spanish fruits and vegetable production where none existed before. This will also encourage production.

The products most likely to be seriously affected by the EEC enlargement are citrus fruit, olive oil, new potatoes, tomatoes, wine and canned fish.

Morocco and Tunisia risk being the most negatively affected by Spanish membership. Their agricultural production has been geared toward the EEC market and they may have problems finding alternative markets. This is particularly true for olive oil (Table XXIV). The 12-nation Community is likely to have 200,000 tons of surplus olive oil says the EEC Commission. This is four times what Tunisia exported annually to the Community in recent years (28).

Spain accounts for 47 percent of EEC imports of citrus fruits (Table XXII), clearly the dominant supplier. Morocco supplies only 11 percent of these same products (4). Spain is also the largest supplier of wine with 39 percent of EEC imports against 13 percent for Portugal and 6 percent for Algeria and Tunisia (4).

Spanish domination of tomato imports of the EEC is even more evident (Table XXIII). It supplies 58 percent of imports compared to 27 percent for Morocco, the main and virtually only, Spanish competitor (28). Spanish supremacy is only questioned in olive oil. Tunisia supplies 41 percent of the EEC's outside requirement against 18 percent from Spain (28).

VI. CONCLUSION

As this paper has illustrated, the EEC is by far the most important trading partner of the Maghreb countries (Table XVII). Moreover, it must be considered that these relations have an institutional basis through association agreements, or could acquire them within a short time, as is the case of Algeria. It is therefore natural that a relationship of such importance, both from an economic and a political-institutional standpoint, has such a noteworthy influence upon the development of the Maghreb countries (20).

An examination of these agreements can be conducted in different ways. Community rhetoric takes it for granted that they represent an advantage for Maghreb nations, and Community spokesmen concentrate their attention on the improvements in agricultural aspects of the agreements. Because the CAP basically continues to represent protection for European farmers, many of whom produce the same items as Maghreb farmers, this Community agricultural contribution continues to be unsatisfactory from the Maghreb viewpoint, in spite of the ingenuity of officials in Brussels to invent complicated exceptions to the already complicated Community rules for agricultural policy. Another approach to the problem, however, is to ask whether the agricultural aspect is really so important, or to demand further clarification of its importance. For an examination of EEC-Maghreb relations more closely connected with development problems, the latter approach appears to be more useful.

In reality, the agricultural approach is less important than is generally believed as a result of an observation of the prominence it is given on the negotiating stage. This becomes apparent if the requirement for development of the Maghreb nations rather than of their export structure is taken into account. In fact, the efforts exerted to maintain a place on the European orange, olive oil or fresh tomato markets, tend to maintain and consolidate the present export structure of the Maghreb Countries. Does this represent an advantage for the development of the Maghreb nations? Algeria decided that it is not advantageous. Their defence of outlets for their wine currently assisted by purchase commitments on the part of the Soviet Union is acknowledged to be transitory. Algerian attention is directed towards an agricultural production destined, above all, to feed its population and towards an export structure of predominantly industrial nature. The unexpected closure of the French market to Algerian wine bears witness to this situation.

In reality, the Algerian government seems to be oriented towards using possible association relationships with the EEC to diversify its own exports rather than to crystallize the present structure. This is reasonable because the true advantage offered by association agreements lies in the almost total liberalization of industrial trade and not in tortuous agricultural concessions.

For Tunisia and Morocco, by contrast, the agricultural aspect of association agreements continues to be the predominant factor. In this they demonstrate little propensity to modify their own structures. Thus, for Morocco, a large share of association agreement importance rests on arrangements that ensure commercialization of oranges to the European market. Is this really important, however, for Moroccan development? From a general point of view, maintenance of an export structure in which oranges play such an important part for Morocco has the same meaning as in a conservative structure in which wine would hold an important position for Algeria. The currency brought in by the sale of oranges should not, in fact, be overestimated.

Moreover, the type of access to the EEC market allowed by the association agreement emphasizes enclave characteristics which are manifested at present by the export sector, and the effects of such a characterization. In fact, the agreement to keep income levels assured through protection to the European farmers, does not permit free access to Moroccan oranges but fixes high minimum prices for them. The difference between the high minimum prices fixed by the EEC and the lower prices at which Moroccan exporters are able to sell constitutes an extra profit which has some negative effects on Morocco's development. The most important reason for this is that this profit does not stimulate the producers to expand production because their share on the European market is limited. They can sell oranges at higher prices, but are not allowed to sell more oranges.

Secondly, this profit goes to an already rich enclave and leaves other sectors of agriculture unaffected. Thus the lack of balance in the agricultural sector, which is largely responsible for backwardness in the Moroccan economy, is accentuated. Although this might come within the social views of the monarchy, it may not take a proper place in a plan for development.

The case of Moroccan oranges appears symbolic and it leads to a fundamental question, namely, is it the Community that is conducting a neo-colonialist policy, or is it the countries concerned that are making conservative usage of the Community? The answer to this question is not simple. There is no doubt that the countries concerned attribute importance to their old agricultural export structure, either failing in their attempt to overcome it or avoiding attempts of this nature.

But does the agreement allow diversification in agricultural exports by Maghreb partners, and diversification with regard to exportation of industrial products as well as the possibility of protection for using industries? In this sense, a more advantageous use may be made within the framework of association, provided that, as in the case of Algeria, there exists a policy of development and modernization.

Nevertheless, because the policy of association is intended to be a better framework of cooperation for development than others, two observations may be made. The first is that the protection extended to processed agricultural products and safeguards for textiles of the EEC do not constitute an advantage. After all, an industrialization program can be valid without being ambitious and capital intensive like that of Algeria, if it has a notable effect upon the development of industries such as textiles or foodstuffs. This last observation appears to be of particular importance in view of the advantage that Morocco and Tunisia in particular would find if they specialize in these products.

There remains, then, the question of petroleum production. The attitude of the EEC is reserved, while awaiting the establishment of a common energy policy. The second observation is that commercial liberalization must be accompanied by a program that favors the industrial development of the Maghreb countries, if it is to be more than an empty gesture.

Cooperation can certainly not be limited to food aid. Such aid is not only marginal within the sphere of cooperation, but it is even harmful to the extent that it competes with those crops (cereals, sugar) by means of which the Maghreb nations might reach a balanced production of food. Assistance in the area of foodstuffs combined with the type of access reserved for agricultural products might end in a dangerous spiral. As Hayer wrote, "for the countries of the region a combination of a high price policy for fluctuating exports with artificially cheap imports would mean a perpetuation of dependent" (27, P. 82). The sphere of cooperation should evidently be extended to that of finance, technology and industry. It is upon this basis that the framework furnished by association can be seen to be dynamic and effective.

It is reasonably certain that financial cooperation will be directed towards loans and private investments and, to a lesser degree, towards grants. Here again the point of departure for any evaluation is constituted by the capability of the Maghreb nations to utilize these resources. For a country such as Algeria, that, to a certain extent, has ensured a self-regulating equilibrium on a long-term basis for its balance of payments, the intervention of financial resources constitutes a factor of acceleration in the development under way. The Algerians, having chosen a highly capital intensive development based upon advanced techniques, must not lose contact with the industrial center. At the same time they look with mistrust upon direct investments and are jealous of the autonomy and manueverability of their own economy. They are, therefore, searching for forms of cooperation which, while placing at their disposal financial resources and knowhow, are less intrusive than direct foreign investments. This does not mean that they do not accept them, but that they do this only to a limited extent and under certain conditions.

For Tunisia and Morocco, the financial resources that the EEC might make available could be less advantageous for the independent development of the two countries. Direct investments meet no obstacles. The problem is knowing if and where capital will be drawn into these two countries. In spite of the ample facilities granted to investors, the amount of foreign capital in Morocco has not grown very markedly. Tunisia has promulgated legislation which is extremely favorable to direct investments. Nevertheless, no advantages have been derived from these facilities, because foreign investments directed towards markets restricted as are those of Morocco and Tunisia constitute enclaves within a few dynamic sectors, such as tourism or other export sectors.

The main purpose of the agreements between the Maghreb countries and the EEC was to improve the trade balance of the Maghreb countries. From analyzing statistics from before and after these agreements, the deficit has decreased only minutely since 1977 (Table XX).

In the case of Morocco, the trade balance went from a surplus to a deficit in one year. In 1974 a trade surplus of just over 120 million E.C.U. was recorded but by 1975 this had turned into a deficit of 239.2 E.C.U. This further increased to 690.0 E.C.U. in 1977 but went down to -501.1 E.C.U. in 1978. It again rose in 1979 to 664.4 E.C.U. but fell sharply the next year to 315.4 E.C.U. (Tables XX, XV, XVI, XXI). One of the reasons for the fluctuating balance is the change in phosphate prices. They rose sharply in 1973-74 but fell sharply soon after.

Countries which run up major deficits with one particular supplier often turn to another source (11). The Maghreb countries have already run up large deficits with the Community. Thus, any fall in their export earnings from the Community will induce them to get imports outside the EEC. In addition, if the Maghreb states earn less income from overall exports, they will be able to purchase fewer goods from the EEC even if they want to buy more. Such a reduction in imports of the Community's goods by the Maghreb countries would have a major negative effect on the export industries of the Community. The Maghreb countries will search for other trade partners. For example, in 1978 Morocco signed several trade agreements with the Soviet Union which has now become a major importer of phosphates and citrus products from Morocco.

The solution to the problems faced by the Maghreb countries caused by the entrance of Spain and Portugal into the EEC, cannot be found solely in the framework of the cooperation agreements. The Community should take the initiative to make sure this enlargement does not worsen the relations with the Maghreb states and possibly with major oil suppliers. The EEC can help fend off these problems by constructive adjustments of internal policies and by closer commercial, financial and technical cooperation with the Maghreb countries. Financial aid from the Community should be attached to technological transfer so countries would develop those sectors of industry for which there is a major demand at home, or for industries that are unlikely to have crises in the foreseeable future. In the farm sector, financial aid should concentrate on projects which will help farmers convert from production of crops that compete for access to the EEC market with the candidate countries. The Community should live up to its commitments with its Maghreb partners, involving regular consultations in parallel with the entry negotiations with the candidate countries themselves.

As an evaluation of the association agreements, both in their present form and in the more complete one that they assume, it can be said that taken alone they do not appear to be instruments of subordination to European capitalism. In other words, the presentation of Moroccan and Tunisian structures is neither favored nor imposed by these agreements. It is rather the lack of a progressive will that has induced Morocco and Tunisia to choose association with the EEC, in a way which serves as an instrument for the preservation of their agricultural structures. Beyond this is the lack of political decisions required to set in motion the development process. In the case of Algeria, which has made these political decisions, the possibility of an alternative use of relations with the EEC is significant.

TABLE I

MOROCCO EXTERNAL TRADE 1967 ($ Million)

Destination	Imports	%	Exports	%
World	517.7	100.0	424.0	100.0
EEC	275.7	53.2	256.8	61.0
West Germany	46.6	9.0	34.4	8.1
B.L.U.	5.7	1.1	13.0	3.1
France	193.6	37.4	175.1	41.4
Italy	18.2	3.5	16.9	4.0
Netherlands	11.6	2.2	17.4	4.1

Source: European Statistical Office.

TABLE II

TUNISIA EXTERNAL TRADE 1967 ($ Million)

Destination	Imports	%	Exports	%
World	261.1	100.0	149.3	100.0
EEC	126.9	48.3	77.6	52.0
West Germany	19.8	7.6	14.3	9.6
B.L.U.	3.2	1.2	0.9	0.6
France	82.8	38.8	41.7	27.6
Italy	16.2	6.2	19.9	13.3
Netherlands	4.9	1.9	0.8	0.6

Source: European Statistical Office.

TABLE III

EEC TRADE WITH ALGERIA (Million ECU)

	1974	1975	1976	1977	1978	1979	1980
EEC EXPORTS	2.054.9	2.819.8	2.747.3	3.674.3	3.635.1	3.814.7	4.710.3
EEC IMPORTS	2.128.5	2.049.8	2.152.3	2.095.9	2.001.4	2.761.1	4.026.8
TRADE BALANCE EEC	-73.6	+770.0	+595.0	+1.578.3	+1.633.7	+1.053.6	+683.4
TRADE BALANCE ALGERIA	+73.6	-770.0	-595.0	-1.578.3	-1.633.7	-1.053.6	-683.4

Source: Statistical Office of the European Communities.

TABLE IV

BREAKDOWN OF ALGERIAN EXPORTS TO THE EEC

	1970		1974		1975		1976		1977		1978	
	Million ECU	%	Million ECU	%	Million ECU	%	Million ECU	%	Million ECU	%	Million ECU	%
Agricultural Products	160.3	17.9	59.3	2.8	40.6	2.0	52.0	2.4	52.7	2.5	35.6	1.0
Industrial Products	733.5	82.1	2069.2	97.2	2009.2	98.0	2100.3	97.6	2043.2	97.5	1965.8	98.2

Source: EEC Statistical Office.

TABLE V

EEC IMPORTS OF ALGERIAN WINE

	1975	1976	1977	1978
'000 ECU	6.887	8.693	11.465	11.481
Hectolitres	312.966	461.337	329.718	312.790

Source: Statistical Office of the European Community.

TABLE VI

ALGERIAN TRADE STRUCTURE WITH THE EEC IN 1978

	EEC IMPORTS '000 ECU	%	EEC EXPORTS '000 ECU	%
Total	2.001.435	100	3.635.150	100
Food and live animals	20.232	1.0	257.196	7.1
dairy products, eggs,	-	-	72.644	2.0
cereals and cereal preparations	-	-	124.649	3.4
fruit and vegetabls	15.598	0.8	21.127	0.6
Beverages and tobacco	14.908	0.7	3.182	-
alcoholic beverages	11.896	-	598	-
Crude materials, inedible	21.965	1.1	25.637	0.7
metalliferous ores and metal scrap	18.969	1.0	231	-
Mineral fuels	1.900.186	94.9	149.996	4.1
crude petroleum oils	1.679.286	83.9	-	-
petroleum by-products	43.401	2.2	117.099	3.2
natural gas	177.089	8.8	7.489	-
Animal and vegetable oils and fats	158	-	36.016	1.0
Chemical elements and compounds	10.754	-	224.419	6.2
medicinal products	22	-	96.763	2.7
plastic materials, cellulose	9	-	43.434	1.2
Manufactured goods	23.766	1.2	940.301	25.9
rubber manufactures	98	-	44.606	1.2
yarn, fabrics	1.108	-	108.135	3.0
iron and steel	13.344	-	330.671	9.1
manufactures of metal	29	-	302.312	8.3
Machinery and transport equipment	2.267	-	1.789.283	49.2
power generating machinery, engines	689	-	202.110	5.6
machinery for specific industries	509	-	349.227	9.6
metal working machinery	85	-	66.749	1.8
Miscellaneous manufactured articles	1.134	-	154.568	4.2

Source: EEC Statistics.

TABLE VII

EEC SHARE OF ALGERIA'S FOREIGN TRADE

ALGERIAN IMPORTS			ALGERIAN EXPORTS		
1975	1976	1977	1975	1976	1977
66.8	65.6	59.9	49.9	51.7	43.7

Source: Statistical Office of the European Community.

TABLE VIII

EEC TRADE WITH MOROCCO (Million $)

	1974	1975	1976	1977	1978	1979	1980
EXPORTS	787.4	1.045.1	1.316.3	1.524.3	1.341.9	1.676.8	1.479.2
IMPORTS	910.9	805.9	779.5	834.3	840.8	1.012.4	1.163.8
TRADE BALANCE EEC	-123.5	+239.2	+530.8	+690.0	+501.1	+664.4	+315.4
MOROCCO TRADE BALANCE	+123.5	-239.2	-530.8	-690.0	-501.1	-664.4	-315.4

Source: Statistical Office of the European Community.

TABLE IX

MOROCCO'S TRADE WITH EEC 1977 (million ECU)

Product	Import (million EUA)	%	Export (million EUA)	%
Total	1.524.008	100	834.313	100
FOOD PRODUCTS	74.945	4.9	321.022	38.5
- Fruit & Vegetables			276.868	33.2
- Fish			30.827	3.7
INEDIBLE RAW MATERIALS	36.523	2.4	259.485	31.1
- Raw Fertilizers			186.552	22.4
- Non-Ferrous Metals			39.008	4.7
BURNABLE MINERALS	43.594	2.9	2.191	0.3
CHEMICAL PRODUCTS	124.357	8.2	37.440	4.5
MANUFACTURED PRODUCTS	302.905	19.9	72.780	8.7
MACHINES AND TRANSPORT EQUIPMENT	778.144	51.1	7.554	0.9
of which:				
- Transport Equipment	310.699	20.4	1.275	0.2
- Non-Electric Machines	309.960	20.3	1.891	0.2
- Machines and Electrical Appliances	157.485	10.3	4.368	0.5
OTHERS	163.540	10.6	133.841	16.0

Source: Statistical Office of EEC.

TABLE X

EEC TRADE WITH TUNISIA (Million ECU)

	1975	1976	1977	1978	1979	1980
EXPORTS	709.8	834.7	977.1	1.120.5	1.232.5	1.541.3
IMPORTS	357.3	408.6	522.2	565.2	790.3	1.090.6
TRADE BALANCE EEC	352.5	426.1	424.4	455.3	442.2	+450.7
TRADE BALANCE TUNISIA	-352.5	-426.1	-424.4	-555.3	-462.2	-450.7

Source: Statistical Office of the European Community.

TABLE XI

EEC TRADE WITH TUNISIA IN 1980

	EEC IMPORTS '000 ECU	%	EEC EXPORTS '000 ECU	%
Total	1.090.610	100	1.541.300	100
Food and live animals	55.912	5.1	137.869	8.9
Dairy products and eggs	-	-	20.430	1.3
Fish and fish preparations	15.600	1.4	-	-
Cereals and cereal preparations	58	-	40.774	2.7
Fruit and vegetables	35.799	3.3	8.204	0.5
Fresh vegetables	5.540	0.5	4.566	0.3
Preserved vegetables	408	-	408	-
Fresh or dried fruit	27.726	2.5	3.050	0.2
Preserved fruit and fruit preparations	2.125	-	180	-
Sugar and sugar pareparations	86	-	33.598	2.2
Beverages, tobacco	7.899	0.7	3.529	0.2
Alcoholic beverages	7.690	0.7	1.406	-
Crude materials, inedible, except fuels	36.711	3.4	36.693	2.4
Crude fertilizers and minerals	21.998	2.0	20.790	1.4
Crude fertilizers	19.956	1.8	-	-
Metalliferous ores	3.217	-	276	-
Mineral fuels	388.790	35.7	104.403	6.8
Petroleum and petroleum products	388.790	35.7	84.521	5.5
Crude petroleum	368.253	33.8	-	-
Animal oils and fats	97.042	8.9	7.423	0.5
Vegetable oils	96.902	8.9	2.924	0.2
Chemicals	123.352	11.3	143.892	9.3
Organic chemicals	142	-	6.624	0.4
Dyeing, tanning and coloring materials	161	-	11.867	0.8
Medicinal products	3	-	49.001	3.2
Essential oils and perfume materials	2.180	-	6.677	0.4
Manufactured fertilizers	70.924	6.5	4.032	0.3

TABLE XI (continued)
EEC TRADE WITH TUNISIA IN 1980

	EEC IMPORTS '000 ECU	%	EEC EXPORTS '000 ECU	%
Artificial plastic materials	138	-	36.654	2.4
Chemical materials and products, n.e.S.	26	-	14.799	1.0
Manufactured goods	67.095	6.2	405.528	26.3
Rubber manufactures	33	-	15.605	1.0
Textile yarn	309	-	30.767	2.0
Cotton fabrics, woven	20.485	1.9	39.403	2.6
Iron and steel	10	-	117.447	7.6
Non-ferrous metals	8.410	0.8	18.114	1.2
Manufactures of metal, n.e.S.	1.346	-	56.507	3.7
Machinery and transport equipment	29.431	2.7	538.342	34.9
Power generating machinery	1.736	-	34.364	2.2
Specialized machinery, apparatus and appliances	677	-	113.361	7.4
Transport equipment	4	-	13.468	0.9
Miscellaneous manufactured articles	277.984	25.5	127.651	8.3
Clothing	262.010	24.0	61.408	4.0
Footwear	6.213	0.6	898	-
Miscellaneous manufactured articles, n.e.S.	5.345	0.5	26.601	1.7

Source: Statistical Office of the European Community.

TABLE XII

TUNISIAN WINE IMPORTED BY EEC (Million ECU)

YEAR	TOTAL EEC	MEMBER STATE OF DESTINATION							
		FR	BENELUX	NL	D	IT	UK	IRL	DK
1976	133.533	82.872	193	39	50.429	-	-	-	-
1977	243.191	98.029	41.117	26	104.005	-	13	1	-
1978	309.729	90.056	123.098	108	96.460	-	7	-	-
1979	182.560	33.660	61.141	384	87.373	-	2	-	-
1980	208.983	26.937	96.308	-	85.736	-	-	-	-

Source: Statistical Office of the European Community.

TABLE XIII

MAGHREB LEGAL WORKERS IN THE EEC

COUNTRY OF ORIGIN	COUNTRY OF EMPLOYMENT									TOTAL EEC
	B	DK	D	F	IRL	I	LUX	NL	UK	
ALGERIA	3.200	186	1.583	361.000	5	..	..	..	600	367.000
MOROCCO	37.250	1.155	16.109	181.400	17	..	..	33.656	2.000	272.000
TUNISIA	4.700	107	10.000	73.700	3	..	..	1.085	200	90.000
TOTAL	45.150	1.448	27.692	616.100	25	..	..	34.741	2.800	729.000

Source: Statistical Office of the European Community.

TABLE XIV

POPULATION OF THE MAGHREB COUNTRIES 1976
(thousands)

	ALGERIA	MOROCCO	TUNISIA	TOTAL
1976	17,304	17,828	5,737	40,869
1982	20,100	22,300	6,700	49,100

Source: Kurian, George Thomas, Encyclopedia of the Third World, Facts on File, Inc., New York, 1980. The World Almanac and Book of Facts, Newspaper Enterprise Association, Inc., New York, 1984.

TABLE XV

EEC EXPORTS TO THE MAGHREB COUNTRIES 1980 (million $)

EXPORT	EEC	GERMANY	FRANCE	ITALY	NETHERLANDS	BLEU	UK	IRELAND	DENMARK
MOROCCO	1.479	171	856	170	80	76	111	5	10
ALGERIA	4.710	991	1.891	933	191	428	236	21	20
TUNISIA	1.541	268	674	379	63	76	50	25	5
TOTAL	7.730	1.430	3.421	1.482	334	580	397	51	35

Source: Statistical Office of the European Community and own calculation.

TABLE XVI

EEC IMPORTS FROM THE MAGHREB COUNTRIES 1982 (million $)

IMPORT	EEC	GERMANY	FRANCE	ITALY	NETHERLANDS	BLEU	UK	IRELAND	DENMARK
MOROCCO	1.169	193	557	116	93	101	93	4	11
ALGERIA	4.027	1.641	1.238	512	290	150	190	4	2
TUNISIA	1.098	226	281	446	68	51	18	4	4
TOTAL	6.294	2.060	2.076	1.074	451	302	301	12	17

Source: Statistical Office of the European Community and own calculation.

TABLE XVII

EEC SHARE OF THE MAGHREB COUNTRIES' FOREIGN TRADE AS A PERCENTAGE OF THEIR OVERALL FOREIGN TRADE

	ALGERIA		MOROCCO		TUNISIA	
	Export	Import	Export	Import	Export	Import
1968-1971	76.7	69.9	65.8	55.7	56.7	56.3
1972-1975	59.1	64.2	59.3	53.1	57.3	61.3
1976	45.4	60.0	57.2	52.3	51.8	61.2
1977	38.1	57.8	55.9	51.4	57.2	58.4
1978	37.3	59.8	56.4	63.3	57.3	65.2

Sources: UN Yearbook of International Trade Statistics 1977, Vol. 1 (Trade by Country), New York 1978, and 1976 EUROSTAT, CRONOS System.

Statistical Office of the European Communities, Monthly external trade bulletin, Special Number for 1958-78, Brussels-Luxembourg 1979, and own calculations.

TABLE XVIII

EEC TRADE WITH THE MAGHREB COUNTRIES (ECU)

	1975	1976	1977	1978	1979	1980
EXPORTS	4,574.7	4,892.3	6,175.7	6,097.5	6,724.0	7,730.8
IMPORTS	3,213.0	3,340.4	3,482.4	3,407.4	4,563.8	6,281.2
Trade Balance	1,361.7	1,551.9	2,693.3	2,690.1	2,160.2	1,449.6
EXPORTS TO THE WORLD	121,263.3	141,342.0	163,139.6	173,672.8	194,154.5	224,445.7
Maghreb %	3.8	3.5	3.8	3.5	3.5	3.4
IMPORTS FROM THE WORLD	125,327.4	157,342.0	171,350.5	175,346.2	217,734.4	271,552.4
Maghreb %	2.6	2.1	2.0	1.9	2.1	2.3

Source: Statistical Office of the European Community and own calculation.

TABLE XIX

EEC FINANCIAL AID PROGRAM FOR THE MAGHREB COUNTRIES (1976-1981)
(Million ECU)

COUNTRIES	TOTAL	EIB LOANS	LOANS ON SPECIAL TERMS	GRANTS
ALGERIA	151	107	16	28
MOROCCO	199	90	42	67
TUNISIA	139	78	24	37

Source: EEC Statistical Office.

TABLE XX

EEC IMPORTS VS. EXPORTS (ECU)

IMPORTS	1975	1976	1977	1978	1979	1980
Algeria	2049.8	2152.3	2095.9	2001.4	2761.1	4026.8
Morocco	805.9	779.5	834.3	840.8	1012.4	1163.8
Tunisia	357.3	408.6	522.2	565.2	790.3	1090.6
Total	3213.0	3340.4	3452.4	3407.4	4563.8	6281.2

EXPORTS	1975	1976	1977	1978	1979	1980
Algeria	2819.8	2747.3	3674.3	3635.1	3814.7	4710.3
Morocco	1045.1	1316.3	1524.3	1341.9	1676.8	1479.2
Tunisia	709.8	834.7	977.1	1120.5	1232.5	1541.3
Total	4574.7	4898.3	6175.7	6097.5	6724.0	7730.8
TRADE BALANCE	-1361.7	-1557.9	-2723.3	-2690.1	2160.2	-1449.6

Source: Statistical Office of the European Community and own calculation.

TABLE XXI

COMMUNITY TRADE WITH MAGHREB COUNTRIES AS A SHARE OF TOTAL EEC EXPORTS AND IMPORTS (1978)

	Share of Total EEC Imports %	Share of Total EEC Exports %
Algeria	1.1	2.1
Morocco	0.5	0.8
Tunisia	0.3	0.7
TOTAL	1.9	3.6

Source: European Statistical Office.

TABLE XXII

SPANISH CITRUS AND WINE EXPORTS TO THE EEC 1970 (Million E.C.U.)

Citrus	Wine
38.600.0	18.488.9

Source: Direction General de Aduanas (Madrid).

TABLE XXIII

EEC TOMATO IMPORTS (in Tonnes) FROM SPAIN AND MOROCCO

ORIGIN	1976	1977	1978
Spain	212,545	199,140	262,516
Morocco	104,546	114,832	163,574

Source: Statistical Office of the European Community.

TABLE XXIV

EEC OLIVE OIL IMPORT FROM SPAIN AND THE MAGHREB COUNTRIES 1978 (000, tonnes)

	Tonnes	% of EEC Import
Spain	18,618	18.2
Algeria	88	0.1
Morocco	2,843	2.8
Tunisia	41,774	41.8

Source: Statistical Office of the European Community.

REFERENCES

1. Brace, Richard M. Morocco, Algeria, Tunisia. Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1966.

2. Deniau, J. F. The Common Market, Barrie and Rockcliff, London, 1967.

3. Europe Information Development. The European Community and The Arab World. Commission of the European Community, Brussels, 1982.

4. Europe Information Development. Implications of the Second Enlargement For The Mediterranean and "ACP" Policies of the European Community. Commission of the European Communities, Brussels, 1980.

5. Europe Information Development. EEC-Tunisia Cooperation Agreement, Commission of the European Communities, Brussels, 1982.

6. Europe Information Development. EEC-Algerian Cooperation Agreement. Commission of the European Communities, Brussels, 1980.

7. Europe Information Development. EEC-Morocco Cooperation Agreement. Commission of the European Communities, Brussels, 1980.

8. Europe Information Development. The European Community and The Third World at a Time of Recession. Commission of the European Communities, Brussels, 1982.

9. Europe Information Development. Food Strategies, A New Form of Cooperation Between Europe and the Countries of the Third World. Commission of the European Communities, Brussels, 1982.

10. Europe Information Development. Cooperation Agreement Between The EEC and The Maghreb Countries. Commission of the European Communities, Brussels, 1982.

11. Galtung, Johan. The European Community: A Super Power In The Making. George Allen and Unwin, Ltd, London, 1973.

12. Feld, Werner. The European Common Market and the World, Prentice-Hall, Inc., New Jersey, 1967.

13. Geiger, Theodore. Transatlantic Relations in the Prospect of an Enlarged European Community. British-North American Committee, London, 1970.

14. Henig, Stanley. External Relations of the European Community. Cathman House, London, 1971.

15. Jensen, W. G. The Common Market. G. T. Foulis and Company, Ltd., London, 1967.

16. Kurian, George Thomas. Encyclopedia of the Third World. Facts on File, Inc., New York, 1980.

17. Knapp, Wilfred. North West Africa. A Political and Economic Survey. Oxford University Press, London, 1977.

18. Lemaignen, M. Robert. EEC Policy Towards the Developing Countries. Commission of the European Communities, Brussels, 1961.

19. Larkin, John Day. Trade Agreements, A Study in Democratic Method, Columbia University Press, New York, 1940.

20. Memorandum on a Community Policy on Development Cooperation, Commission of the European Community, Brussels, 1972.

21. Nickerson, June Seames. Africa From Pre-Roman Times to the Present. The Devin-Adair Company, New York, 1961.

22. Okigbo, P. N. C. Africa and the Common Market. Northwestern University Press, Evanston, 1967.

23. Parker, Geoffrey. The Logic of Unity. University of Birmingham, Great Britain, 1975.

24. Spokesman's Group. Information Memo. Commission of the European Communities, Brussels, 1969.

25. United Nations. 1981 Statistical Yearbook, New York, 1983.

26. Twitchett, Kenneth J. Europe and the World, The Extern Relations of the Common Market. St. Martin's Press, New York, 1976.

27. Shlaim, Avi and Yannopoulos, G. N. The EEC and the Mediteranean Countries. Cambridge University Press, Cambridge, 1976.

28. Tovias, Alfred. EEC Enlargement - The Southern Neighbors. Sussex European Research Center, Paris, 1979.

29. Weil, Gordon L. A Handbook on the European Economic Community. Fredrick A. Praeger, Inc., New York, 1965.