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Titolo:

*The Impact of Greater Connectivity in the South
Mediterranean Region and the World of State and
Non-State Actors: the Tanger Med Port and the
Agadir Agreement*

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1 CHAPTER 1: INTRODUCTION

Il tema di questa tesi può essere riassunto in un'unica parola: *interconnessione*. Tre ambiti che sembrano slegati tra loro, vengono qui uniti con l'obiettivo di capire l'impatto che ognuno di essi ha sul commercio e sullo sviluppo della regione del Sud Mediterraneo. Il filo che lega questi tre temi è la crescente interdipendenza creata dalla *globalizzazione* che caratterizza il mondo contemporaneo. Il primo tema riguarda il processo di *regionalizzazione*, un fenomeno che si sta sviluppando simultaneamente a quello della globalizzazione e che sta portando a una maggiore cooperazione tra gruppi di stati in diverse aree del mondo. Questa tesi ha cercato di analizzare gli sviluppi e gli effetti del processo di regionalizzazione avviato nella sponda sud del Mediterraneo nel 2004 con l'*Accordo di Agadir* firmato da Marocco, Tunisia, Egitto e Giordania. Il secondo tema riguarda l'impatto che la costruzione di un'opera colossale come il porto di *Tanger Med*, in Marocco, ha avuto e sta avendo in quella regione. La tesi prende in considerazione i recenti sviluppi che coinvolgono il porto e cerca di mostrare come questi possano essere letti sia rispetto al processo di globalizzazione, sia rispetto le prospettive di sviluppo legate all'implementazione dell'Accordo di Agadir. Il terzo tema riguarda gli attori protagonisti dei due precedenti temi. Il primo grande attore che viene trattato è lo *stato*, in particolare viene preso in esame il Marocco. Infatti la tesi analizza il ruolo attivo che ha avuto il governo marocchino sia nell'attivare il processo di regionalizzazione attraverso l'Accordo di Agadir, sia nella decisione di investire nella costruzione di Tanger Med. La tesi cerca inoltre di mostrare come il ruolo dello stato stia cambiando e presenta gli *attori non-statali*, come le grandi *compagnie multinazionali*, che influenzano sia gli eventi interni allo stato sia quelli esterni. L'obiettivo è quello di mostrare come, in un mondo popolato da una moltitudine di *attori*, si stanno creando sempre più collaborazioni strategiche tra pubblico e privato, nazionale ed internazionale. La costruzione di un importante porto come quello di Tanger Med, situato in una posizione strategica sullo Stretto di Gibilterra, vede impegnate grandi compagnie marittime e attira investimenti diretti stranieri che influenzano l'economia di tutto lo stato.

La scelta del tema della tesi è nata dalla volontà di capire con esempi concreti ciò che influenza le dinamiche delle relazioni internazionali nella regione del Mediterraneo. Questa regione è caratterizzata da un intenso commercio tra la riva *Nord* e quella *Sud* e da un più debole commercio *Sud-Sud*. Da qui nasce la scelta di capire *se e come* un accordo di libero scambio come quello di *Agadir* possa incrementare il commercio tra gli stati della

sponda sud. La decisione di analizzare l'Accordo di Agadir è stata fatta perché questo accordo oltre a focalizzarsi sul potenziamento delle relazioni Sud-Sud viene visto anche come un passo in avanti nel progetto più ampio del *Processo di Barcellona* che coinvolge l'intera regione del Mediterraneo. La scelta del secondo tema è nata per capire come strategie statali, come quella della costruzione di un porto di importanza globale, possa influenzare l'economia di uno stato. La costruzione di *Tanger Med* e la riorganizzazione del territorio attorno a questa imponente struttura ha portato all'analisi nella tesi delle scelte operate dal governo marocchino di investire nella modernizzazione della rete stradale e ferroviaria. Questi investimenti hanno l'obiettivo di migliorare l'efficienza dell'attività del porto ma vengono visti anche come un passo in avanti verso uno scambio commerciale sud-sud più attivo, contribuendo così ad aumentare anche gli scambi commerciali tra gli stati di Agadir. Seguendo il filo del processo di globalizzazione in atto, si è potuto notare che lo stato non è più l'unico attore che ha giocato e gioca un ruolo importante nella scelta di strategie di sviluppo. Da qui nasce la scelta di approfondire il ruolo di quei attori-non statali che hanno il potere di influenzare, assieme allo stato, le varie dinamiche di sviluppo.

La metodologia usata per svolgere il lavoro è costituita dall'analisi e dalla comparazione di dati ufficiali pubblicati dalla *Commissione Europea*, dalla *Banca Mondiale*, dall'*Unità Tecnica di Agadir*, dall'*Agenzia Speciale di Tanger Med*, e dai siti ufficiali delle multinazionali prese in esame nella tesi. Tutto il lavoro è supportato dalla letteratura sulla *globalizzazione e regionalizzazione*, sul *trasporto marittimo* e sugli *attori non-statali*.

Il primo capitolo introduce il filo conduttore di tutta la tesi ovvero il processo di *globalizzazione* e di *regionalizzazione*. Il capitolo cerca di spiegare quali sono le ragioni che spingono un gruppo di stati a impegnarsi in una maggiore collaborazione tra loro e quali sono i benefici che questo tipo di integrazione porta. Il capitolo cerca di dare uno sfondo all'Accordo di Agadir, introducendo l'ampio progetto di regionalizzazione che coinvolge tutta l'area del Mediterraneo avviato dal Processo di Barcellona. Agadir infatti viene visto come un passo in avanti verso la realizzazione di quest'ultimo. Inoltre, il capitolo cerca di spiegare perché nella sponda sud del Mediterraneo il livello di integrazione mostra i livelli più bassi al mondo e riporta esempi di accordi sud-sud che sono falliti o non sono ancora stati implementati. Il capitolo si conclude con un'analisi dei quattro stati che hanno firmato l'Accordo di Agadir con l'obiettivo di approfondire la loro situazione economica, i settori più significati delle loro economie, altri accordi di libero scambio di cui fanno parte e le loro relazioni commerciali con altri stati.

Il secondo capitolo presenta in ordine cronologico gli incontri preparatori che hanno portato alla creazione dell'Accordo di Agadir. Dalla nascita dell'idea di creare un'area di libero scambio tra Marocco, Tunisia, Egitto e Giordania durante una conferenza Euro-Mediterranea nel 2000, ne segue il primo vero incontro ufficiale tra i quattro stati ad Agadir nel 2001. Da questo incontro, che ha dato il nome all'Accordo, ne seguono altri quattro in otto mesi in cui gli stati protagonisti stabiliscono le caratteristiche dell'area di libero scambio che vogliono creare. Il capitolo cerca di mostrare gli elementi che giustificano l'esistenza di tale Accordo e che lo differenziano da altri accordi come quello della *Organizzazione Mondiale del Commercio* (WTO) o quello che ha creato la *Grande Area di Libero Scambio Araba* (GAFTA). Infine, il capitolo presenta un'analisi dettagliata del testo dell'Accordo di Agadir per fornire un quadro completo delle caratteristiche dell'area di libero scambio che è stata creata.

Nel terzo capitolo vengono presentate le statistiche sul commercio tra gli stati firmatari dell'Accordo di Agadir con l'obiettivo di capire l'evoluzione dei flussi commerciali tra i suoi membri. Vengono analizzati i dati di tre periodi diversi per cercare di capire l'andamento del volume del commercio dei quattro stati nel corso degli anni. Il capitolo tenta di mostrare il tipo di relazione commerciale che esisteva tra i quattro membri prima della firma dell'Accordo di Agadir, in seguito esamina il periodo immediatamente successivo all'implementazione dell'Accordo (2007-2009), ed infine analizza i dati più recenti che riguardano il flusso commerciale tra il 2010 e il 2011. Nel capitolo si cerca di fare un passo in più. Usando le statistiche del 2010 e del 2011 si tenta di capire quanto gioverebbe all'area di libero scambio creata dall'Accordo di Agadir l'accesso all'Accordo da parte di altri stati arabi decidessero di farne parte. In particolare viene analizzato il ruolo che potrebbero avere l'Algeria, la Libia, la Siria e il Libano nei flussi commerciali tra i membri di Agadir.

Nel quarto capitolo viene introdotto il tema del porto di Tanger Med. L'inserimento di questo tema può essere letto come accennato sopra sia nella prospettiva del processo di globalizzazione sia nella prospettiva delle strategie di implementazione dell'Accordo di Agadir. Il capitolo fa una breve introduzione sull'evoluzione e sull'importanza del trasporto marittimo per quanto riguarda il commercio mondiale. In seguito analizza in specifico la struttura del porto e le zone industriali attorno ad esso con l'obiettivo di descrivere le potenzialità di questa imponente struttura e fornire una mappa delle zone in cui operano gli attori statali e non-statali analizzati nel capitolo successivo. Infine il capitolo si conclude con un'analisi degli investimenti fatti dal governo marocchino nelle

connessioni di terra per rendere più efficiente le attività del porto. La stessa analisi viene fatta anche sulle condizioni e gli investimenti che gli altri tre membri di Agadir hanno fatto negli ultimi anni nel settore del trasporto.

Il quinto ed ultimo capitolo presenta i protagonisti dei due grandi temi trattati nei capitoli precedenti. Il primo di questi grandi attori è lo *stato*, in particolare quello marocchino, sia per quanto riguarda il ruolo attivo che ha avuto nella creazione dell'area di libero scambio stabilita nell'Accordo di Agadir, sia per quanto riguarda la costruzione del porto di Tanger Med e nella riorganizzazione del territorio attorno ad esso. Il capitolo presenta poi gli *attori non-statali* che, assieme allo stato, hanno avuto e stanno avendo un ruolo decisivo nella regione presa in esame. In particolare si focalizza sul contributo dato dall'Unione Europea per quanto riguarda la realizzazione dell'Accordo di Agadir, sul ruolo dell'Agenzia Speciale di Tanger Med (TMSA), che viene considerata un'elemento chiave nella realizzazione del porto e nella gestione delle sue attività, e sul ruolo delle grandi compagnie multinazionali che hanno investito nella struttura portuale e che svolgono attività portuali sotto contratti di concessione.

Per concludere, la tesi arriva a dimostrare che nonostante il volume del commercio tra i membri dell'Accordo sia ancora relativamente basso e continui ad essere caratterizzato da fluttuazioni, ci sono stati incrementi significativi nei flussi commerciali tra gli stati membri. Inoltre, viene mostrato come l'accesso all'Accordo da parte di altri stati arabi gioverebbe al commercio dell'area di libero scambio creata dall'Accordo di Agadir. Infine vengono mostrati i notevoli risultati ottenuti dal porto di Tanger Med e il ruolo significativo che hanno svolto e continuano a svolgere in tutta la regione gli attori statali e non-statali coinvolti nella costruzione di questa colossale struttura, nelle attività portuali e nelle zone industriali attorno al porto.

Per concludere questa introduzione al mio lavoro, vorrei brevemente ma sentitamente ringraziare le persone che mi hanno permesso di raggiungere questo traguardo importante. Desidero innanzitutto ringraziare il Professor Stefano Soriani e il Professor Antonio Trampus che mi hanno seguita con disponibilità e pazienza durante tutta la stesura della tesi. Inoltre, ringrazio sentitamente la Dr.ssa Sara De Vido per il suo prezioso aiuto nella parte di diritto. Infine, desidero ringraziare con affetto e gratitudine i miei genitori, che mi hanno sostenuto psicologicamente ed economicamente durante il mio percorso di studi, le mie sorelle e le mie Amiche che mi sono state vicine, e le persone speciali che mi hanno supportato in tutto questo periodo e che hanno creduto in me.

2 CHAPTER 2: REGIONALIZATION

1. Globalization and Regionalization.
2. Euro-Mediterranean Relations.
3. South-South Regional Integration.
4. Country Profiles: Morocco, Tunisia, Egypt and Jordan

2.1 Globalization and Regionalization

The world is going through a process known as *globalization* which has brought major economic, social and political changes over the past years¹. What is it exactly meant by this concept? Globalization is a process in which worldwide connectedness is growing, deepening and speeding up. Distance and time are as reduced, and the distinction between the domestic and the external is fading more and more. As noted by Thomas Friedman:

*“globalization is not a phenomenon. It is not just some passing trend. Today it is an overreaching international system shaping the domestic politics and foreign relations of virtually every country, and we need to understand it as such”.*²

Globalization is intimately linked to another on-going process known as *regionalization*³. The two processes seem to be contradictory but they are not. They are growing simultaneously and are influencing each other. As noted by Shultz, if globalization is a process of growing transcontinental or trans-regional networks at a global level, regionalization is an intensification of interconnectedness among states in a circumscribed geographical area⁴. As part of the process of globalization, regionalization can be regarded as a first step to a global opening⁵. However, as noted by Wippel, regionalization can also be considered as a counter-movement to globalization because it is a process focused on specific areas rather than the global one⁶. It is a “*social constitution of world regions that*

¹ Saner R., & Michalun V. *Negotiations Between State Actors and Non-State Actors: Case Analyses from Different Parts of the World*. Dordrecht, Republic of Letters BV, 2009.

² Thomas F., *The Lexus and the Olive Tree: Understanding Globalization*. Harper Collins. 200, p.7.

³ Wippel S., *The Adair Agreement and Open Regionalism*. EuroMeSCopaper45, September (2005).

⁴ Shulz M., Soderbaum F., Ojendal J. *Regionalization in a Globalizing World: A Comparative Perspective on Forms, Actors and Processes*. London, Zed Books, 2001.

⁵ Ibid.

⁶ Wippel S., *The Adair Agreement and Open Regionalism*. EuroMeSCopaper45, September (2005).

cross national boundaries at macro, meso- and micro levels”⁷. Individual states, within a given geographical area, act together because they all benefit from this cooperation. As noted by Wippel, this is a process that comes from *above* because it is driven by political and institutional authorities, but it is also a process from *below* as it is a result of many individual transactions in a specific area⁸. These regions are not predefined and static, but they can change:

“A region is not a fixed entity; it may dissolve, and it may incorporate new ‘members’; and it may change its internal relations in various fields, ranging from the political and economic to the cultural.”⁹

Regionalism has become a key strategy for economic growth and improvement of living standards. But what are the main reasons of the growing importance of this process? As underlined by the *African Development Bank* in its 2012 report, when smaller economies integrate and collaborate with each other, they become stronger and better positioned to participate in the global network¹⁰. What kind of changes does a process of regionalization involve? Unfortunately, regionalization is a process that cannot be described step by step as it is flexible and it changes depending on the circumstances¹¹. However, there are some common elements that characterize this process. It usually involves “*a better coordination of policies that makes the movement of goods, services, capital and labour easier, a major integration of markets, a reinforcement of regional transportation, energy and telecommunication networks, the establishment of new institutions that manage and maintain these new infrastructures, and the establishment of common measure for managing shared resources*”¹².

But what are the potential benefits of regionalization? The AfDB report provides a list of benefits that this kind of process brings and which will be outlined in this paragraph. First of all, the unification of smaller economies expands market access and, as a consequence,

⁷ Ibid.

⁸ Ibid.

⁹ Shulz M., Soderbaum F., Ojendal J. *Regionalization in a Globalizing World: A Comparative Perspective on Forms, Actors and Processes*. London, Zed Books, 2001.

¹⁰ Santi E., Romdhane S.B., and Shaw W., *Unlocking North Africa’s Potential Through Regional Integration*, 2012. *African Development Bank* (AfDB)

¹¹ Ibid

¹² Santi E., Romdhane S.B., and Shaw W., *Unlocking North Africa’s Potential Through Regional Integration*, 2012. *African Development Bank* (AfDB).

it boosts economies of scale and it intensifies competition. The results of this process are lower prices and a wider range of supplies¹³. Second, if a region promotes preferential reductions in tariffs within its countries, these reductions will lead to a change both in demand and in supply. The national income will therefore be influenced by the cost of supply and trade policies towards countries that are not part of this process of regionalization¹⁴. Third, a stronger cooperation among a group of countries attracts more foreign trade investments because it offers a larger market to non-members and a lower marginal cost of production¹⁵. Fourth, if developing countries strengthen their cooperation, they can achieve together a better position in the international arena and acquire more visibility and power during negotiation processes¹⁶. Fifth, a stronger cooperation can be a stimulus to growth thanks to the continuous exchange of services, goods, ideas, people and finance¹⁷. Sixth, countries with shared natural resources can take advantage of a better management of such resources¹⁸. Seventh, countries can benefit from regional integration by coping better with shocks such as conflicts in the region and possible changes in protection policies by non-member partners and a larger market provides more alternatives to deal with these shocks¹⁹. Last but not least, a major integration may reduce the risk of conflict between countries within the region thanks to an environment of cooperation and trust²⁰.

Regionalization is a process that can be found in different areas of the world: for instance, the *European Union* in Europe; the *North American Free Trade Agreement* (NAFTA) in North American, and the *Association of South-East Asian Nations* (ASEAN) in Asia²¹. The lowest regional integration in the world is found in the Middle East and the North Africa²². The latter, for instance, has developed more interregional relations with other regions, in particular with the European Union, with countries south to the Sahara, with North and South America and with Asia²³.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid

²⁰ Ibid.

²¹ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

²² Ibid.

²³ Ibid.

2.2 Euro-Mediterranean relationships

The most important and conspicuous relations of the North Africa countries are those with the European Union²⁴. These relations have led towards an ambitious process of regionalization in the Mediterranean region over the last two decades. A major example of a process of regionalization in the Mediterranean area is the *Euro-Mediterranean Partnership* (EMP) between the European Union, its member states, and twelve non-EU Mediterranean partners which was launched in 1995 during the Barcelona Conference²⁵. This partnership aims at establishing a common policy towards the Mediterranean²⁶. It tries to enhance integration between the Northern Mediterranean countries with the Southern Mediterranean countries, while, at the same time, it supports south-south integration. As stated by Giaccaria and Paradiso, the content of Euro-Mediterranean strategies was not completely new: bilateral relations between northern and southern countries in the Mediterranean region already existed²⁷. According to them, what was new was the idea of transforming those bilateral policies into a multilateral partnership²⁸. It is well known that African countries have always maintained its colonial ties with their former colonies. First, formal association agreements between the former *European Economic Community* (EEC) and three Maghreb countries started in the late 1960s²⁹. Slowly, a wider Mediterranean policy started to emerge. This trend begun to develop especially during the Middle East conflict and the Arab oil policy which were seen as a menace to Europe's security and economic interests³⁰. In the late 1970's, more cooperation agreements were signed between the EEC and other Southern Mediterranean countries³¹. As noted by Giaccaria and Paradiso, Europe itself was gradually becoming more "Mediterranean" after the integration of Spain, Portugal and Greece in the 1980s, and, more recently, Cyprus and Malta³². In 1995 the Barcelona Conference was held and the EMP was launched. The objectives of the Barcelona Declaration include economic and financial, political, and social and cultural

²⁴ Ibid.

²⁵ Giaccaria P., Paradiso M., *Mediterranean Lexicon. Lessico Mediterraneo*. Società Geografica Italiana, Roma, 2012.

²⁶ Ibid.

²⁷ Ibid

²⁸ Ibid.

²⁹ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

³⁰ Ibid.

³¹ Ibid.

³² Giaccaria P., Paradiso M., *Mediterranean Lexicon. Lessico Mediterraneo*. Società Geografica Italiana, Roma, 2012.

aspects³³. The first, and one of the most important elements of Euro-Mediterranean policies, was the idea of establishing an Free Trade Area (FTA) which is a central element in the on-going process of regionalization.³⁴ The mechanism set up by the European Commission to implement this process was the establishment of new bilateral agreements with the aim of gradually eliminating trade tariffs³⁵. In 1995, Tunisia signed the first Euro-Mediterranean Association Agreement (EMAA), followed by other south Mediterranean countries³⁶. These agreements replaced the cooperation agreements that were established in the 1970s³⁷. Because they are bilateral agreements, they will have different characteristics. However, they all maintain a similar structure. For instance, all signatories countries respect basic human rights and aim at promoting dialogue on a wide range of issues, and cooperating in the economic and financial field³⁸.

Partner country	Type of agreement	Negotiations concluded	Date of signature	Entry into force
Morocco	EMAA	Nov 1995	Feb 1996	Mar 2000
Tunisia	EMAA	Jun 1995	Jul 1995	Mar 1998
Egypt	EMAA	Jun 1999	Jun 2001	Jun 2004
Jordan	EMAA	Apr 1997	Nov 1997	May 2002
Algeria	EMAA	Dec 2001	Apr 1976 Apr 2002	Nov 1978 Rat Sep 2005
Lebanon	EMAA	Dec 2001	Jun 2002	Apr 2006
Palestinian Authority	EMAA	Dec 1996	Feb 1997	Jul 1997
Israel	EMAA	-	Nov 1995	Jun 2000

³³Ibid.

³⁴Ibid.

³⁵ Ibid.

³⁶ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

³⁷ Ibid.

³⁸ Ibid.

Syria	EMAA	Suspended	suspended	Suspended
Libya	EMAA	Suspended	suspended	Suspended

EMAA: Euro-Mediterranean Association Agreement.

neg: Negotiations to start.

rat: In process of ratification.

Source: Euromesco Paper 45 (Wippel S., *The Adair Agreement and Open Regionalism. EuroMeSCopaper45*, September, 2005).

The Barcelona Process is important because it aims at creating a common area where all countries can benefit from this integration. It can be stated that it is a process that enforces simultaneously two kinds of regionalization: a southern one, within South Mediterranean countries, and a more ambitious one which involves both South and North Mediterranean countries. The main results of the Euro-Mediterranean politics have been seen in trade liberalization for manufacturing products³⁹. According Giaccaria and Paradiso, the prioritization of manufacturing exchange has created an asymmetrical relationship between the two sides of the Mediterranean region that gives more benefits to Europe⁴⁰. On the contrary, agricultural exchange, that could have given some more benefits to the Southern Mediterranean countries, has not been included at the beginning of the talks about establishing a free trade area among the two sides⁴¹. However, there have been some improvements recently. The European Union has enhanced preferential access for agricultural and fisheries products from Egypt and Jordan, and Morocco has seen an improvement in free trade in services⁴². In 2003, with the establishment of the *European Neighborhood Policy* (ENP), the Euro-Mediterranean politics evolved somehow from a commercial strategy, which aimed at establishing a free trade area, to a normative strategy, which aims at “sharing everything but institutions” as stated by the former head of the European Commission Romano Prodi in 2002⁴³. The aim of this new approach is to involve countries that cannot become members of the European Union because of not being “European” (Art. 49 of the Treaty of the European Union), but who are willing to reach an integration similar to that of the EU⁴⁴. The idea is to reach major integration,

³⁹ Giaccaria P., Paradiso M., *Mediterranean Lexicon. Lessico Mediterraneo*. Società Geografica Italiana, Roma, 2012.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² European Commission. *Egypt and Morocco profiles*. Accessed in October 2012 (<http://www.ec.europa.eu>)

⁴³ Giaccaria P., Paradiso M., *Mediterranean Lexicon. Lessico Mediterraneo*. Società Geografica Italiana, Roma, 2012.

⁴⁴ Ibid.

stability and dialogue following the normative approach but still using trade as a means to reach this goal⁴⁵. As noticed by Giaccaria and Paradiso, the aim of the Barcelona Process to set up a free trade area by 2010 was not attained and has since been delayed⁴⁶. However, some important steps have been taken: all Southern Mediterranean countries, except from Syria and Libya, have signed free trade agreements with European countries.

2.3 South-south Regional Integration

There have been many attempts of political and economic integration in the South Mediterranean countries, but many of them have produced only few concrete results or have failed, or are still to be implemented⁴⁷. For instance, the first agreement that aimed at implementing an Arab regional integration in the fifties was the *Agreement of Trade Facilitation and Regulation of Transit Trade* which did not have the impact that it was expected⁴⁸. *The Arab Common Market* is another example of an attempt of integration. It was founded in August 1964 and it aimed at establishing a customs union between its Arab members⁴⁹. A project that has still to be implemented is the *Arab Maghreb Union* (AMU or AMU)⁵⁰. It aims at establishing economic and political unity among Arab countries of the Maghreb, namely Mauritania, Morocco, Algeria, Libya and Tunisia⁵¹. Because of political and economic problems between Morocco and Algeria the proposal is suspended⁵².

But what are the reasons of the low level of intra-regional trade? One of the main reasons of the low level of integration can be found in the tendency of the North African countries to trade with the European Union⁵³. First, South Mediterranean countries maintained and developed their historical ties with their former European colonizers⁵⁴. Second, there is more complementarity between the Southern Mediterranean countries and their developed

⁴⁵ Ibid.

⁴⁶ Ibid

⁴⁷ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

⁴⁸ Ibid.

⁴⁹ E-notes. Arab Common Market. Accessed in October 2012. (www.enotes.com/arab-common-market-reference/arab-common-market)

⁵⁰ Arab Maghreb Union. Accessed in October 2012. (www.maghrearabe.org/en/uma.cfm) & (www.wikipedia.org/wiki/Arab_Maghreb_Union)

⁵¹ Ibid.

⁵² Ibid.

⁵³ Santi E., Romdhane S.B., and Shaw W., *Unlocking North Africa's Potential Through Regional Integration*, 2012.

⁵⁴ Ibid.

trading partners than between the southern countries themselves⁵⁵. Third, in many cases the distance between the North African cities and the European ones are shorter, and there is a better connection between them than among the North African cities⁵⁶. Other problems that undermine south-south integration are inefficient trade procedures, a lack of modern and efficient transport infrastructures and connections, a poor logistics and transport service as well as slow and expensive customs procedures among them⁵⁷.

As stated above, deepening south-south economic integration is also a key goal for European countries which benefit from a better coordination and a stronger collaboration among their southern trade partners. The European Union has strongly supported intra-regional among these countries. An important example of such a policy is the political and financial support that the European Union has given to the so called *Agadir Agreement*, signed by Morocco, Tunisia, Egypt and Jordan in Rabat on 25th February 2004. The Agadir Agreement aims at “setting up a free trade area, developing economic activities, supporting employment, increasing productivity, improving living standards, and enhancing coordination of the overall and sectorial policies within its member countries”⁵⁸. This Agreement is considered a major step both towards the achievement of the Euro-Mediterranean Free Trade Area and also towards an economic and social south-south integration. The European Union has supported the Agadir initiative both politically and financially with the purpose of encouraging intra-regional integration⁵⁹.

2.4 Country profile: Morocco, Tunisia, Egypt, Jordan

2.4.1 Morocco

The Kingdom of Morocco is located on the north-west corn of Africa and it borders Mauritania, the Atlantic Ocean, the Mediterranean Sea and Algeria. As of 2011, it has a population of 32 million and it covers an area of 446,550 square kilometres⁶⁰. The political capital of Morocco is Rabat, but the largest and main economic city of the country is Casablanca. Other major cities are Oujda, Fes, Marrakesh, Agadir, Kénitra, Tetouan and Tangier. The latter has strongly developed in recent years thanks to investments that have

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ WB (World Bank). Agadir Text. Accessed in September 2012

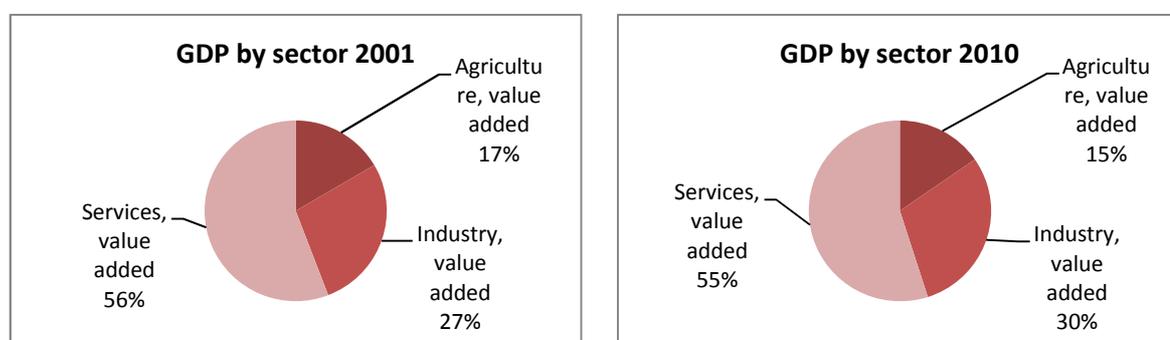
⁵⁹ Medea. The Agadir Agreement. Accessed in September 2012 (www.medeabe/en/countries/arab-world-general/agadir-agreement/)

⁶⁰ WB (World Bank), Indicators, Accessed in October 2012 (www.worldbank.org/indicators/)

been done on a new port complex and the industrial areas in the region. The official languages of the country are Arabic and Berber, but French is often used as the language of business, government and diplomacy⁶¹. The currency that is used is the Moroccan Dirham⁶². It is a constitutional monarchy with an elected parliament, and the head of the state is the King Mohammed VI⁶³.

One of the main resources of the country is the agricultural sector which is the largest job provider in the country⁶⁴. Another important resource is the mining sector and processing of phosphates. The latter locates the country in the top three world's producers after the United States and China⁶⁵. The economy of the country is considerably influenced by changes in the price of phosphates in the international market. Some recent reforms have favoured the growth of the manufacturing sector with textile and clothing playing a major role. Last but not least, tourism is another significant resource of the country.

As of 2011, Morocco's GDP is \$100.2 billion, its GDP per capita is \$ 3,054, its GDP annual growth of 4.5%⁶⁶. As of 2010, the sector that contributes more to the country's GDP is the services sector with 55,0%, followed by the industry sector with 29,7%, and the agricultural sector with 15,4%. This has been the GDB situation of the country by sector for the past twenty years⁶⁷.



⁶¹ Foreign and Commonwealth Office, Morocco Profile. Accessed in November 2012 (www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/middle-east-north-africa/morocco/)

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Encyclopedia of the Nations. Morocco-Economy. Accessed in November 2012 (www.nationsencyclopedia.com/Africa/Morocco-ECONOMY.html)

⁶⁵ Ibid.

⁶⁶ WB (World Bank), Indicators, Accessed in November 2012 (www.worldbank.org)

⁶⁷ European Commission, Morocco Statistics 2012, Accessed in Spetember 2012. (www.ec.europa.eu/trade/creating-opportunities/bilateral-relations)

All the data that will be outlined in this paragraph is provided by the European Commission. “Morocco’s major trading partners are the European Union and the USA. The country signed an association Agreement with the European Union in the framework of the Barcelona Process in 1996 which entered into force in 2000. In 2004, it was among the first countries to adhere to the *European Neighbourhood Policy Action Plan* (ENP). On the 1st of October 2012, an Agreement on agricultural, processed agricultural and fisheries products between Morocco and Europe entered into force. In 2010, a 53,1% of Morocco’s total trade was directed towards the European Union⁶⁸. The trade volume between the two partners increased by over 80% between 1995, when the Barcelona Process started, and 2007. Another 20% of growth was registered from 2007 to 2011. In 2007 the Agadir Agreement started to be implemented and that same year the Port of Tanger Med became operative. It can be assumed that these two events played a role in this increase. The three main areas of Morocco’s export to EU are clothing, agricultural products, and machinery and transport equipment. Morocco imports mainly machinery, manufacturer goods, chemicals and fuels. As far as the exchange of services, Morocco’s export to the EU are travel services, transportation and communication. It imports communication and business services and transportation. As far as Foreign direct Investment is concerned, Morocco received an amount of 15.2 billion euros from the EU in 2010, which was almost 60% of the European total share of investments in stocks in the Mediterranean region in 2010. In addition to the European Union, Morocco has signed agreements with several other countries and regions: the US, the EFTA group, MERCOSUR, Turkey, UAE, GAFTA, Agadir Agreement, and West Africa Monetary Union. It is also negotiating a new deal with Singapore, Mauritania and it may start talks with Vietnam”⁶⁹.

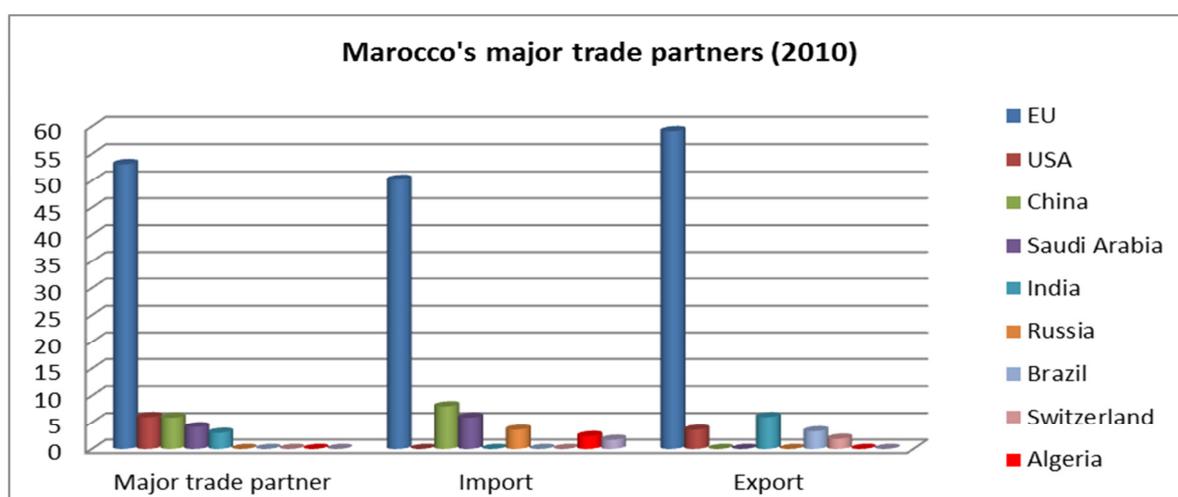
Morocco	
Import from the European Union	Export to the European Union
Machinery	Clothing
Manufacturer goods	Agricultural product
Chemicals and fuels	Machinery and transport equipment
Communication and business services, and transportation	Travel services, transportation, communication

Source: European Commission, October 2012. (ec.europa.eu/)

⁶⁸ Ibid.

⁶⁹ Ibid.

Who are Morocco's main trade partners? The European Commission published a list which shows the volume of trade in percentage between Morocco and its fifty major trade partners. This list will be used to outline Morocco's trade flows⁷⁰. "As of 2010, Morocco's top six major import partners are the European Union amounting to 50,2%, followed by China with 8,0%, United States with 7,1%, Saudi Arabia with 5,9%, Russia with 3,6%, and Algeria with 2.4%. Morocco's major export partners are the European Union accounting for 59,1%, followed by India (6,0%), United States (3,6), Brazil (3,3%), Switzerland (1,9%), and Turkey (1,7%). The top six major Morocco's import and export partners are the European Union constituting 53,1%, followed by the United state(6,0%), China (5,9%), Saudi Arabia (4,1%), India (3,0%) and Russia (2.7%)".⁷¹

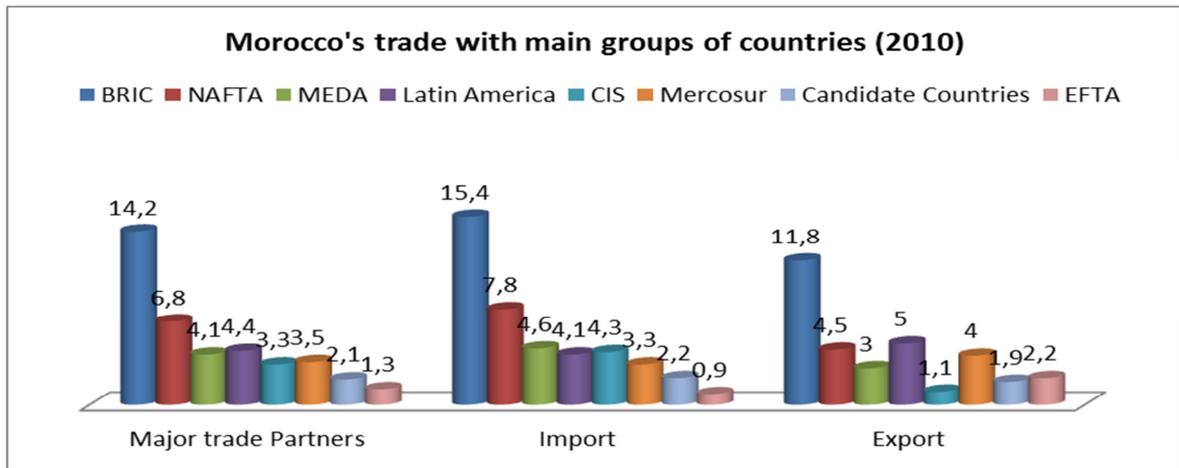


"If we analyse Morocco's trade with major groups of countries, with the exclusion of the European Union, we find that its main trade partner is the BRIC group which accounts for 14,2%. This acronym includes Brazil, Russia, India and China who are seen as a symbol of the shift in global economic power. It is believed that the developing world is taking away the power from the developed G7 economies. BRIC countries are followed by the NAFTA group which amounts to 6.8%, the Latin American Countries (4,4%), MEDA (4,1%, with the exclusion of the EU and Turkey), and the Mercosur group (3,5%)"⁷².

⁷⁰ European Commission. Morocco Statistics 2012. Accessed in September 2012 (www.ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/morocco/)

⁷¹ Ibid.

⁷² Ibid.



BRIC: Brazil, Russia, India, and China; NAFTA: Canada, Mexico, United States; MEDA (Ex Eu & Turkey): Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Occupied Palestinian Territory, Syrian Arab Republic, Tunisia; Mercosur: Argentina, Brazil, Paraguay, and Uruguay. Source: European Commission (ec.europa.eu/) **Source:** European Commission. Morocco Statistics 2012. Accessed in September 2012 (www.ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/morocco/)

2.4.2 Tunisia

The Republic of Tunisia is the smallest country of North Africa and it is bordered by Algeria, Libya, and the Mediterranean Sea. It covers an area of 162,155 square kilometres and it has a population of 10.67 million⁷³. Its capital city is Tunis and the official languages are Arabic and French. Its currency is the Tunisian Dinar⁷⁴. It is a republic and the head of the state is the President Moncef Marzouki.

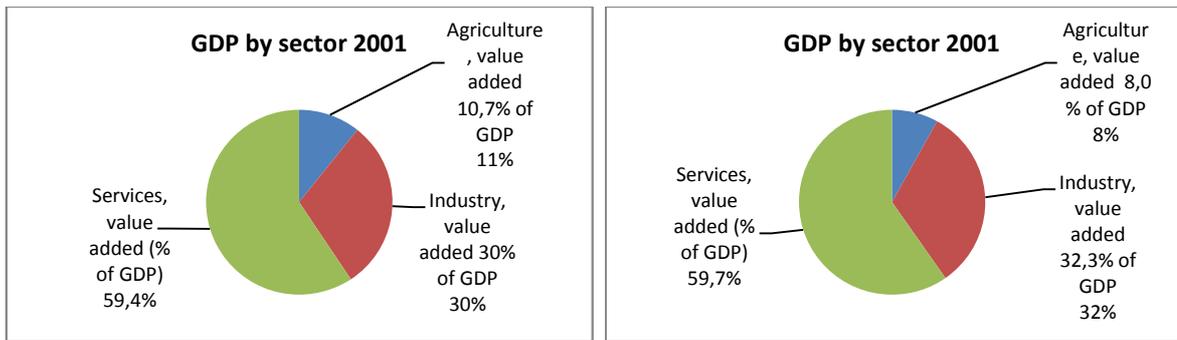
Tunisia's economy comprises several important sectors. In 2009, it was ranked the most competitive economy in Africa and the 40th in the world⁷⁵. Its economy consist of agriculture, mining, manufacturing, petroleum product, tourism, textiles, footwear, food and beverages. The main sectors is that of services which is followed by the industrial and the agricultural sector. In 2011, Tunisia had a GDP that amounted to 45.8 billion dollars, a GDP per capita that was 4,297 dollars, and an annual growth that was negative representing -1.8%⁷⁶.

⁷³ Foreign and Commonwealth Office, Morocco Profile. Accessed in November 2012 (www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/middle-east-north-africa/Tunisia/)

⁷⁴ Ibid.

⁷⁵ The Global Competiveness Index 2009-2010. Tunisia. Accessed in November 2012 (<http://members.weforum.org/pdf/GCR09/GCR20092010fullrankings.pdf>)

⁷⁶ WB (World bank), Tunisia Indicators. Accessed in November 2012 (www.worldbankdata.org)



Tunisia was the first Mediterranean country to sign an association Agreement with The European Union, in 1995⁷⁷. The Agreement entered into force three years later, in 1998. The Agreement established a gradual removal of trade barriers with the European Union which was completed in 2008. It was therefore the first Mediterranean country which entered a free trade area with the European Union.

The sectors that produce the most of the export that is directed towards the European Union are the manufacturing, energy, and agricultural sectors. As far as the manufactured products are concerned, the main exports are clothing, machinery, and transport equipment. Tunisia mainly imports machinery, transport equipment, energy and chemicals. As far as Foreign Direct Investment is concerned, the flow that comes from the EU is directed towards the development of the infrastructure network, and the textile and clothing sector.

Tunisia	
Import from the European Union	Export to the European Union
Machinery	Manufacturing sector: clothing, machinery and transport equipment.
Transport equipment	Energy sector
Energy	Agricultural sector
chemicals	-

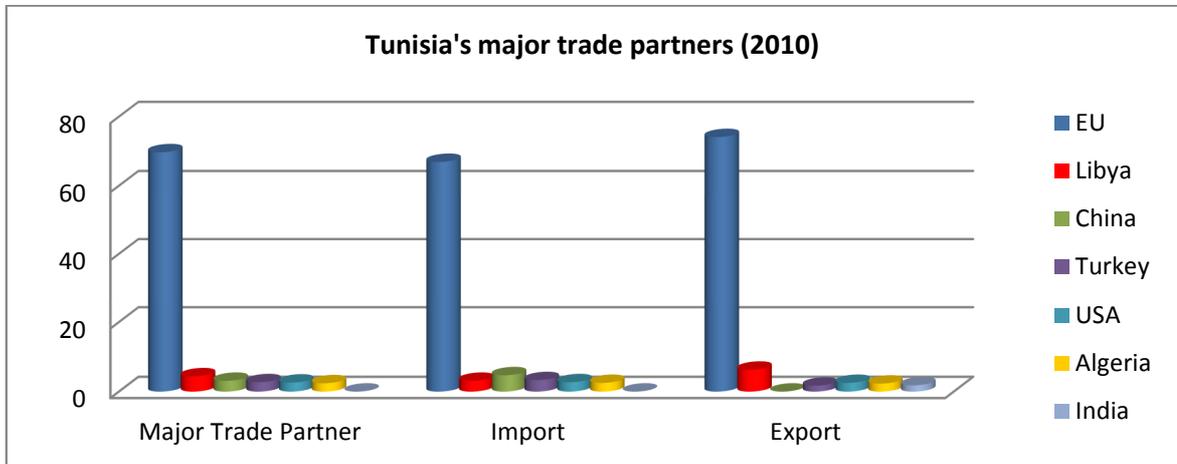
Source: European Commission, October 2012 (ec.europa.eu)

In the following paragraph it will be analysed Tunisia's trade statistics provided by the European Commission⁷⁸. "Tunisia major import partner is the European Union accounting for 66,9%. The UE is followed by China(4,7%), Turkey (3,3%), Libya (3,1%), the United States (2,7%), and Algeria (2,5%). Tunisia's major export country is the European Union

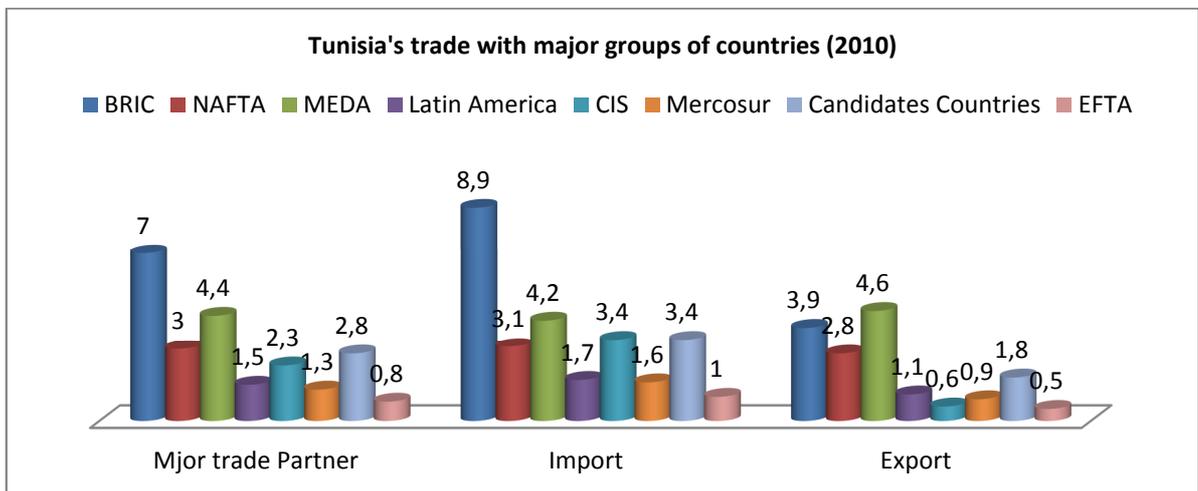
⁷⁷ Wippl S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

⁷⁸ European Commission, Morocco Statistics 2012, Accessed in Spetember 2012. (www.ec.europa.eu/)

amounting to 74,1%. The European Union is followed by Libya (6,3%), the United States (2,5%), Algeria (2,3%), India (1,8%) and Turkey (1,7%) . Tunisia’s major trade partner is the European Union representing 69,7% of its total trade, followed by Libya (4,4%), China (3,1%), Turkey (2,7%), the United States (2,6%), and Algeria (2,4%)”⁷⁹.



“As far as major country groups are concerned, Tunisia mainly imports from BRIC countries (8,9%), followed by the MEDA region (4,2%, with the exclusion of the EU and Turkey); it exports mainly to MEDA (4,6%, with the exclusion of the EU and Turkey), followed by the BRIC countries (3,9%). Its major trade partners are the BRIC countries (7,0%) and MEDA countries (4,4% with the exclusion of the EU and Turkey)”⁸⁰.



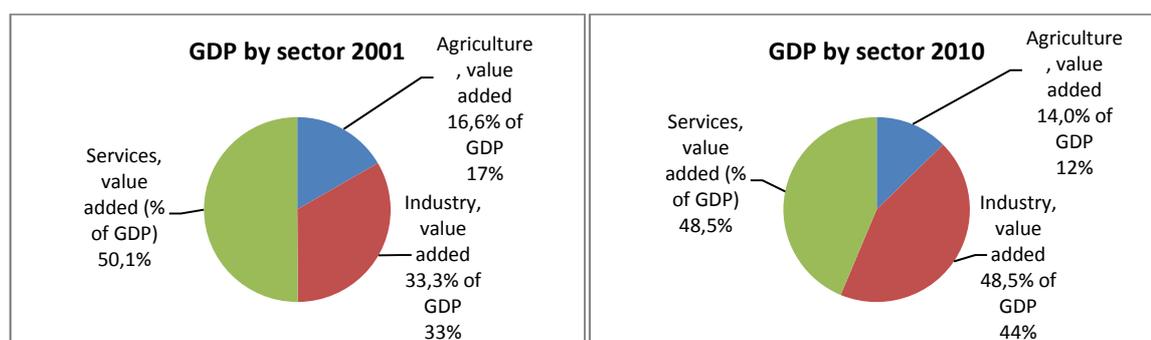
⁷⁹ European Commission, Tunisia Statistics 2012, Spetember 2012. (www.ec.europa.eu/)

⁸⁰ Ibid.

2.4.3 Egypt

The Arab Republic of Egypt is situated in the north-eastern corner of Africa and south-western Asia. It borders the Mediterranean Sea, Palestine, Israel, Sudan and Libya. As of 2011, it has a population of 82,5 million which makes it one of the most populous countries in Africa and the Middle East⁸¹. It covers an area of 1,0001,450 square kilometres⁸². The capital city of the country is Cairo. Other major cities are Alexandria, Giza, Port Said and Suez among others. Egypt's official language is Arabic, but English is largely understood. The currency of the country is the Egyptian Pound (LE)⁸³. It is a Republic and the President Muhammad Mursi Isa has been the head of the state since 30th June 2012⁸⁴.

“Its economy depends mainly on agriculture, manufacturer, petroleum exports, exports of natural gas, and tourism. Agriculture has lost its leading economic role over the years. Textile and clothing is one of the main manufacturing and exporting processes in the country and an important job provider. It is a strategic industry because the country is very close to the European Union which absorbs very quickly the production of this sector. In addition, Egypt's strength is its low capital and high labour intensity industry”⁸⁵. Other major sectors include petroleum exports, natural gas exports and tourism. As of 2011, Egypt's GDP amounted to \$ 229.530 billion, the GDP per capita was \$ 2,781, and the annual growth was 1.8%⁸⁶.



⁸¹ World Bank, Indicators, Accessed in October 2012 (www.worldbank.org)

⁸² Foreign and Commonwealth Office, Morocco Profile. Accessed in November 2012 (www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/middle-east-north-africa/Egypt/)

⁸³ Ibid.

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ World Bank, Indicators, October 2012 (www.worldbank.org/indicators/)

The Association Agreement with the European Union entered into force in 2004⁸⁷. The Agreement enhances trade between the two partners thanks to the elimination of tariffs on industrial products and important concession on agricultural products⁸⁸. In 2007, an *Action Plan* for political dialogue and cooperation in different sectors was implemented. In addition, an agreement on agricultural, processed agricultural and fisheries products entered into force in 2012⁸⁹.

“Since the signing of the Association Agreement with the EU, trade between the two countries more than doubled. The European Union is Egypt’s major trading partner accounting for 31,9% of Egypt’s total trade in 2010. The main sectors that are involved in Egypt’s export towards the European Union are the energy sector, followed by chemical sector, and textiles and clothes sector. Egypt imports mainly of machinery and chemicals. As far as the service sector is concerned, Egypt imports from the EU mainly business services, while it exports travel services and transport”⁹⁰.

Egypt	
Import from the European Union	Export from the European Union
Machinery	Energy sector
Chemicals	Chemical sector
Service sector: business services	Textiles and cloth sector
-	Service sector: travel services and transport

Source: European Commission, October 2012 (ec.europa.eu)

The 2010 trade statistics published by the European Commission show that Egypt’s top six import countries are the European Union amounting to 32,6%, the United States (9,4%), China (9,4%), Saudi Arabia (4,0%), Turkey (3,6%) and Russia (3,5%). Egypt’s major export partner is the European Union representing 30,5%, followed by Saudi Arabia (6,1%), the United States (5,9%), Libya (4,8%), India (4,6%) and Turkey(3,8%). Egypt’s

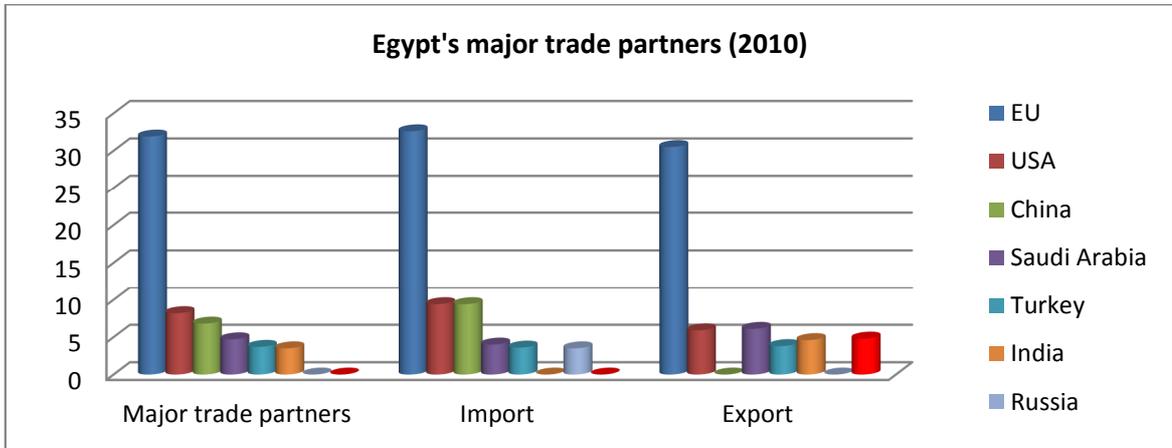
⁸⁷ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

⁸⁸ European Commission, *Bilateral Relations, Egypt*. Accessed in November 2012 (<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/Egypt/>)

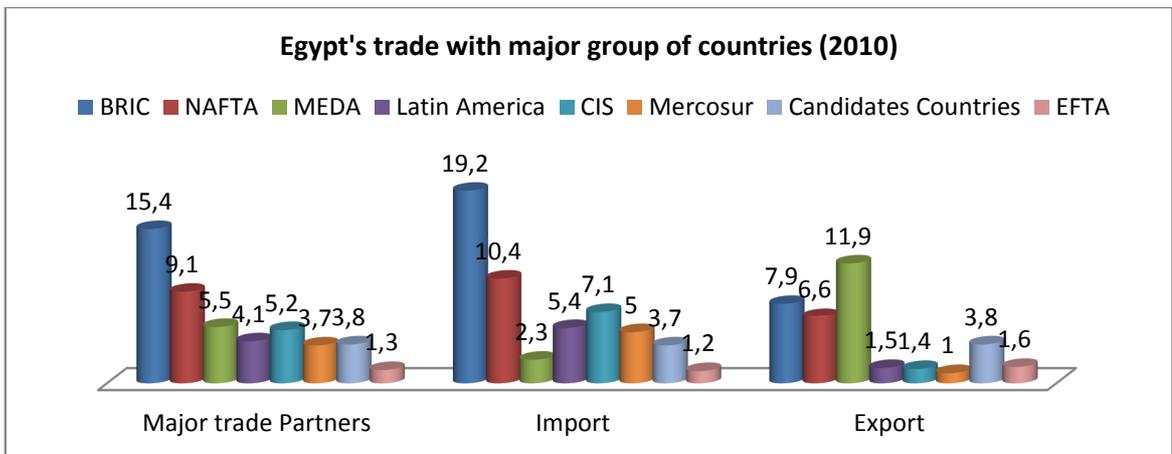
⁸⁹ Ibid.

⁹⁰ European Commission, *Egypt Statistics 2012*, Accessed in Spetember 2012. (<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/morocco/>)

top six major trade partners are the European Union with 31,9%, followed by the United States with 8,2%, China with 6,8%, Saudi Arabia with 4,8%, Turkey with 3,7% and India with 3,5%.



If we analyse Egypt's trade with other regions, with the exclusion of the European Union, it mainly imports from BRIC (19,2%) and NAFTA (10,4%). Its exports are mainly directed towards MEDA (11,9%, with the exclusion of the EU and Turkey). The first group of countries with whom it trades is BRIC (15,4%), followed by NAFTA (9,1%)⁹¹.



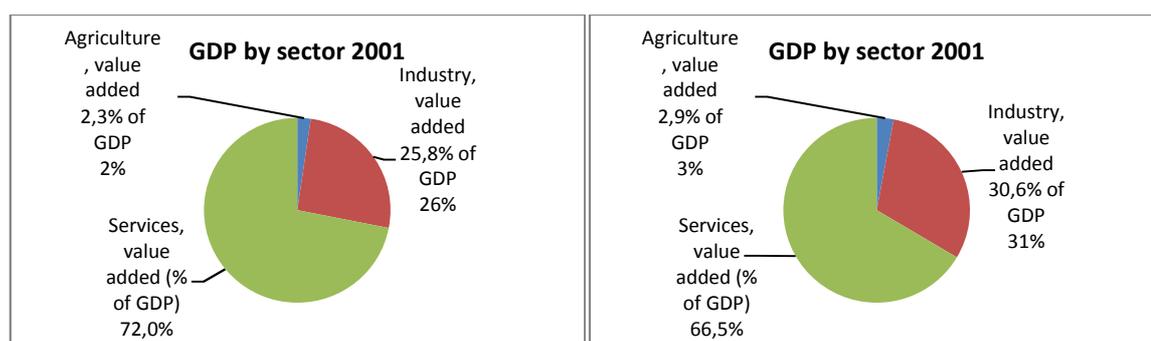
2.4.4 Jordan

The Kingdom of Jordan is located in Asia, in the East Bank of the River Jordan. It is bordered by Saudi Arabia to the south and east, by Iraq to the north-east, by Syria to the North, and Israel. In addition, it shares the Dead Sea with the latter two. It covers an area

⁹¹ Ibid.

of 89, 213 kilometres square and it has a population of 6.1 million people⁹². The capital city is Amman and the official language is Arabic, but also English is spoken. The currency used in the country is the Jordanian Dinar (JD). It is a Constitutional Monarchy and the head of the state is King Abdullah II Bin al-Hussein⁹³.

Contrary to Arab countries to the south and east, Jordan has no oil of its own and has historically been dependent on international support. It also suffers from water scarcity. Its resources comprise mainly phosphates and agricultural products. Its economy is dominated by the services sector and the country depends largely also on tourism and foreign aid, for which the USA plays a crucial role.⁹⁴ The industrial sector is also important with the manufacturing industries playing a major role in the country's economy⁹⁵. Annual growth averaged 2.6 per cent in 2011 with a GDP per capita amounting to 4,666 US\$⁹⁶. One of the country's aim is to strengthen the private sector as a key step for future economic growth.



According to the European Commission, "Jordan's top six import partners are the European Union, accounting for 20,1% of its total import volume, followed by Saudi Arabia with 20,0%, China with 11,0%, United States with 5,7%, Egypt with 4,6% and South Korea with 4,3%. Its top six export partners are the United States with 15,7%, Iraq with 15,4%, India with 13,3%, Saudi Arabia with 10,8%, the United Arab Emirates with 4,3% and Syria with 4,0%. Jordan's major trade partners are Saudi Arabia with 17,4%,

⁹² WB (World Bank), Indicators, Accessed in October 2012 (www.worldbank.org/indicators)

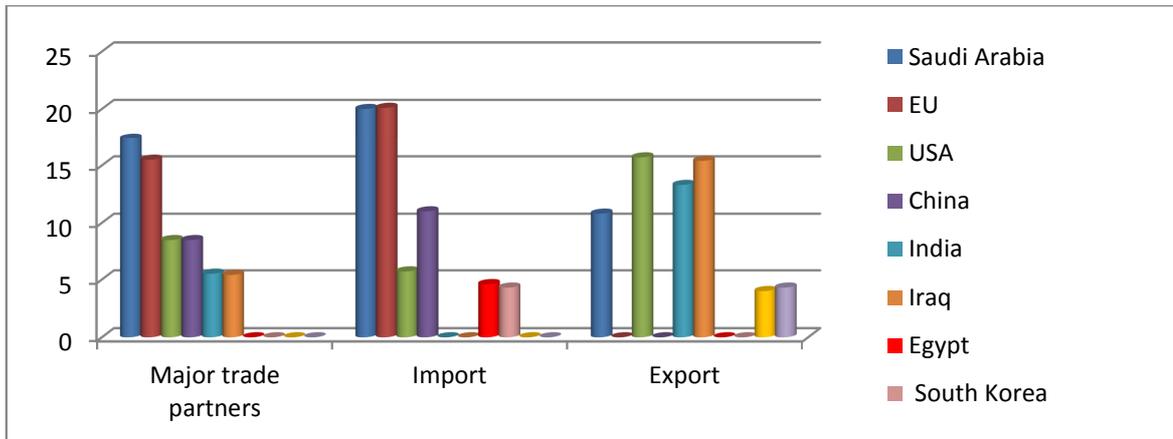
⁹³ Foreign and Commonwealth Office, Morocco Profile. Accessed in November 2012 (www.fc.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/middle-east-north-africa/Jordan/)

⁹⁴ Ibid.

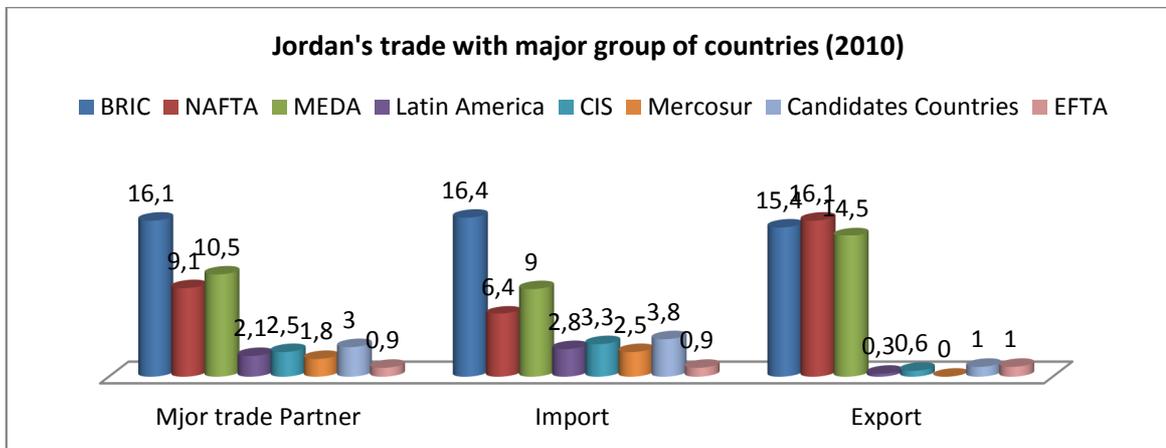
⁹⁵ Periodical Islamic Chamber of Commerce & Industry Magazine, Jordan. Accessed in November 2012 (www.archive.org/web/2012102822220138/http://chambermag.com/en/details.asp?t=05&yearmonthid=33&ido=25)

⁹⁶ WB (World Bank), Indicators. Accessed in November 2012 (www.worldbank.org/indicators)

followed by the EU with 15,5%, the United States with 8,5%, China with 8,5%, India with 5,5% and Iraq with 5,4%”⁹⁷.



As far as trade with major groups of countries is concerned, Jordan’s main import partner is the BRIC group accounting for 16,4% of total imports, followed by MEDA, with the exclusion of the EU and Turkey, with 9,0% and NAFTA with 6,4%. Jordan exports mainly to NAFTA countries with 16,1%, followed by BRIC countries with 15,4% and MEDA countries with 14,5%. The three major groups of countries represent Jordan’s top three trade partners with BRIC countries ranking as number one.



⁹⁷ European Commission, Jordan Statistics 2012, Accessed in Spetember 2012. (<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/Jordan/>)

3 CHAPTER 3: THE AGADIR AGREEMENT

1. The preparatory meetings
2. Elements that justify the separate existence of the Agreement
3. Analysis of the Agreement
4. Fulfilment of the aims of the Agadir Agreement

3.1 The preparatory meetings

The 4th Euro-Mediterranean Conference of Foreign Ministers in Marseilles in November 2000 was an important step in creating connections between the Mediterranean countries⁹⁸. In the course of this meeting four countries, namely Morocco, Tunisia, Egypt and Jordan, declared their intention to establish a common free trade area among themselves. As reported by Mjed, The initiative was very well received by all the Foreign Ministers present at the meeting and even found expression in the final declaration as follows:

“After reaffirming the objective of creating a free-trade area by 2010 (Barcelona Process), they stressed the need for the partner countries, with the support of the European Union, to open up further to one another economically in order to foster their successful integration into world economy. In that regard the Ministers welcomed the desire already expressed by four countries –Morocco, Tunisia, Egypt and Jordan- to establish closer links by creating a free-trade area amongst themselves, and emphasized the need for suitable back-up from the European Union to that end”⁹⁹.

The consultations that Morocco, Tunisia, Egypt and Jordan had during the Marseilles conference led to a meeting among the four countries in Agadir on 8th May 2001¹⁰⁰. During this meeting, it was discussed the creation of a free trade area. At the time of the discussions, such integration would have comprised a market of 112.608.336 million people with an aggregate GDP of 166.403.154.668 billion US dollars¹⁰¹. As of 2011, the

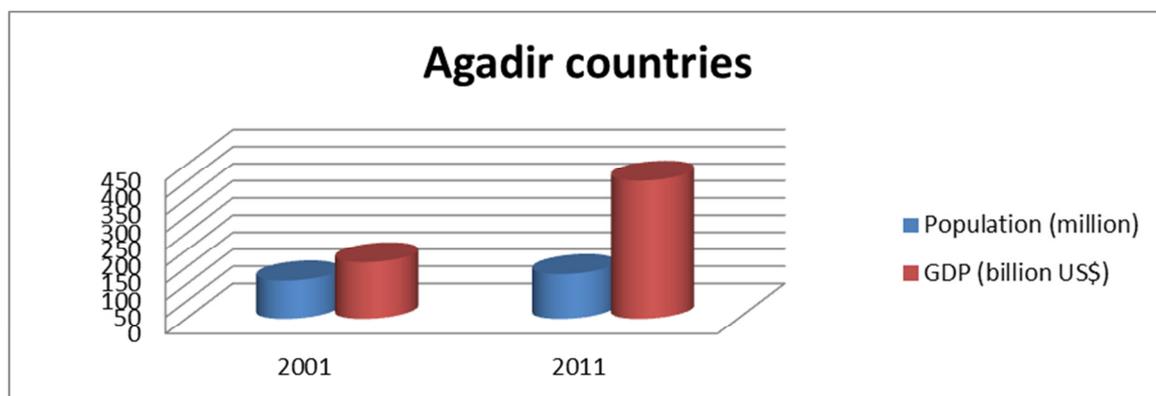
⁹⁸ Hamoudeh Mjed. *The Agadir Process. Paper*, Mediterranean Academy of Diplomatic Studies, Malta, 2002.

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ World Bank: <http://data.worldbank.org/indicator/SP.POP.TOTL?page=2>.

same area has become an important market of 131.664.544 million people with an aggregate GDP of 404.455.572.067 US dollars¹⁰².



Source: World Bank (2012)

It was precisely during the meeting of 8th May 2001 that the Agadir Process started. The four countries discussed and signed the Agadir Declaration which was named after the Moroccan city in which it was set out. The different European Institutions, including the Council, the Parliament and the European Commission, were ready to give their support to the four countries in their initiative by both technical and financial means and they also encouraged them to conclude an agreement during the first half of 2002 to enhance south-south trade¹⁰³.

Since the Agadir meeting in May 2001, the four countries met four times in eight months to set out the technical aspects of a free trade agreement¹⁰⁴. Three of these meetings were held by technical experts and one was conducted by senior officials.

The first meeting was held by technical experts in Egypt, in Cairo, on 14th and 15th July 2001¹⁰⁵. During this meeting the experts worked on four major areas which are clearly outlined in Mjed work and which I report here below. “First, they analyzed the relationships between the four countries with respect to other agreements in which they were involved. These agreements include bilateral free trade agreements, bilateral association agreements with the EU, the WTO, and the Pan-Arab Free Trade Agreement. Second, they set out the objectives of a new agreement. Third, they established the

¹⁰² World Bank: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>.

¹⁰³ Hamoudeh Mjed. *The Agadir Process. Paper*, Mediterranean Academy of Diplomatic Studies, Malta, 2002.

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

framework of the agreement by analyzing the four countries' bilateral agreements and Association Agreements. Fourth, they included an analysis on the "rules of origin" which was to be discussed in a future meeting. Fifth, they talked about the need to identify the main non-tariff barriers to trade in order to eliminate them. Last but not least, they discussed about the need to think about a mechanism to implement this agreement and a mechanism of settlement of disputes that could arise after the enforcement of this new agreement¹⁰⁶.

The second meeting was held by senior officials in Morocco, in Rabat, on 22nd and 23rd October 2001¹⁰⁷. The aim of the meeting was to define a new free trade agreement based on the proposals made during the technical meeting held in Cairo three months before. According to Mjed, it was agreed what follows here below. "First, two working groups were established. One had the task to work on trade issues and prepare the industrial and agricultural products lists to be covered by the new agreement and discuss about the non-tariff barriers; the other one had to work on a way to unify the rules of origin to harmonize trade with the European Union. Second, the task of writing a draft agreement for the Moroccan Government was assigned. This draft was to be presented to the next meeting for discussion in accordance with the results obtained by the two Working Groups"¹⁰⁸.

The third meeting was the second one conducted by technical experts. It was held in Jordan, in Amman, on 26th and 27th December 2001¹⁰⁹. According to Mjed, experts worked on three areas. "First, they reviewed the draft agreement that was written during the senior official meeting and agreed the following:

- *The new agreement should include advantageous and concessions not less favorable than those included in the bilateral agreements.*
- *The status of the bilateral agreement*
- *The application of the European rules of origin for the purposes of achieving diagonal cummulation vis-à-vis the Arab rules of origin under the Pan-Arab Free Trade Agreement*
- *The call on experts from the EU in the field of rules of origin to participate in the 3rd meeting of experts to shed more light on the issue.*"¹¹⁰

¹⁰⁶ Ibid

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

¹¹⁰ Ibid.

Second, they talked about tariffs. They agreed to further discuss the gradual tariff dismantling on both industrial and agricultural products, to write their conclusions for the next meeting, and to include provisions that call for immediate elimination of all non-tariff barriers to trade. It was also decided to determine products not excluded from the scope of the agreement for reasons related to security, environment protection, health, public morals.. etc.¹¹¹ Third, it was agreed to set out a mechanism on implementation which was to be discussed in the next meeting, and to establish the requirements that other Arab countries should possess to join the agreement.¹¹²

The fourth meeting was held by technical experts in Tunisia on 27th and 28th March 2002¹¹³. Experts agreed on the concrete steps towards the liberalization of trade of the products in the lists. The entering into force of the agreement was planned by 2003 with an immediate tariff reduction of customs duties on industrial goods of 65 percent, followed by a decrease of 80 per cent in 2004 and of 90 per cent in 2005, until reaching a 100 per cent reduction in 2006¹¹⁴. The status of agricultural products was to be discussed during the next meeting. During the same meeting, Jordan suggested establishing a Secretariat. The proposal was welcomed by the other three countries and this was also to be discussed during the next meeting.

In spring 2002 the Agadir process slowed down because of the postponement of some final decisions and of the concluding meetings. The problem did not lie in difficulties linked to the agreement, but it was linked to the choice of the place where the final ceremony was to be held or where the secretariat was to be hosted¹¹⁵. Finally, the agreement was finalized in Amman in January 2003. Another final meeting of experts was held in June 2003 before the signature ceremony took place in Rabat on 25th February 2004. It was signed by the ministers of foreign affairs of the four countries with the presence of the European Union external relation commissioner, the Mauritanian foreign minister, the Libyan Vice-Secretary General for UMA affairs, the Secretaries General of the Arab Maghreb Union

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ Ibid.

¹¹⁴ Ibid

¹¹⁵ Ibid.

(UMA), and the Arab League; representatives of the EU presidency and of Syria, Lebanon, the Palestinian Authority and Algeria also attended.¹¹⁶

3.2 Elements that justify the existence of the Agadir Agreement

What role does the Agadir Agreement have in relation to other agreements that aim at improving north-south trade or south-south trade? First, the Agadir Agreement is in accord with the *Arab League Charter* in promoting mutual Arab cooperation. The Arab League Charter adopts the principle of an Arab homeland, with supranational institutions, while, at the same time, it guarantees the sovereignty of its member states¹¹⁷. Second, the Agadir Agreement is also in accordance with the *Greater Arab Free Trade Area (GAFTA)* which was established in 1997 and was signed by eighteen Arab states including the four Agadir countries¹¹⁸. In 1998, fourteen of these countries, which are responsible for 95 per cent of intra-Arab trade, began the implementation of the GAFTA program¹¹⁹. By January 2005, all customs duties and taxes of equivalent effect on industrial goods were officially abolished as it was established in GAFTA¹²⁰. Third, the Agadir Agreement is in accordance with the aims of the above mentioned Barcelona process because it aims at improving cooperation and liberalizing trade among its member countries. Last but not least, it is in harmony with the principles and requirements of the World Trade Organization (WTO) of which the four Agadir countries are members. Why was there the need then to stipulate another agreement which has the same aims as other agreements that are already effective? The Agreement was stipulated because there are elements that justify its separate existence. One reason can be found when we compare the Agadir Agreement with GAFTA. Both of them are open to accession to all Arab League members. But GAFTA aims at an intra-regional integration and it is open to accession exclusively to Arab League states¹²¹. On the contrary, the Agadir Agreement focuses more on the Euro-Mediterranean sphere. Indeed, in addition to the condition of being a member of the Arab

¹¹⁶ Ibid.

¹¹⁷ UNHCR (The UN Refugee Agency), The Charter of the Arab League. Accessed in October 2012 (www.unhcr.org/refworld/publisher,LAS,,3ae6b3ab18,0.html/) & Council Foreign Relation, The Arab League, Accessed in October 2012 (www.cfr.org/middle-east/arab-league/p25967)

¹¹⁸ Ministry of Industry & Trade, GAFTA. Accessed in September 2012 (www.mit.gov.jo/default.aspx?tabid=732)

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

League, members of the latter must have signed an association agreement with Europe which, automatically, limits the range of potential members of the new Agreement¹²². Moreover, the Agadir Agreement has received far more political and financial support from the European Union than GAFTA did¹²³. This is because the Agadir Agreement was seen both as an advancement in south-south cooperation and a major step towards the implementation of the Euro-Arab Mediterranean free trade zone. The European Commission showed immediately its willingness to give technical assistance to the process, in particular to financially support regional infrastructure¹²⁴. In December 2004, a four million euro programme between the European Union and the Agadir states was signed to support the Agadir process¹²⁵.

3.3 Analysis of the Agadir Agreement

The agreement is divided into six sections which include *general provisions, arrangements for liberalizing trade, accompanying arrangements for liberalization, procedures, institutional requirements, and general provisions and concluding requirements*. All the information that will be provided in this section are the result of the analysis of the text of the Agadir Agreement¹²⁶.

➤ *Section 1: General Provisions*

The first section is formed by two articles. Article 1 gives the definitions of the words used in the agreement. It explains that by the term *area* it is meant the free trade area that the four countries are willing to create. The *member countries* are those countries who ratify the agreement, namely the kingdom of Morocco, the Kingdom of Jordan, the Republic of Tunisia and the Arab Republic of Egypt. However, the article specifies that it also refers to any country that adheres to it in future in accordance to the procedures and requirements of

¹²² Hartzenberg T., *Regional Integration in Africa*. WTO Report, October 2011.

¹²³ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

¹²⁴ Hartzenberg T., *Regional Integration in Africa*. WTO Report, October 2011.

¹²⁵ Medea. The Agadir Agreement. Accessed in September 2012 (www.medeabe/en/countries/arab-world-general/agadir-agreement/)

¹²⁶ Agadir Agreement, text. Accessed in March 2012 (www.agadiragreement.org/CMS/Upload/Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf)

the agreement. The term *agreement* refers to the text in which it is expressed the willingness to establish a free trade area among these four countries with the hope of involving also other Arab Mediterranean countries. By the *institutions of the agreement* it is meant those actors who play a role in defying the policies and supervising the implementation of the Agadir agreement.

Article 2 presents the four goals of the Agreement . The first goal is to set up a free trade area during a transitional period which was to be completed at the latest by 1st January 2005, beginning with the entry into force of the Agreement. The timing has not been respected as the Agreement entered into force more than one year later, on 6th July 2006, and its real implementation was possible only two years after the established date, precisely from March 2007¹²⁷. What are the reasons of this delay? First, concluding meetings and final decisions were postponed because of reasons linked to the national prestige of the four countries: there were some discussions about the place where the final ceremony was to be held¹²⁸; second, ratification was not completed by all countries in due time. In Morocco, for instance, the law passed through the Council of Ministers at the end of December 2004. This was too late for a timely ratification by the parliament.¹²⁹ Last but not least, its effective implementation was possible only from 2007 after the creation of the Agadir Technical unit and the publishing of customs circulars¹³⁰. The second aim of the Agreement is to develop economic activities, support employment, increase productivity and improve living standards by creating a FTA enhancing therefore trade relationships among them¹³¹. As far as the improvement of the living standards is concerned, it is possible to verify if there has been an improvement by looking at the World Bank data from 2001, when the first meetings were held, to 2011, after five years the Agreement started to be implemented.

GDP											
2001-2011	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Billion Dollars											
Egypt	97,6	87,8	82,9	78,8	89,6	107,4	130,4	162,8	188,9	218,8	229,5

¹²⁷ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

¹²⁸ Ibid.

¹²⁹ Ibid.

¹³⁰ Agadir Agreement, official website. Accessed in March 2012 (www.agadiragreement.org)

¹³¹ Agadir Agreement, text. Accessed in March 2012 (www.agadiragreement.org/CMS/Upload/Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf)

Jordan	8,9	9,5	10,1	11,4	12,5	15	17,1	21,9	23,8	26,4	28,8
Morocco	37,7	40,4	49,8	56,9	59,5	65,6	75,2	88,8	90,9	90,8	100,2
Tunisia	22,0	23,1	27,4	31,1	32,2	34,3	38,9	44,8	43,5	44,2	45,8

Source: World Bank, Indicators, 2012 (www.worldbank.org)

It is possible to notice that there has been an increase in the GDP in all of the Agadir countries from 2001 up until 2011. The former has seen an increase in its GDP from approximately 97 billion dollars to 230 billion dollars¹³². The latter has improved its living standards from approximately 37 billion dollars to 100 billion dollars. Tunisia and Jordan had lower GDP rates in 2001, approximately 22 billion dollars and 9 billion dollars respectively. As of 2011, their GDP reached 46 billion dollars and 29 billion dollars respectively¹³³.

Another aim set out in Article 2 regarded employment. According to World Bank data, unemployment rates have been high from 2001 to 2009¹³⁴. There has been a slight reduction of unemployment in Egypt and Morocco in 2008, and in Jordan and Tunisia in 2004. Data about the year 2010 and 2011 is missing¹³⁵. In 2009, there has been an increase in unemployment in three of the Agadir members, namely Egypt, Jordan and Morocco.

Unemployment started to increase again in 2009. Unfortunately, the data about 2010 and 2011 is not available but the revolutions that have occurred in the South Mediterranean region in 2011-2012 are a sign that there is still much to be improved in the area. Some Arab countries in the South Mediterranean region have been the epicentre of the so called *Arab Spring*, which is the social and political revolution that broke out in Tunisia in January 2011 and expanded across the region¹³⁶. The different manifestations of the Arab Spring have had a series of major political and economic effects. These manifestations

¹³² World Bank, Indicators, Accessed in October 2012 (data.worldbank.org/indicator)

¹³³ Ibid.

¹³⁴ Ibid.

¹³⁵ Ibid.

¹³⁶ The Guardian, Arab Spring, Accessed in July 2012 (www.guardian.co.uk/world/interactive/2011mar/22/middle-east-protest-interactive-timeline)

were a response to the pressure that people in the region have been going through because of difficult living conditions. Although these manifestations have started from similar difficulties, the political effects of each country have been quite different. Long-existing regimes in Egypt, Libya and Tunisia have collapsed and these revolutions have inspired political changes in North-West Africa too¹³⁷. Major reforms have been undertaken in Morocco and Algeria to increment representativeness in their political systems. Morocco, for instance, has brought some changes to its constitution. The instability brought by the revolutions has created many difficulties to these South Mediterranean countries. These difficulties are deepened even more by the economic crisis that Europe, their main trading partner, has been experiencing in the last years.

Unemployment (%)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Egypt	9.4	10.2	10.4	10.7	11.2	10.6	8.9	8.7	9.4	X	X
Jordan	15.8	16.2	15.4	12.4	x	x	13.1	12.7	12.9	X	X
Morocco	12.5	11.6	11.9	10.8	11.0	9.7	9.7	9.6	10.0	X	X
Tunisia	15.1	15.3	14.5	13.9	14.2	14.3	14.1	14.2	X	x	X

Green: lowest unemployment rates; Red: highest unemployment rates. *Source: World Bank. 2012.*
Unemployment, total (% of total labour force)

The third goal set in Article 2 of the Agreement is about the enhancement of a better coordination of the overall and sectorial economic policies in the member countries¹³⁸. The areas that are taken into consideration are foreign trade, agriculture, industry, the tax regime, finance, and services and customs. The fourth aim is the achievement of an approximation of legislation in the economic field in order to support intra-regional integration¹³⁹.

¹³⁷ Ibid.

¹³⁸ Agadir Agreement, text of the Agreement. Accessed in March 2012
(www.agadiragreement.org/CMS/Upload Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf)

¹³⁹ Ibid.

➤ *Section 2: Arrangements for liberalizing trade*

Section two gives all the arrangements for the liberalization of trade. It is made of four articles referring to industrial goods, agricultural goods, which include commodities and products, and processed agricultural products, trade in services, and rules of origin¹⁴⁰.

The first Article of the this section is Article 3 on *industrial goods*. By industrial goods it is meant all those “goods or components produced for use primarily in the production of other goods”¹⁴¹. In another definition industrial goods are described as *machinery, manufacturing plants, materials, and other goods or component parts for use or consumption by other industries or firms. Demand for industrial goods is usually based on the demand for consumer goods they help produce. They are classified as production goods, that enter the production of a final product, such as the raw materials and component parts, or support goods, that assist in the production process such as fixed equipment and machinery, instruments, tools etc.*¹⁴² The concept of industrial goods in Article 3 is specified by two other words put into brackets: *commodities* and *products*. The former refers to “a good or a material such as agricultural products, fuels and metals bought and sold freely as an article of commerce, traded in bulk on commodity exchange or spot market”.¹⁴³ The latter refers to a “commercially distributed good that is “a commercial, a result of a production process, and which passes through a distribution channel before being consumed or used”¹⁴⁴.

Article 3 provides that customs duties and taxes of similar and symbolic effect were to be dismantled with regard to importation. First, goods subject to immediate and rapid dismantling in the Association Agreements with the European Union, which can go from three to five years according to country, are to be fully liberalized upon the entry into force of the Agadir Agreement. Second, the dismantling of goods specified in bilateral agreements are to continue as agreed. Third, as regard to industrial products subject to customs duties and not listed for immediate dismantling, the Agreement establishes that they are to be reduced by 80%, beginning from the entry into effect of the Agreement and completely abolished by January 2005. The percentage of the reduction was risen from the first 65% agreed during the first negotiations to 80%, as a result of the delay in the implementation of the Agreement. This was done to accelerate the whole process.

¹⁴⁰ Ibid.

¹⁴¹ Invest Words Dictionary (http://www.investorwords.com/2444/industrial_goods.html)

¹⁴² Business dictionary (<http://www.businessdictionary.com/definition/industrial-goods.html>)

¹⁴³ Business Dictionary (<http://www.businessdictionary.com/definition/commodity.html>)

¹⁴⁴ Business Dictionary (<http://www.businessdictionary.com/definition/product.html>)

Article 4 provides the rules regarding *agricultural goods (commodities and products) and processed agricultural products* set out in Sections 1 to 24 of the *Harmonized System (HS)*. The HS is an internationally standardized system of names and numbers for classifying traded products elaborated under the World Customs Organization (WCO). At present “*there are 138 Contracting Parties to this Convention, however, it is applied by more than 200 administrations worldwide, mostly to set up their national customs tariff and for the collection of economic statistical data. The HS Nomenclature comprises about 5,000 commodity groups which are identified by a 6-digit code and arranged according to a legal and logical structure based on fixed rules*”.¹⁴⁵ These goods and products are to be liberalized in accordance with the GAFTA Executive Programme which aims at facilitating and developing commercial exchanges between Arab states.

Article 5 specifies that liberalization in services is to be defined among the Agadir countries within the framework of the *World Trade Organization Agreement on Services*. The General Agreement on Trade in Services (GATS) is a treaty of the WTO and it aims at extending the multilateral trading system to services as well¹⁴⁶. The articles states also that the four countries will try to expand trade in services between them. Developments in this area will be monitored by the Foreign Trade Ministers’ Committee.

Article 6 specifies the rules of a central element of a free trade area: the *rules of origins (RoOs)*. The Agadir countries found some difficulties to define the rules of origin during the writing of the Agreement¹⁴⁷. What are these rules of origin and what role do they play? It is the criteria used to determine the country of origin of a product in international trade as many goods are produced in other countries or are made of materials coming from several countries. Once the origin of a good is known, how are these rules used? The importing country can apply both trade restrictions, such as anti-dumping duties or safeguard measures, as well as trade preferences, such as most-favored-nation treatments or preferential treatments¹⁴⁸. Article 6 of the Agadir Agreement establishes which products shall be considered as of local origin. It states that any good can be considered of local

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http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/harmonised_system/index_en.htm

¹⁴⁶ WTO (World Trade Organization), GATS. Accessed in October 2012 (www.wto.org/english/tratop_e/serv_e/serv_e.htm)

¹⁴⁷ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

¹⁴⁸ European Commission, Rules of Origin. Accessed in October 2012 (http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/index_en.htm)

source if it meets the requirements of the *Protocol on Rules of Origin* established in Annex II to the Agadir Agreement, in accordance to the *Pan Euro-Med Protocol on Rules of Origin*, which is the extension of a previous system of Pan-European cumulation of origin created in 1997. The Pan Euro-Med system on Rules of Origin operates between the “EU and the states of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) and Turkey and the countries which signed the Barcelona Declaration, namely Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and the Palestinian Authority of the West Bank and Gaza Strip. Faroe Islands have been added to the system as well”¹⁴⁹. Before the establishment of the Pan Euro-Mediterranean protocol the EU applied different rules of origin in its Mediterranean partnership agreements. During the discussions about the rules of origin, Tunisia, Jordan and Egypt preferred the Pan-European system, while Morocco favored the rules applied in other Arab Trade agreements because it was worried about a possible limitation in export options. After some difficulties at the beginning, the four Agadir states agreed to adopt the Pan-Euro Med regime both among themselves and with the EU. Article 6 of the Agadir Agreement also states that goods of local origin traded between the member countries have to be “accompanied by a certificate of origin issued by the competent authorities in the exporting country, bearing the visa and certification of the competent authorities in the same country”.¹⁵⁰ Last but not least, Article 6 states that any adjustment to this protocol shall be monitored by a Committee of Foreign Trade Ministers.

➤ Section 3: Accompanying arrangements for liberalization

The third section of the Agreement refers to the accompanying arrangements for trade liberalization. This section is made of eight articles about *customs duties, non-customs restriction, customs valuation, national treatment, government procurement, value added tax and sales tax, financial transactions, and exhibitions*.

The first article of this section is Article 7 and it is both about the “fixing of customs duties, and duties and taxes having equivalent effect”, as well as about the rules to

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http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/preferential/article_783_en.htm.

¹⁵⁰ Agadir Agreement, text of the Agreement. Accessed in March 2012 (www.agadiragreement.org/CMS/Upload Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf)

calculate these duties. What is a customs duty? It is a “tax imposed on imports, and sometimes on export a country to raise state revenue, and/or to protect domestic industries from more efficient or predatory competitors from abroad. It is a tax based usually on the value of goods or upon the weight, dimension or some other criteria”¹⁵¹. Paragraph 1 of Article 7 of the Agreement states that by customs duties it is meant those duties written in the *Custom Tariff* in accordance to the rates applied in member countries on 31st December 1997. The article specifies that by duties it is also meant “all other duties and taxes of similar effect on goods that are traded between the Member Countries at the above date and that are imposed by one of the Member Countries on imported goods, and that are not imposed on products of the Member Country itself”¹⁵². The second paragraph of this article states that any kind of new duty is not allowed after the entry into force of the Agadir Agreement. However, the next paragraph specifies that if any reduction is made on any of these duties, its modifications has to replace those specified in the first paragraph of this article. Paragraph 4 establishes that when the member countries define the products traded between them, they shall follow the harmonized schedule (HS) Customs tariff. The last paragraph of Article 7 says that the documents about the setting of Customs duties shall be exchanged among the four countries after the signing of this Agreement.

Article 8 specifies that all non-customs restrictions, including arrangements and procedures that might control imports, are to be removed by the four countries and no new ones are to be imposed in accordance with “the rules of the World Trade Organization, the agreement for facilitation and development of commercial exchanges between the Arab states, and the arrangements of the Greater Arab Free Trade Area”¹⁵³.

Article 9 is about *customs valuation* which plays a crucial role in the import of goods. It is the process that countries follow to estimate the value of imported goods to collect duty. The international rules that must be followed are established in the *Customs Valuation Agreement* by the WTO. Indeed, Article 9 of the Agadir Agreement says that the four

¹⁵¹ <http://www.businessdictionary.com/definition/customs-duty.html>.Article

¹⁵² Agadir Agreement, text of the Agreement. Accessed in March 2012
([www.agadiragreement.org/CMS/Upload Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf](http://www.agadiragreement.org/CMS/Upload%20Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf))

¹⁵³ Ibid.

countries will apply the WTO provisions which are part of a fair, uniform and neutral system set for this purpose.¹⁵⁴

Article 10 provides that goods having the origin and source in one of the four member countries and are traded between them will be granted the treatment of national goods. This means that imported goods between the Agadir countries and locally-produced goods in the member countries are to be treated equally.

Article 12 specifies that the level of value added tax and sales tax on goods that are imported and that benefit from exemptions or reductions of customs duties shall be decided taking into consideration customs duties and other duties that are in harmony with the proportional value of the exemptions and reductions defined in Article 3 and 4 of this Agreement.

Article 13 provides that financial transactions between the Agadir countries shall be made in a freely traded currency. Such currency is allowed by the government to be bought and sold without restrictions. The transactions must be in harmony with the rules and laws of each country without breaking other agreements that the countries have.

In Article 14, the Agreement also encourages collaboration between the member countries in exhibitions and international fairs. They are all spurred to participate in the exhibitions that are held in the partner countries, as well as to allow the organization of such exhibitions on their own territory.

➤ *Section 4: Procedures*

When the import of products from member countries damages or threatens to damage the local industry, or the sector that is producing the same product locally or products that directly compete with the one that has been imported, article 15 provides that the member countries can initiate defensive procedures that are specified in the WTO agreement.

Article 16 specifies the procedures that infant industries can take in case of difficulties. Industries that have just started their activity or those that are undergoing restructuring or are going through difficulties are allowed to take temporary measures to protect themselves. These measures include an increase in the customs duties or a re-introduction of the duties that have been dismantled. Member countries have to inform their partners of

¹⁵⁴ http://www.wto.org/english/tratop_e/cusval_e/cusval_e.htm.

the measures that intend to take and the duration of such actions. The article establishes also that these measures have to be approved by the Foreign Trade Ministers Committee before their implementation.

Article 17 is about *support measures* and *dumping*. The latter refers to the practice of selling a product in another country for a lower price than the price the country usually charges in the domestic market or for a lower price than the cost of producing the good¹⁵⁵. Agadir countries can take measures that are in harmony with the WTO. The latter establishes the way in which countries can or cannot react in relation to dumping. The WTO allows government to act against dumping when the latter is able to show that such actions have negative effects on domestic producers and on the national industry¹⁵⁶. The WTO establishes that the country has to demonstrate that dumping is occurring¹⁵⁷. In addition, the importing country has to determine the extent of damage which means that it has to demonstrate how much the export price has been reduced in comparison to the exporter's home market price¹⁵⁸. Moreover, it has to show that this action can cause damage or threaten to do so¹⁵⁹. Article 6 of the GATT allows countries to act against dumping. The WTO explains and expands Article 6¹⁶⁰. Anti-dumping measures are those that charge extra import duty on the product that has been dumped in order to bring its price closer to "normal value" or to eliminate the damage to domestic industry in the importing country¹⁶¹.

Article 18 provides that in a situation in which a member country is in danger or in difficulty, or in a disequilibrium in the balance of payments, it can take measures that are in accord with the WTO agreement. In addition, they have to inform the Committee of Foreign Trade Ministers of these measures and inform it of the duration of such measures.

Article 19 states that the provisions of the Agadir Agreement are not imposed to goods that have been inscribed in a list approved by the Economic and Social Council of the Arab League because of being goods important to religion, health, security or environment.

¹⁵⁵ WTO (World Trade Organization), Anti-dumping. Accessed in October 2012
(www.wto.org/english/tratop_e/adp_e/adpe_e.htm)

¹⁵⁶ WTO (World Trade Organization), Anti-dumping Information . Accessed in October 2012
(www.wto.org/english/tratop_e/adp_e/adpe_info_e.htm)

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

¹⁶¹ Ibid.

Article 20 specifies that all goods that are exchanged between the member countries shall have gone through a security and health control and shall respect laws related to moral and public order in each member country. In addition, all these goods shall respect the countries' environment as well as their national, historical, archeological and artistic heritage.

Article 21 provides that all measures indented to protect the health and life of persons and animals, as well as those aimed at protecting plants, shall be implemented. However, such measures must not be in opposition to the provisions of this agreement. When goods are imported, they shall be subject to the laws of Agriculture and Veterinary Quarantine adopted in each country. However, these rules cannot be used as non-customs barriers. This prohibition is in accord to what is established in the agreements on technical barriers to trade annexed to the WTO and other important international agreements.

Article 22 is about *Intellectual property*, which is a legal concept that designates knowledge, creative ideas or expressions that come from the human mind, have commercial value, and are therefore protected by exclusive rights¹⁶². The rights listed in this article include "author's rights, patents, trademarks, industrial logos, geographical product names, and names that indicate origin. Also literary and artistic works and computer programs are subject to the same protection"¹⁶³. If countries need clarifications about this subject they shall refer to the Foreign Trade Minister's Committee who has the responsibility to provide answers regarding this topic area.

Article 23 provides that member countries shall harmonize their technical legislations, norms and standards in accordance with international practices. If one of the countries creates or tends to create technical barriers to trade, the member countries shall cooperate in order to find a solution. In addition, the article specifies that the Agadir members shall give precedence to the signing of agreements that favor mutual recognition of conformity assessment which are activities that establish that a process, product, or service achieve technical standards and satisfy important requirements. Conformity assessment may

¹⁶² Intellectual property, wikipedia (en.wikipedia.org/wiki/intellectual_property) notes: Raysman R, Intellectual Property Licensing:Forms and Analysis. Edward A. Piscareta and Kenneth A. Adler. Law Journal Press, 1998-2008.

¹⁶³ Agadir Agreement, text of the Agreement. Accessed in March 2012 (www.agadiragreement.org/CMS/Upload Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf)

include “testing, surveillance, inspection, certification and registration among others”¹⁶⁴. The WTO determines conformity assessment through the *Agreement on Mutual Recognition in relation to Conformity Assessment* which was signed in 2000¹⁶⁵.

➤ Section 5: Institutional requirements

Section five is about the institutional requirements. It specifies the list of the bodies who are responsible for implementing and monitoring the whole process related to the Agadir Agreement. The structure of the Agreement includes four bodies: the Commission of Foreign Ministers, the Commission of Foreign Trade Ministers, a Technical Commission, and a Technical Unit¹⁶⁶.

Article 24 of the Agreement provides a description of the tasks of the first two bodies. The first body that has been established is the *Foreign Minister’s Committee* which comprises the Foreign Ministers of the four member countries. The Commission is in charge of defining the political framework and the general political measures to strengthen and expand the integration process amongst the member countries and between them and the European Union. The Committee has internal rules of procedure and it will meet at least once a year. Every member country will assume the presidency of this committee in rotation following the alphabetical order. The second body that has been established is the *Committee of Foreign Trade Ministers*. This committee is in charge of supervising the implementation of the Agreement, defining measures to overcome impediments, and finding ways of deepening co-operation between the member countries. In addition, the Committee shall study any question regarding the Agreement and has the power to take decisions in this respect. The Committee’s presidency is also to be held in rotation following the alphabetical order. The decisions that the Committee takes shall be implemented by all member countries. The Foreign Trade Minister’s Committee had the role to establish a technical committee that is responsible for the follow up on the implementation of the Agreement. The latter can take over some responsibilities from the former as well as give it its recommendations.

¹⁶⁴ Agadir Agreement, text of the Agreement. Accessed in March 2012
(www.agadiragreement.org/CMS/Upload Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf)

¹⁶⁵ Ibid.

¹⁶⁶ Ibid.

Article 25 specifies the tasks of the Foreign Trade Ministers' Committee. First, the Committee is in charge of reviewing and assessing the way in which the Agreement is being implemented. Second, it is responsible for writing a review and evaluating the results of the Agreement in relation to what has been done during its implementation. Third, it has to provide an analysis of the methods to strengthen cooperation between the Member Countries. In addition, the article specifies that the Committee shall assist the partner countries in order to avoid disputes or solve difficulties through consultations according to Article 28 of this Agreement. Last but not least, the Committee is responsible for the analysis and the approval of possible modifications to the Agreement advanced by its members. The Committee enjoys the privilege of establishing permanent or specialized bodies or working groups and devolving any of its tasks to them. It is responsible of establishing its own rules which have to be approved unanimously. In order to reach a final decision it is necessary that they are approved unanimously.

Article 26 specifies the tasks of the third body that was established through the Agadir Agreement, namely the *Technical Committee*. This Committee shall carry out tasks that it has been assigned by the *Foreign trade Ministers' Committee*. These tasks include the reinforcement of the implementation of the Agreement and of the decisions of the Foreign Trade Minister's Committee, as well as the support in case of disputes in accordance to article 28.

Article 27 specify that a Technical Unit shall be set up through this Agreement which shall have the role of supporting the actual implementation of the agreement, monitoring. This Unit is a small body which comprises an Executive Director, four technical members from the partner countries and the administrative staff¹⁶⁷. The Unit became operative on April 8th 2007 after the publishing of customs circulars that established the immediate enforcement of the Agreement. The headquarter of the Unit is in Amman, in Jordan¹⁶⁸. Each of the country will assume the presidency of this body for three years.

➤ Section 6: General Provisions and Concluding Requirements

¹⁶⁷ Agadir Agreement, Official Website. Accessed in September 2012.
(<http://www.agadiragreement.org/AgadierAgreement/Aboutus1.aspx>)

¹⁶⁸ Ibid.

Section 6 is comprised of seven articles that provide information about “*the resolutions of disputes, the need to review the Agreement, the accession to the Agreement by other states, the way to withdrawal from the Agreement, the ratification and the entrance into force of it, and other arrangements*”¹⁶⁹.

Article 28 of the Agreement specifies the terms of the resolution of disputes. It provides that the member countries shall discuss together how to implement the Agreement. They shall collaborate in order to reach a common view and common measures on any matter that can influence the implementation of the Agreement. The article provides that all countries shall collaborate to find a solution that is acceptable by all members in the event of any dispute over the application of the Agreement or over violation of what has been settled in the Agreement.

If the member countries do not succeed in finding a solution that is satisfactory to all parts within 45 days, the Agreement provides that the problem shall be addressed to the Foreign Trade Minister’s Committee. The Committee shall analyze the matter and reach a valid solution. If also the Foreign Trade Minister’s Committee is not able to find a solution that is acceptable by all members, the former can nominate a special arbitration committee that shall produce the solution to the matter. This article specifies that the special commission can be established only after the Foreign Trade Minister’s Committee has carefully analyzed the reasons of the necessity of its creation. In addition, the special commission shall be established within 30 days from the date when the Foreign Trade Minister’s Committee accepted the request of creating one. The Article specifies that this time can be reduced to 15 days if the dispute concerns goods having a short expiry period. To conclude, the Article specifies that it is the Foreign Trade Minister’s Committee that shall decide the rules and the working procedures of any special committee that they decide to establish.

Article 29 provides that all member countries shall engage in an active updating of the Agreement in light of any change in international or regional commercial relations. In specific, it specifies that the rules of the Agreement shall be reviewed any time there are changes in the World Trade Organization Agreement. Moreover, the articles provide that

¹⁶⁹ Agadir Agreement, text of the Agreement. Accessed in March 2012
([www.agadiragreement.org/CMS/Upload Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf](http://www.agadiragreement.org/CMS/Upload%20Files/10ac3206-5a49-4dd8-833e-0783d2ea4190.pdf))

the member countries shall engage in studying any possibility to expand cooperation among them in fields that are not covered by the Agreement. It specifies that member countries may submit proposals to the Foreign Minister's Committee in order to come to a decision. To conclude, the article provides that such decision shall be ratified by all member countries according to the legislation in force in each country.

Article 30 provides information about the accession to the Agreement by other countries. This article is the one that makes the Agadir Agreement different from the GAFTA. It specifies that any Arab countries who is member of the Arab League and the Greater Free Trade Area can become a member. However, it specifies also that such countries must be linked somehow to the European Union either through an Association Agreement or through a free trade agreement. It is the Foreign Trade Minister's Committee who shall approve the accession of the requesting country. On its part, the acceding country must accept to adhere to all the rules established in the Agreement upon its accession. The Foreign trade Minister's Committee may set a timetable for the dismantling of custom duties on goods from the acceding country.

Article 31 specifies that the rules established in this Agreement shall continue for an unlimited period. If a member country wants to withdraw from this Agreement it has to inform the foreign Trade Minister's Committee. After three months of the date of information, the withdrawing country is free from having to adhere to the Agreement. However, this article specifies that commitments that have a specific duration of validity shall remain in force until the expiry period.

Article 32 specifies that this Agreement does not stop its members from extending or ratifying other agreements that establish customs unions or free trade area, or agreements that aim at implementing trade among a states as provided in Article 24 od the General Agreement on Customs Tariffs and Trade of 1994.

Article 33 specifies that all annexes to the Agadir Agreement are part of the Agreement.

The last article of the Agreement, Article 34, specifies the way and the timing of the ratification and entry into force of the Agreement. It provides that the member countries shall follow their constitutional arrangements when ratifying the Agreement. The specifies that a copy of the ratified text must be given to the Kingdom of Morocco which has the role to inform the other members. It is provided that the Agreement will be regarded in force when Morocco receives all the ratification copies and fulfills its duties by informing

the other members of the completion of the ratification process. To conclude, the article specifies that the Agreement was signed in Rabat in 2004 and that it was written in Arabic in four original copies.

3.4 Fulfillment of the aims of the Agadir Agreement

Has any of the aims set out in Article 2 of the Agadir Agreement been fulfilled by its member countries? One of the aims of the signatory countries was to improve their living standards. As shown in chapter two, the GDP rates, which can be considered an important indicator of the living standards of a country, have gradually grown over the years¹⁷⁰. According to World Bank data, it is possible to state that there has been an increase in the GDP of all the Agadir countries from 2001 up to 2011, especially in Jordan and in Morocco. The former has seen an increase of 223% from 2001 to 2010¹⁷¹. The latter has improved its living standards by 165% from 2001 to 2011. Egypt's GDP increased by 135% over the years up to 2011¹⁷². Tunisia's GDP increased by 108% from 2001 to 2011¹⁷³. Another aim set out in Article 2 regarded the problem of unemployment. As shown by the World Bank data, "the four countries were characterized by high unemployment rates up until 2005. Then, there has been a decrease of the unemployment rates in all the Agadir countries up to 2007, and an increase again in 2008. Morocco showed the lowest unemployment rates from 2006 to 2008 when the Agadir Agreement started to be implemented and when the new port of Tanger Med became operative"¹⁷⁴.

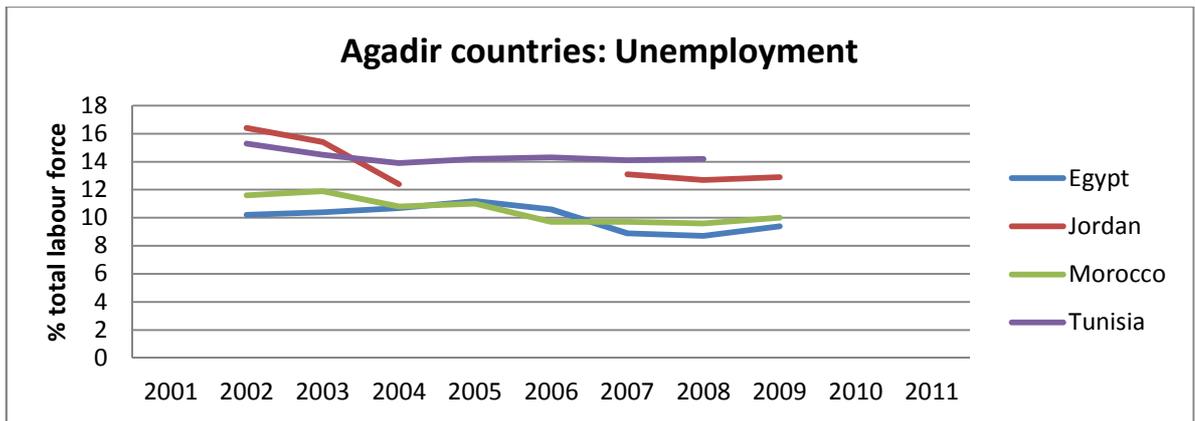
¹⁷⁰ WB (World Bank), Morocco/Tunisia/Egypt/Jordan, Indicators, accessed in October 2012 (data.worldbank.org/indicator)

¹⁷¹ Calculations by the author: $year\ 2011 - year\ 2001 : year\ 2001 \times 100$

¹⁷² Ibid.

¹⁷³ Ibid.

¹⁷⁴ WB (World Bank), Morocco/Tunisia/Egypt/Jordan, Indicators, accessed in October 2012 (data.worldbank.org/indicator)



Source: World Bank. 2012. Unemployment, total (% of total labour force)

Unemployment started to increase again in 2009. Unfortunately, the data about 2010 and 2011 is not available but the revolutions that have occurred in the South Mediterranean region in 2011-2012 are a sign that there is still much to be improved in the area. However, these changes may be an opportunity to end some of the problems that led to the Arab Spring. If domestic policies of the Southern Mediterranean countries change, it is possible that these states decide to collaborate more with each other in order to improve their living conditions. Initiatives like the Agadir Agreement could help to strengthen south-south commercial relations.

4 CHAPTER 4: AGADIR COUNTRIES: TRADE STATISTICS

1. Commercial Relations among the Agadir countries before the signing of the Agadir Agreement and up to 2011.
2. How would the Agadir countries benefit from the Accession to the Agreement by other Arab Countries?
3. Final remarks

4.1 Commercial Relations among the Agadir countries before the signing of the Agreement in the late 1990s

The idea behind signing trade agreements with other countries is to enhance economic cooperation among its members. However, there is ample evidence that trade agreements that have produced more positive results are those among countries that already have strong commercial connections¹⁷⁵. What is the case of the Agadir countries? What was the volume of trade between Morocco, Tunisia, Egypt and Jordan when they decided to set up a free trade area in 2000? Was the Agadir Agreement built on a solid network of commercial links or was it established to create trade connections that otherwise were poor?

Commercial integration among the Agadir members as a group only started around mid-1980s¹⁷⁶. However, trade volumes between them were characterized by various fluctuations. As far as Morocco is concerned, during the 1990s its commercial links with the Agadir countries were growing. After a decrease in 1998, due mainly to missing data, trade volume more than doubled in 1999¹⁷⁷. This might be the result of the signing of bilateral free trade agreements by the four Agadir countries with each other at the end of 1990s¹⁷⁸. The signing of bilateral agreements was an aim to accelerate the implementation of the *Greater Arab Free Trade Area* (GAFTA) which is an important free trade agreement signed by a group of Arab countries in 1997¹⁷⁹.

¹⁷⁵ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

¹⁷⁶ Ibid.

¹⁷⁷ Ibid.

¹⁷⁸ Ibid.

¹⁷⁹ Ibid.

The same increase in trade volume was experienced also by the other three Agadir countries during the same years. Tunisia showed an increase of 50% with the Agadir partners from 1997 to 2000¹⁸⁰. Egypt experienced a steady increase over the years with a significant acceleration from 1998 to 2003 when it reached two and a half time the volume of 1998¹⁸¹. Trade volume of Jordan with its Agadir partners increased up to 1996 although with some fluctuations¹⁸². It declined considerably in 1997 and it started to recover again in the following years¹⁸³.

What were the main relationships among the Agadir countries in the 1990s? According to Wippel, Morocco's main trading partner was Tunisia, followed by Egypt¹⁸⁴. Tunisia showed the highest trade volume with Morocco, followed by Egypt¹⁸⁵. Egypt traded the most with Jordan, with Tunisia close behind. Jordan's main trading partner was Egypt. According to Wippel, Morocco and Tunisia relationship constituted the key bilateral link among the Agadir countries in 2005, followed by trade relationships between Egypt and its three Agadir partners¹⁸⁶.

Agadir Countries	Morocco	Tunisia	Egypt	Jordan
Morocco		√	√	
Tunisia	√		√	
Egypt		√		√
Jordan			√	

4.1.1 Impact of the Agadir Agreement on Morocco's trade with its Agadir partners in the 2007-2009 period

How has trade volume among the Agadir countries developed in more recent years? Export and import data of each Agadir country from 2007 to 2009 published by the European Commission will be analysed here below to show how trade relations among them have developed over the years¹⁸⁷.

¹⁸⁰ Ibid.

¹⁸¹ Ibid.

¹⁸² Ibid.

¹⁸³ Ibid.

¹⁸⁴ Ibid.

¹⁸⁵ Ibid.

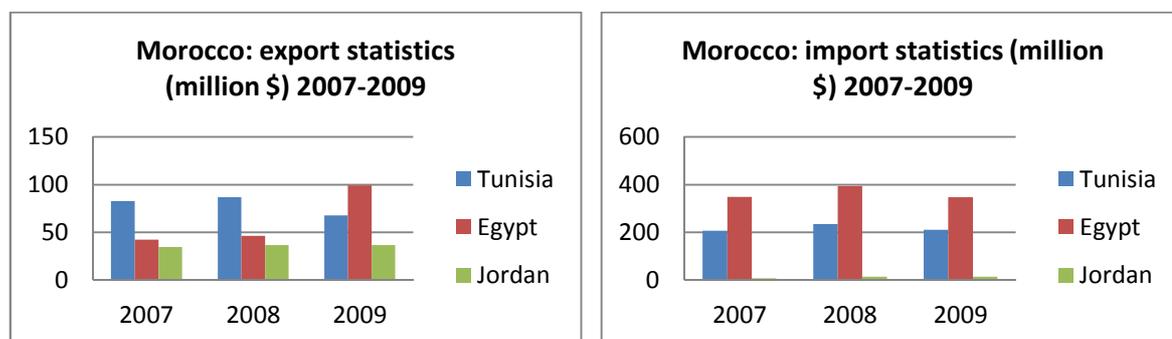
¹⁸⁶ Ibid.

¹⁸⁷ Agadir Agreement, November 2012 (www.agadiragreement.org)

4.1.1.1 Morocco's export and import statistics 2007-2009¹⁸⁸

In 2007, Tunisia was Morocco's first export destination among the Agadir members. Its export volume amounted to 82.91 million dollars. Morocco's export to Egypt was half of that to Tunisia. It amounted to 42.23 million dollars. Morocco's export to Jordan was the lowest and it accounted for 34.51 million dollars. In 2008, Morocco export towards the three Agadir partners saw an increase. Export volume to Tunisia grew to 86.9 million dollars, that to Egypt to 46,5 million dollars, and that to Jordan to 36.6 million dollar. In 2009, Morocco's export to Tunisia decreased considerably to 67.84 million dollars whereas its export to Egypt saw a massive growth. It reached the amount of 99.4 million dollars. Export volume to Jordan remained exactly the same as in 2008.

As far as Morocco's import is concerned, it's major partner has been Egypt over the years. In 2007, import from Egypt amounted to 349.1 million dollars, it increased the next year accounting for 393.9 million dollars, decreasing to the same amount of two previous years in 2009, accounting for 347 million dollars. Egypt is followed by Tunisia. Morocco's import from the latter accounted for 206.74 in 2007, it increased in 2008 accounting to 234.5 million dollars, and it showed a decrease again in 2009 amounting to 210.51. Import volume from Jordan has been very low over the years. However, it showed a gradual decrease over the years. In 2007 accounted to 7.7 million dollars, in 2008 it reached 14 million dollars, and in 2009 it was 14.24 million dollars.



Source: www.agadiragreement.org

4.1.1.2 Tunisia's export and import statistics 2007-2009¹⁸⁹

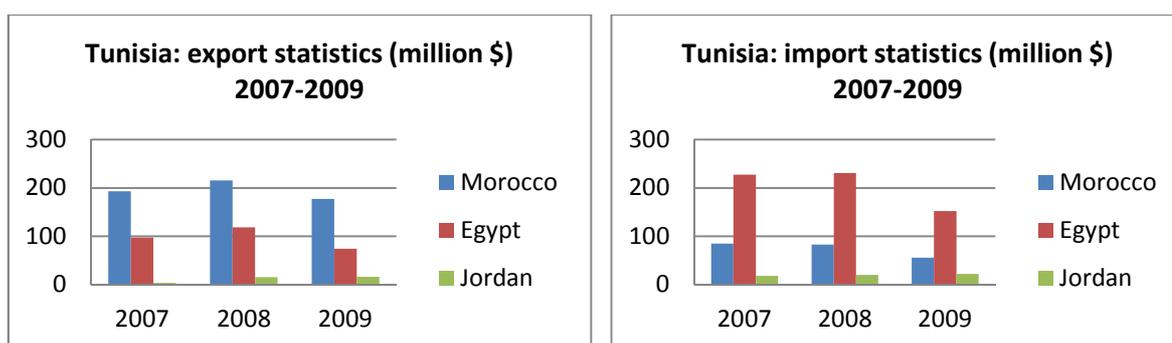
As far as Tunisia is concerned, its major export partner from 2007 to 2009 was Morocco. Export volume to Morocco accounted for 192.84 million dollars in 2007, 215.3 million dollars in 2008, and 177.4 million dollars in 2009. Tunisia's second export Agadir country

¹⁸⁸ Ibid.

¹⁸⁹ Ibid.

was Egypt. Its export volume to Egypt was 97.1 million dollars in 2007, 118,5 million dollars in 2008 and 74.34 million dollars in 2009. Both Tunisia's export to Morocco and Egypt saw a decrease in 2009. Conversely, export to Jordan has always been low but it grew throughout the three years. Export to Jordan was 2.97 million dollar in 2007, 15 million dollars in 2008 and 15.72 million dollars in 2009.

Tunisia's import volume from the Agadir countries was much lower than its export. Its main Agadir import partner from 2007 to 2009 was Egypt. In 2007, Tunisia's import from Egypt accounted to 227.69 million dollars; in 2008 it amounted to 230.5 million dollars; and in 2009 it decreased to 152.4 million dollars. Morocco followed but with a much lower import volume which continued to decrease up until 2009. Tunisia's import from Morocco was 84.44 million dollars in 2007, 82.6 million dollars in 2008, and 55.7 million dollars in 2009. Tunisia's import volume from Jordan is the lowest. It accounted to 18.12 million dollars in 2007, 19.6 million dollars in 2008 and 22 million dollars in 2009.



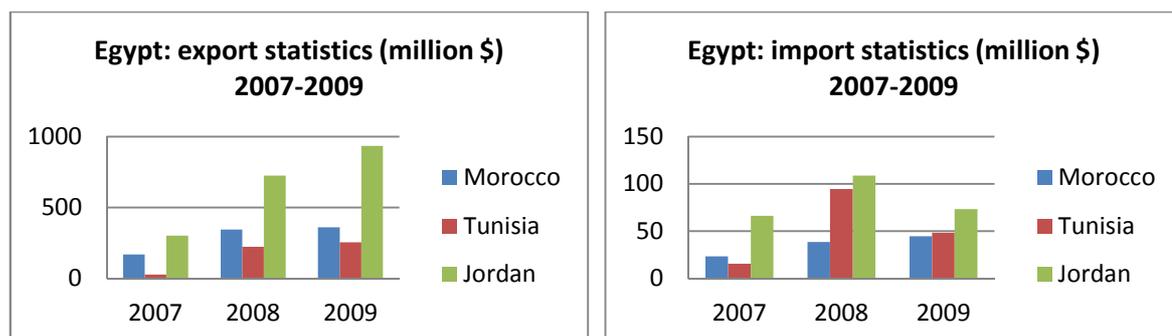
Source: www.agadiragreement.org

4.1.1.3 Egypt's export and import statistics 2007-2009¹⁹⁰

As far as Egypt export volume is concerned, its major export Agadir partner from 2007 to 2009 was Jordan. Egypt's export to Jordan amounted to 302.1 million dollars in 2007. It grew substantially in 2008 reaching 725 million dollars, growing even more in 2009 amounting to 935.87 million dollars. Egypt's second Agadir partner was Morocco. Its export volume to Morocco was 169.82 million dollars in 2007, 343.3 million dollars in 2008, and 359.76 million dollars in 2009. Egypt's export to Tunisia follows more or less the trend of its export to Morocco, but it is slightly lower. In 2007 it accounted for 126.81 million dollars, in 2008 it amounted to 222.5 million dollars, and in 2009 it reached 254.44 million dollars.

¹⁹⁰ Ibid.

As far as import is concerned, Egypt's major trade partner from 2007 to 2009 was Jordan. Its export volume to Jordan amounted to 66.03 million dollars in 2007, it increased in 2008 reaching 108.7 million dollars. In 2009, it fell to 73.13. The same trend was is seen in Egypt's export to Tunisia. It grew considerably from 2007, when it amounted to 15.33 million dollars, to 94.5 million dollars in 2008. However, it dropped to 48.1 million dollars in 2009. Egypt's export to Morocco steadily grew from 2007 to 2009. It went from 23.27million dollars, to 38.6, and it reached 44.6 million dollars in 2009.



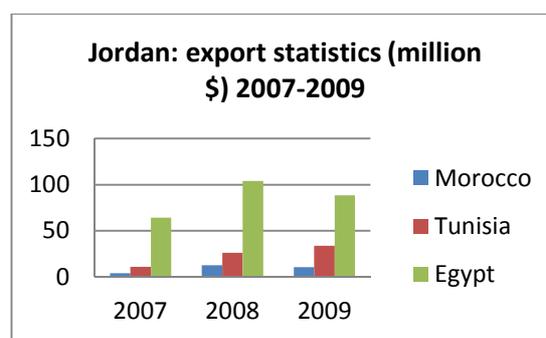
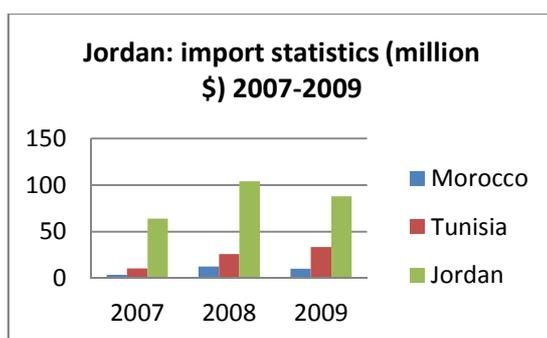
Source: www.agadiragreement.org

4.1.1.4 Jordan's export and import statistics 2007-2009¹⁹¹

As far as Jordan's export to its Agadir partner is concerned, Egypt is by far its major partner. In 2007, Jordan's export to Egypt accounted for 64 million dollars in 2007. This amount grew exponentially in 2008 reaching 104.2 million dollars. The 2009 saw a drop in Jordan's export to Egypt, accounting for 88.27 million dollars. Jordan's export to Tunisia grew steadily from 2007 to 2009. It went from 10.7 million dollars, to 26, reaching 33.64 million dollars in 2009. Jordan's export to Morocco is very low. It accounted for 3.8 million dollars in 2007, it grew to 12.7 in 2008, and it dropped to 20.33 in 2009.

Jordan's import volume from Tunisia and Morocco was very low. From 2007 to 2009. In 2007, Jordan's import from Tunisia accounted only for 5 million dollars, the lowest trade volume among the Agadir members. It grew to 44.3 million in 3008, but it dropped to 19.12 in 2009. Jordan imports slightly more from Morocco but the amount of the volume is very low. It was 26.4 in 2007, it grew to 32.35 in 2008, and to 34.13 in 2009. Jordan's major import partner is Egypt. Its import continued to grow from 2007 to 2009. In 2007, it accounted to 589.7, in 2008 to 731.7 and in 2009 to 34.13 million dollars.

¹⁹¹ Ibid.



Source: www.agadiragreement.org

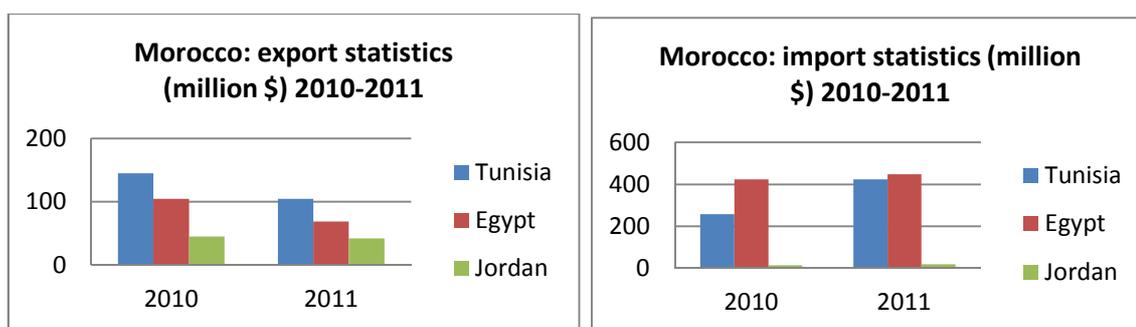
4.1.2 Impact of the Agadir Agreement on Morocco's trade with its Agadir partners in 2010 and 2011

4.1.2.1 Morocco: export and import statistics 2010-2011¹⁹²

Trade statistics show that Tunisia was Morocco's major Agadir export partner in the 2007-2009 period. However, in 2009, Morocco's export volume saw a major shift from Tunisia to Egypt. Tunisia regained its main role of major export partner in 2010, reaching an amount of 145 million dollars. It more than doubled in one year. In 2011, it decreased to 104.7 million dollars, but it maintained the role of Morocco's major export partner. Morocco's export towards Egypt grew steadily from 2007 to 2010, when it reached 105 million dollars. Its export to Egypt saw a decrease only in 2011 when it dropped to 68.8 million dollars. Morocco's export towards Jordan has always been the lowest among the Agadir members. Its export to Jordan maintained an average of 35 million dollars from 2007 to 2009. It increased in 2010, accounting for 45.4 million dollars. In 2011, its export volume decreased from the previous year, amounting to 42.2 million dollars, but it was still higher than during the 2007-2009 period.

Morocco's import from its Agadir partners has gradually increased over the past years. Even if with slight fluctuations, import volume grew steadily in the 2007-2009 period, and it continued to grow in the 2010-2011 period. Morocco's major import Agadir partner is Egypt and not Tunisia as it was for Morocco's export. In 2010, Morocco's import from Egypt amounted to 423 million dollars and it grew to 447.8 million dollars in 2011, reaching its peak. Its import from Tunisia increased from 2009 to 2010, but it remained approximately the same in 2010 and 2011, accounting to 257.8 and 257.6 million dollars respectively. Morocco's import volume from Jordan is very low. However, it has shown signs of a gradual increase over the years.

¹⁹² Ibid.

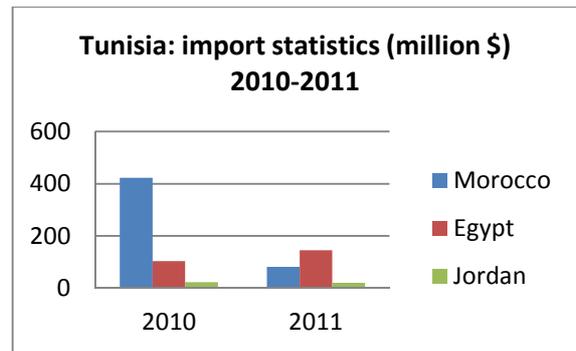
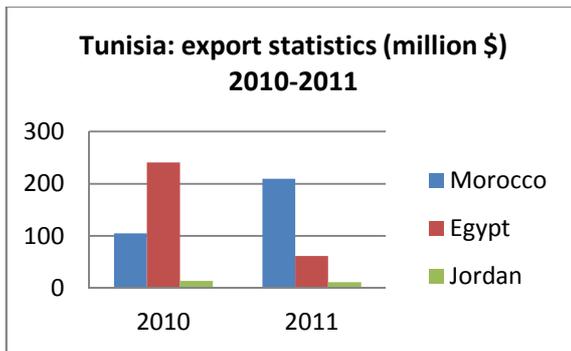


4.1.2.2 Tunisia: export and import statistics 2010-2011¹⁹³

Morocco has always occupied the first position in Tunisia's export to the Agadir countries. This position was taken only once by Egypt in 2010, when Tunisia's export volume to the Egypt boosted to 241 million dollars, reaching the peak of Tunisia's export volume over the 2007-2011 period. However, its export volume to Egypt dropped to 61.4 million dollar in 2011, representing its lowest export volume to Egypt from 2007 up until 2011. As a consequence Morocco regained its leading role. Tunisia's export to Morocco boosted to 209.6 million dollars in 2011 from the previous 105 million dollar registered in 2010. Tunisia's export to Jordan showed a massive increase from 2007 to 2008, reaching a volume five times higher than in 2007. In the following years it remained almost stable, dropping to 11.5 million dollar in 2011.

Tunisia's import statistics follow the same trend of those of its export, but with Egypt and Morocco exchanging their roles. Tunisia's major import Agadir partner is Egypt with the exception of 2010 year when its import from Morocco boosted to 423 million dollars from the 55.7 million dollars of the previous year. However, this volume decreased massively in 2011, accounting for 82.1 million dollars. In 2010, Tunisia's import from Egypt was the lowest showed in the 2007-2011 period. It increased slightly in 2011 but it still remained lower than in the 2007-2009 period. It amounted to 103 million dollars and 145 million dollar respectively. Tunisia's import from Jordan has always been higher than its export over the years.

¹⁹³ Ibid.



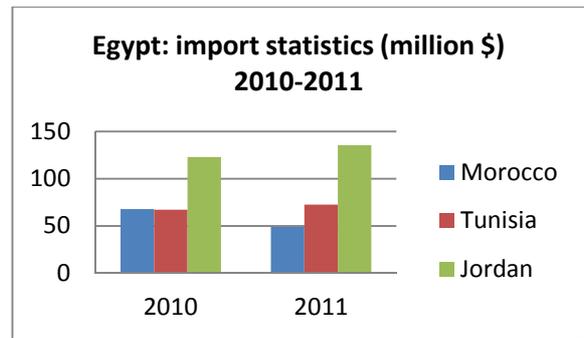
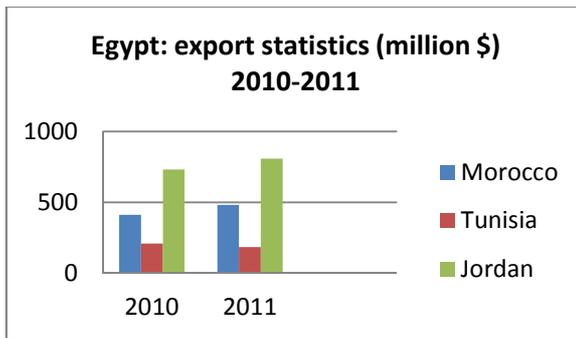
Source: www.agadiragreement.org

4.1.2.3 *Egypt: export and import statistics 2010-2011*¹⁹⁴

Looking at trade statistics from 2007 to 2011, its export volume to its Agadir partners is the highest among all the Agadir members and it is high to all of its three partners. Jordan has been its major export partner throughout the years. Its export to Jordan grew very quickly from 2007 to 2009 going from 302.1 million dollars to 725 million dollars, reaching its peak in 2009 with 935.87 million dollars. Its export to Jordan decreased in 2010, but it still represented a significant volume amounting to 732 million dollars. In 2011, it started to grow again, reaching 807.9 million dollars. Egypt's export to Morocco shows a gradual increase from 2007 to 2011, without any fall downs. Its export volume to Morocco amounted to 169.82 in 2007 reaching an amount of 411 million dollars in 2010 and of 481.49 million dollars in 2011. Egypt's export volume to Tunisia is the lowest among its Agadir members but it still represents a high trade volume.

Egypt's import from the Agadir countries showed a steady increase from 2007 to 2011. Its major import partner is Jordan whose import volume gradually increased over the years. It went from 66.03 million dollars in 2007 to 123 million dollars in 2010, and it reached 135.6 million dollars in 2011. It showed a slight decrease only in 2009 but it recovered immediately the following year. Egypt's import from Morocco also gradually grew, going from 23.27 million dollars in 2007 to 67.8 million dollars in 2010. It showed a decreased only in 2011, falling to 49 million dollars.

¹⁹⁴ Ibid

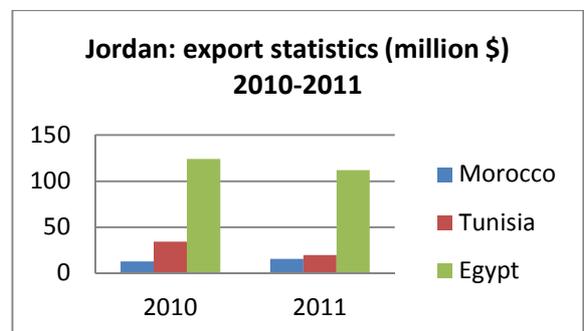
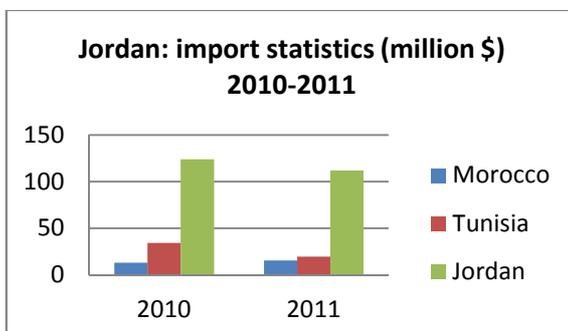


Source: www.agadiragreement.org

4.1.2.4 Jordan: export and import statistics 2010-1011¹⁹⁵

As far as Jordan's export to its Agadir partners is concerned, Egypt remains its major partner. It must be noted that Jordan export volume to the other two Agadir partners is quite low. Its export to Egypt showed a slow and gradual increase over the years with a slight decrease only in 2009. However, its export to Egypt amounted to 64 million dollars in 2007, reaching 124 and 112 million dollars in 2010 and 2011 respectively. Its export to Tunisia was low but it grew gradually from 2007 up to 2010. However, it decreased in 2011. It went from 10 million dollars in 2007 to 34.4 million dollars in 2010, and it decreased to 19.74 million dollars in 2011.

Jordan's import from its Agadir partners has been more or less stable throughout the years. Its import from Egypt was high in the 2007-2009 period and it remained high in the 2010-2011 period. There was a slight decrease in 2010 when it went from 859.01 million dollars in 2009 to 693 million dollars in the following year. It grew slightly in 2011, but it did not reach the peak of the 2009. In 2011, it accounted for 757 million dollars. Jordan's import from Tunisia was low and it decreased even more from 2010 to 2011. It went from 19.12 million dollars in 2009 to 11 million dollars in 2010, and it dropped to 8,4 in 2011.



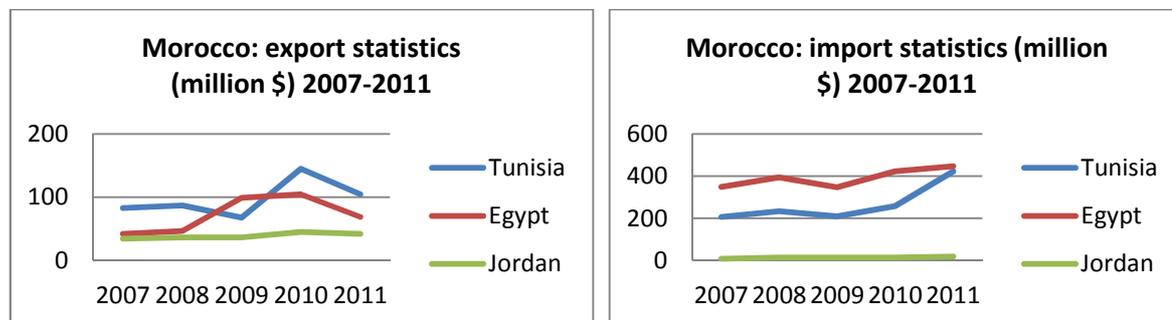
Source: www.agadiragreement.org

¹⁹⁵ Ibid

4.1.3 Trade evolution

4.1.3.1 Morocco's trade evolution 2007-2011

Morocco's trade volume with Tunisia, Egypt and Jordan more than doubled in 1999. Its major Agadir trade partner in the 1990's was Tunisia, followed by Egypt. These two countries have remained Morocco's major trade partners also after the signing of the Agadir Agreement. Morocco's export to Egypt, Jordan and Tunisia increased from 2007 up to 2010. Export to Egypt and Jordan showed a decrease only in 2011 whereas export to Tunisia showed a in 2009 and 2011. As far as Morocco's import is concerned, it has also showed a gradual increase in all three the partner countries. Import from Jordan grew from 2007 up to 2011. Import from Tunisia and Egypt grew up to 2011, but it showed a decrease in both countries in 2009. It is therefore possible to assume that Morocco is willing to strengthen its trade relationships with its Agadir partners. It might be also assumed that it is thanks to the liberalization of trade set up in the Agadir Agreement that Morocco's relations with its partners have been gradually growing. The decrease in export to Tunisia and Egypt in 2011 might have been caused by the revolutions that have involved the two countries in 2011. On the contrary, its import from both countries continued to grow also in 2011.



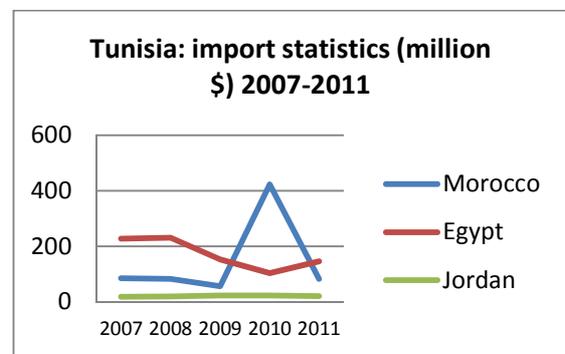
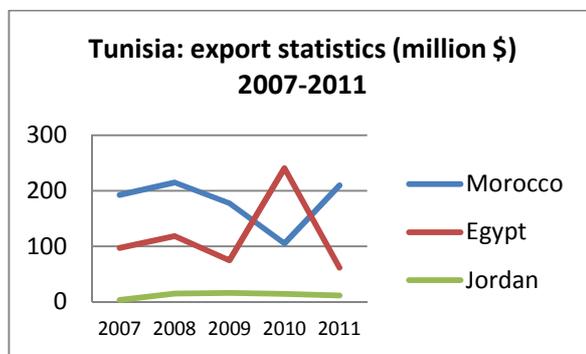
Source: www.agadiragreement.org

4.1.3.2 Tunisia's trade evolution 2007-2011

Tunisia's trade volume with its Agadir partners showed an increase of 50% from 1997 to 2000¹⁹⁶. Its major trade partner before the signing of the Agadir Agreement was Morocco, followed by Egypt. These two countries have remained Tunisia's major Agadir partners also after the signing of the Agreement.

¹⁹⁶ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

Tunisia's export to all three countries grew in 2007 and 2008, when the Agadir Agreement was implemented. However, from 2009 its export flows have been characterized by some fluctuations. Looking at the trade statistics, it is possible to note that when Tunisia's export to Morocco grew, its export to Egypt decreased, and vice versa. It can be assumed that Tunisia's export still follows bilateral relations, one year favouring one country and another year the other country. Looking at the statistics, it can be stated that the Agadir Agreement had a major impact on Morocco's export to Jordan which boosted greatly in 2008. It remained more or less the same in the following years, but it never dropped to the low rates of 2007. As far as its import is concerned, Jordan has shown a gradual increase from 2007 up to 2010, with a decrease only in 2011. Tunisia's import from Morocco and Egypt shows the same fluctuations as its export volume. Tunisia's trade statistics show that the Agadir Agreement had a different impact on Tunisia and Morocco. Tunisia's trade growth with Morocco and Egypt did not increase uniformly, but it showed preferences towards one country or another depending on the year. It can be assumed therefore that the Agadir Agreement had a major impact only on Tunisia's trade with Jordan. Its export to Jordan showed a massive increase from 2007 to 2008 and it maintained approximately the same trade volume up to 2011. As far as its import from Jordan is concerned, it gradually grew from 2007 up to 2010. It showed a decrease only in 2011.

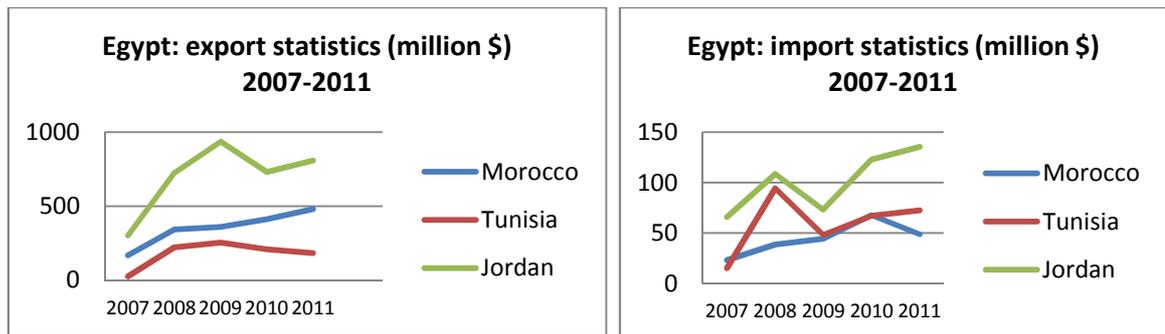


Source: www.agadiragreement.org

4.1.3.3 Egypt's trade evolution 2007-2011

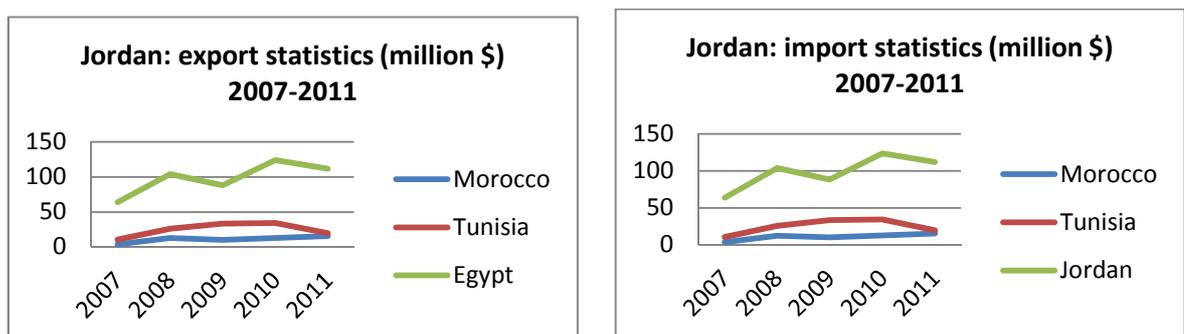
Even if with some slight fluctuations, Egypt export to the Agadir countries has grown over the years and it represents a significant trade volume. Egypt's export to Morocco grew from 2007 to 2011. Its trade to Jordan and Tunisia also grew up to 2009, but it showed a decrease in both countries in more recent years. As far as import is concerned, Egypt trade with Morocco grew from 2007 to 2010. There was a slight decrease only in 2011. Egypt's import from Jordan and Tunisia also grew over the years but it showed a decrease in both countries in 2009. It must be noticed that its import to Tunisia grew massively from 2007 to 2008. To conclude, it can be stated that Egypt has developed important ties with its

Agadir partners and that the Agadir Agreement might have helped reach this important commercial results.



4.1.3.4 Jordan's trade evolution 2007-2011

Jordan's trade with Morocco, Tunisia and Egypt was characterized by many fluctuations before the signing of the Agreement. Its main trade partner before the signing of the Agreement was Egypt. Jordan's export volume to its Agadir members has shown positive signs of growth over the years. Its export to Tunisia showed a gradual growth from 2007 to 2010. It decreased only in 2011. Its export to Morocco also grew, with a massive increase from 2007 to 2008. Its export to Egypt grew, but it showed a decrease in 2009 and 2011. As far as import is concerned, Jordan's trade volume with Morocco and Egypt grew steadily from 2007 to 2009. On the contrary, its import from Tunisia showed a gradual decrease from 2009 to 2011. It can be assumed that the Agadir Agreement has helped to implement trade between Jordan and its Agadir partners, with the exception of its import volume from Tunisia. However, even if it's trade is generally growing, import statistics show that there is still much to be done to strengthen Jordan's commercial relations with its Agadir partners as their trade volume is still quite low. The only exception is its import volume from Egypt which represents the highest import volume among all the Agadir countries.



Source: www.agadiragreement.org

4.2 How would the Agadir countries benefit from the accession to the Agadir Agreement by other Arab countries in more recent years?

What would happen if other Arab countries, in particular Algeria, Libya, Syria and Lebanon, joined the Agadir Agreement? Have their trade relations with other Arab countries changed since the 1990's? In order to answer to these questions, it has been analysed here the list of the top fifty major trade partner in 2010 of each of the Agadir members provided by the European Commission¹⁹⁷.

4.2.1 Morocco

As far as Morocco is concerned, in the 1990's its trade volume would have doubled if trade with Algeria, Syria and Lebanon was added to Morocco's total trade with its Agadir partners. What would have been the case in more recent years?

Looking at the list of Morocco's top fifty major export and import partners published by the European Union in 2010, Tunisia occupies the first position among Morocco's Agadir partners as far as export volume is concerned, accounting for 0,7% of Morocco's total trade. Egypt follows close behind amounting to 0,6%. The two countries rank number fourteen and fifteen in the top fifty export partners. However, among the North African countries, Morocco exports more to Algeria than to Tunisia and Egypt. The former ranks number twelve with 0,8%. In addition, Morocco exports more to Syria than to Jordan. The former ranks number twenty three, accounting for 0,2%, whereas the latter ranks number thirty one, amounting to 0,3%. Lebanon does not play a major role in Morocco's export volume as it ranks number forty one with an amount of 0,2%.

As far as import is concerned, Egypt occupies the first position among the Agadir partners with a trade volume accounting for 1,2%. It is followed by Tunisia who accounts for 0,7%. The two countries rank number thirteen and fifteen respectively. Jordan is not in Morocco's top fifty import countries. Algeria is in the top six Morocco's major import countries. It ranks number six accounting for 2,4% of Morocco's total trade. Syria, Libya

¹⁹⁷ European Commission, Morocco Statistics 2012, Spetember 2012. (www.ec.europa.eu/)

and Lebanon rank number thirty, thirty seven and forty in the top fifty major import partners with 0,2%, 0,1% and 0,1% respectively.

Morocco's major trade partner among the Arab countries is Algeria which ranks number nine accounting for 1,9%; Algeria is followed by Egypt which ranks number fourteen amounting to 1,0%; finally there is Tunisia which occupies the seventeenth position accounting for 0,1%. Syria, Libya and Lebanon are more important trade partners to Morocco than Jordan. The latter ranks number forty three amounting to 0,1%.

Morocco's trade with Arab countries (2010) –ranking of the top fifty Morocco's major trade partners-								
Rank	Country	Import (%)	Rank	Country	Export (%)	Rank	Country	Major trade Partners (%)
6	Algeria	2,4%	12	Algeria	0,8%	9	Algeria	1,9%
13	Egypt	1,2%	14	Tunisia	0,7%	14	Egypt	1,0%
15	Tunisia	0,7%	15	Egypt	0,6%	17	Tunisia	0,7%
30	Syria	0,2%	23	Syria	0,4%	29	Syria	0,2%
37	Libya	0,1%	31	Jordan	0,3%	36	Libya	0,2%
40	Lebanon	0,1%	34	Libya	0,2%	40	Lebanon	0,1%
-	Jordan	-	41	Lebanon	0,2%	43	Jordan	0,1%

Source: ec.europa.eu (IMF –DoTS-)

4.2.2 Tunisia

As far as export is concerned, Tunisia's major Agadir partner is Morocco with a total import volume of 1,5%, followed by Egypt with 0,4% . The two countries rank as number seventh and fifteen respectively. However, Libya and Algeria play a much more important role in Tunisia's export volume than its Agadir partners. Libya ranks as number two in its top fifty major export partners accounting for 6,3%, whereas Algeria ranks number fourth amounting to 2,3%. Lebanon and Jordan occupy a less relevant position. They rank as number thirty four (0,1%) and forty four (o,1%) respectively. Tunisia's export volume would boost considerably if Libya and Algeria joined the Agadir Agreement.

As far as import is concerned, Egypt is a more important partner to Tunisia than to Morocco. Tunisia's import volume with Egypt accounts for 1,0% whereas its trade with Morocco amounts to 0,5%. The two countries rank number twelve and eighteen respectively. Among the Arab countries, Tunisia imports more from Libya (3,1%) and

Algeria (2,5%) which rank as number four and six respectively. Jordan ranks number twenty nine in the top fifty import partners accounting for 0,1%. It is followed by Syria and Lebanon who both account only for 0,1%. As it was the case in the export volume, Tunisia import would increase massively if Libya and Algeria joined the Agreement.

Tunisia's major trade partners are Libya (4,4%) and Algeria(2,4%). They rank number two and six in the top fifty major trade partners which means that these two countries play a crucial role in Tunisia's trade volume. Morocco(0,9%) and Egypt (0,7%) rank number eleven and twelve respectively. Jordan rank number thirty two accounting for 0,1% of Tunisia's trade.

Tunisia's trade with Arab countries (2010) –ranking of the top fifty Tunisia's major trade partners-								
Rank	Country	Import	Rank	Country	Export	Rank	Country	Major trade Partner
4	Libya	3,1	2	Libya	6,3	2	Libya	4,4
6	Algeria	2,5	4	Algeria	2,3	6	Algeria	2,4
12	Egypt	1	7	Morocco	1,5	11	Morocco	0,9
18	Morocco	0,5	15	Egypt	0,4	12	Egypt	0,7
29	Jordan	0,1	19	Syria	0,2	30	Syria	0,1
35	Syria	0,1	34	Lebanon	0,1	32	Jordan	0,1
36	Lebanon	0,1	44	Jordan	0,1	38	Lebanon	0,1

Source: ec.europa.eu (IMF –DoTS-)

4.2.3 Egypt

As far as export is concerned, Jordan plays an important role in Egypt's trade volume. It ranks number eight with 2,8%. However, Egypt exports more to Libya, which ranks number four amounting to 4,8%, and Syria which occupies the seventh position accounting for 3,1%. Egypt exports more to Lebanon (2,0%) than to Morocco (1,6%) and Tunisia (0,8%). The latter two rank as number fourteen and twenty five respectively.

In 1990's Egypt's major import partner was Jordan with Tunisia close behind. As of 2010, Egypt's major import Agadir partner is still Jordan, but Tunisia ranks number forty four in its top fifty export country. Jordan ranks number thirty two with 0,2% and Morocco ranks number forty three with 0,1%. Egypt imports more from Algeria (0,8%), Syria (0,7%) and Libya(0,6%) than from Jordan, and it imports more from Lebanon (0,2%) than from Morocco.

Egypt's major trade partner among the Arab states are Libya (2,0%) and Syria (1,5%), which rank number thirteen and fifteen respectively. Jordan is close behind with 1,1%, ranking as number nineteen. Egypt trades more with Algeria(0,9%) and Lebanon(0,8) than with Morocco (0,6%) and Tunisia (0,4%). As a consequence, if Libya and Syria joined the Agreement, Egypt's export volume would increase significantly.

Egypt's trade with Arab countries (2010) –ranking of the top fifty Egypt's major trade partners-								
Rank	Country	Import (%)	Rank	Country	Export (%)	Rank	Country	Major trade Partners (%)
21	Algeria	0,8	4	Libya	4,8	13	Libya	2,0
22	Syria	0,7	7	Syria	3,1	15	Syria	1,5
23	Libya	0,6	8	Jordan	2,8	19	Jordan	1,1
32	Jordan	0,2	11	Lebanon	2,0	21	Algeria	0,9
36	Lebanon	0,2	14	Morocco	1,6	22	Lebanon	0,8
43	Morocco	0,1	19	Algeria	1,0	28	Morocco	0,6
44	Tunisia	0,1	25	Tunisia	0,8	35	Tunisia	0,4

Source: ec.europa.eu (IMF –DoTS-)

4.2.4 Jordan

As far as export is concerned, Jordan's major Arab partners are Syria (4,0%), Lebanon (3,3%) and Algeria (2,1%). They rank number six, eight and ten respectively. They are followed close behind by Egypt, which ranks number eleven accounting for 2,1%. Tunisia ranks number twenty-seven amounting to 0,4%, followed by Libya, which accounts for 0,8%, and Morocco, which accounts for 0,2%. The latter occupies the position number thirty four in the top fifty major export countries.

In the list of the top fifty major import partners, Egypt ranks as number four with 4,6%. The second and third major Arab countries from whom Jordan mainly imports are Syria, which ranks number eleven amounting to 2,5%, and Lebanon, which ranks number twenty four accounting for 0,7%. Morocco ranks number thirty with an amount of 0,2%, followed by Algeria (0,1%). Tunisia is the last in its top fifty import partners, occupying the position number forty six with 0,1%.

Jordan's major Arab trade partner has remained Egypt over the years ranking as number seventh in the top fifty Jordan's major trade partners and accounting for 3,9%. Syria, Lebanon, Algeria and Libya come all before Morocco and Tunisia. The two Agadir

partners rank as number thirty six and forty one respectively, both of them with a low percentage of 0,2%.

Jordan's trade with Arab countries (2010) –ranking of the top fifty Jordan's major trade partners-								
Rank	Country	Import (%)	Rank	Country	Export (%)	Rank	Country	Major trade Partners (%)
5	Egypt	4,6	6	Syria	4	7	Egypt	3,9
11	Syria	2,5	8	Lebanon	3,3	11	Syria	2,9
24	Lebanon	0,7	10	Algeria	2,1	13	Lebanon	1,4
30	Morocco	0,2	11	Egypt	2,1	25	Algeria	0,7
41	Algeria	0,1	23	Libya	0,8	34	Libya	0,2
46	Tunisia	0,1	27	Tunisia	0,4	36	Morocco	0,2
-	Libya	-	34	Morocco	0,2	41	Tunisia	0,2

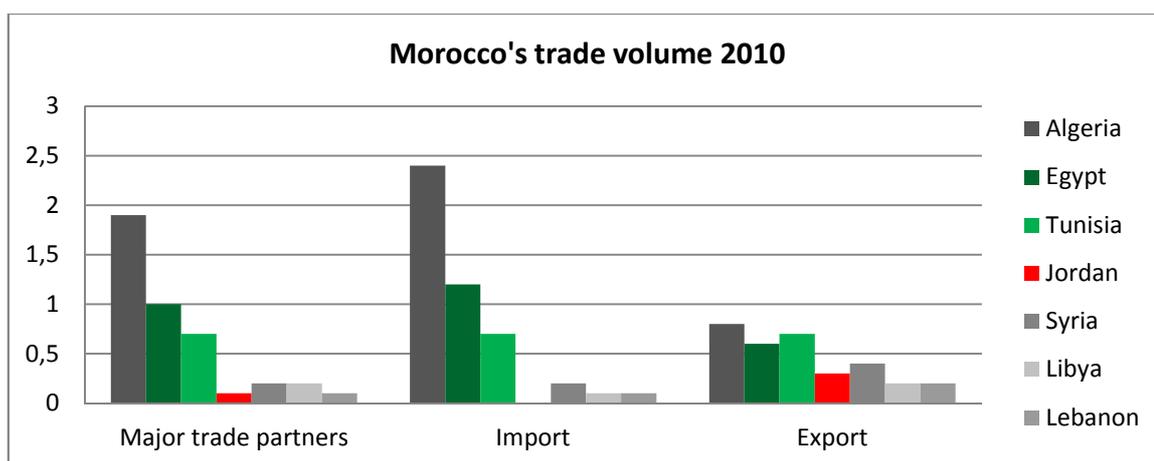
Source: ec.europa.eu (IMF –DoTS-)

4.3 Final Remarks

4.3.1 Morocco

Looking at the list of Morocco's top fifty major export and import partners published by the European Union in 2010, it is possible to notice that Morocco exports more to Algeria, than to Tunisia and Egypt. In addition, Morocco exports more to Syria than to Jordan. Lebanon does not play a major role in Morocco's export volume. As far as import is concerned, Jordan is not in Morocco's top fifty import countries. Algeria is a very important trade partner to Morocco as it is in the top six major import countries. Syria, Libya and Lebanon come all after Egypt and Tunisia in the list.

In conclusion, Morocco's major trade partner among the Arab countries is Algeria which ranks number nine. If Algeria joined the Agreement, both Morocco's export and import volume would significantly increase. The two countries might also strengthen their relations and collaborate on the issues on which they have been in contrast over the past years. Algeria is followed by Egypt which ranks number fourteen; finally there is Tunisia which occupies the seventeenth position. Syria, Libya and Lebanon are more important trade partners to Morocco than Jordan. It can be stated that Morocco and Jordan still have to take full advantage of the free trade area that they have created by signing the Agadir Agreement.



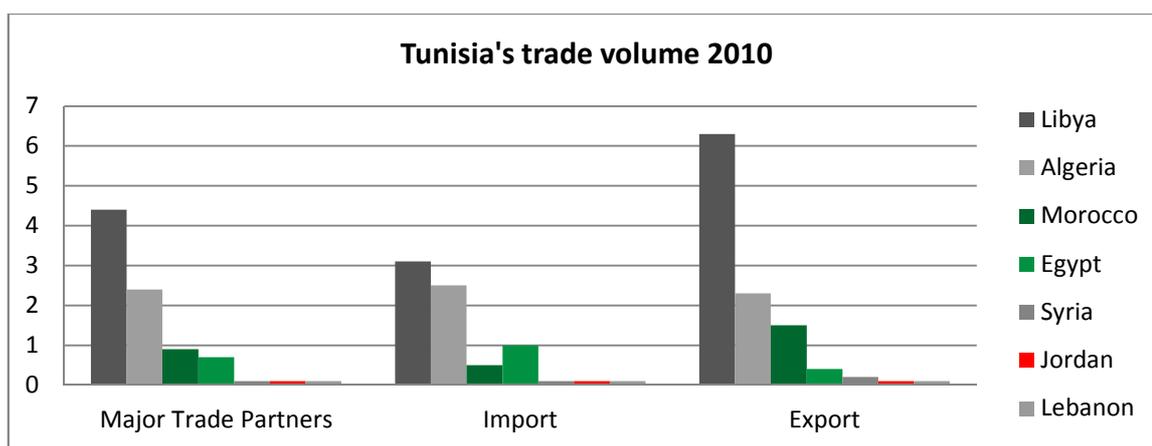
Source: ec.europa.eu (IMF –DoTS-)

4.3.2 Tunisia

As far as Tunisia's export is concerned, Libya and Algeria play a much more important role in Tunisia's export volume than its Agadir partners. Libya ranks number two whereas Algeria ranks number four. Lebanon and Jordan occupy a less relevant position. They rank number thirty four and forty four respectively.

As far as import is concerned, Egypt is a more important partner to Tunisia than Morocco. Among the Arab countries, Tunisia imports more from Libya and Algeria than from Egypt and Morocco. Jordan ranks number twenty nine, followed by Syria and Lebanon.

To conclude, Tunisia's major Agadir partner has remained Morocco over the past years, followed close behind by Egypt. However, Tunisia's trade relations with two other Arab countries are highly relevant. Libya and Algeria play a significant role both as Tunisia's major import partners as well as its major export partners, ranking number two and six respectively. Libya is particularly important as it ranks number two, right after the European Union. This is the strongest commercial relationship among the countries that have been taken into consideration in this work.



Source: ec.europa.eu (IMF –DoTS-)

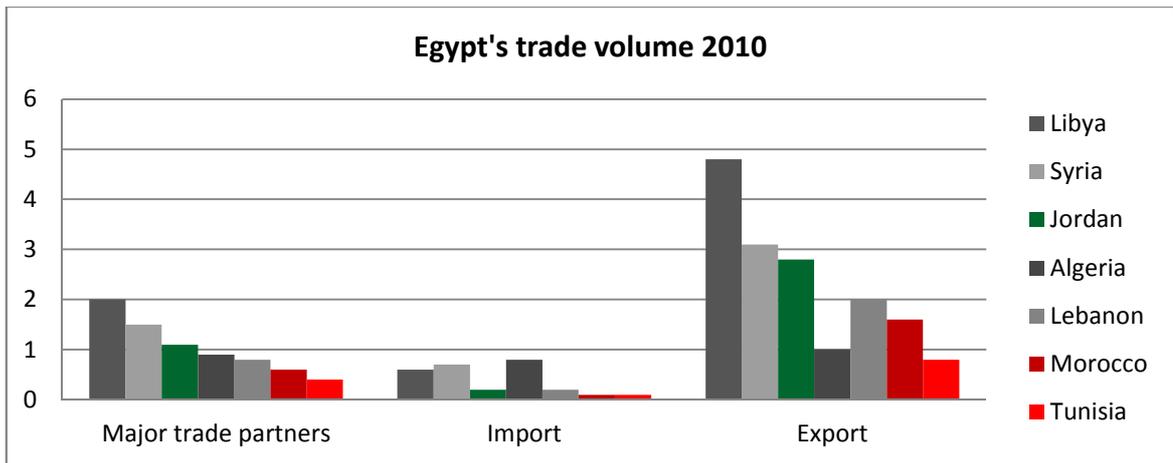
4.3.3 Egypt

As far as Egypt's export is concerned, Jordan plays an important role in its trade volume. However, Egypt exports more to Libya and Syria than to Jordan. In addition, it exports more to Lebanon than to Morocco and Tunisia.

In the 1990's Egypt's major Agadir import partner was Jordan with Tunisia close behind. As of 2010, Egypt's major import Agadir partner remains Jordan which ranks number thirty two. Tunisia ranks number forty four and Morocco number forty three. Egypt imports more from Algeria, Syria, and Libya than from Jordan, and it imports more from Libya and Lebanon than from Morocco.

To conclude, Egypt's major trade partner among the Arab states are Libya and Syria. Jordan follows close behind. Egypt trades more with Algeria and Lebanon than with Morocco and Tunisia. As a consequence, if Libya and Syria joined the Agreement, Egypt's export volume would increase significantly. In particular, Libya plays a major role by being in the top four major export partners after the European Union, Saudi Arabia and the United States.

As far as import is concerned, if Algeria, Syria and Lebanon joined the Agreement, Egypt's import would substantially increase. If we look back at the statistics among the Agadir countries, we can notice that Egypt's trade volume with its Agadir partners is high. However, Egypt trades a lot with all Arab countries. Only when we analyze Egypt trade volume with the Arab non-member countries mentioned in this work, we can notice that Tunisia and Morocco are last in the list, even if their trade volume with Egypt is quite high.

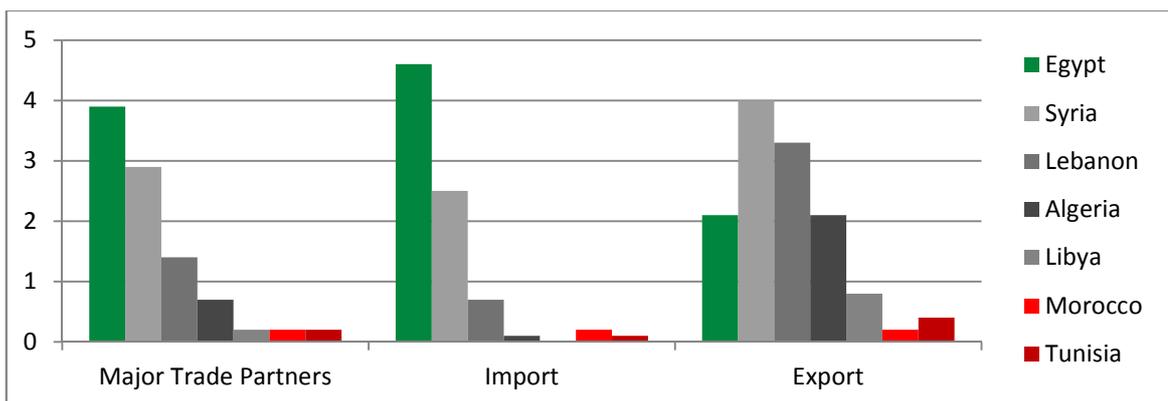


Source: ec.europa.eu (IMF –DoTS-)

4.3.4 Jordan

As far as export is concerned, Jordan's major Arab partners are Syria, Lebanon, and Algeria. Egypt follows close behind. Tunisia ranks number twenty-seven, followed by Libya and Morocco.

In the list of the major import partners, Egypt ranks number four. The second and third major Arab countries from whom Jordan mainly imports are Syria. Morocco ranks number thirty, followed by Algeria. Tunisia is the last in its top fifty import partners, occupying the position number forty six.



Source: ec.europa.eu (IMF –DoTS-)

In conclusion, Jordan's major Arab trade partner has remained Egypt over the years, ranking number seventh in the top fifty Jordan's major trade partners. Syria, Lebanon, Algeria and Libya come all before Morocco and Tunisia.

5 CHAPTER 5: TANGER-MED. PORT DEVELOPMENT PLANS AND PROGRAMMES AS KEY DRIVERS IN GLOBALISATION AND REGIONALISATION PROCESSES

1. The Maritime sector
2. Tanger Med
3. Re-organization of the territory around the port complex
4. Intermodality: land connections

5.1 The Maritime sector

Ports and transport infrastructure are basic elements in globalization and regionalization processes. On the one hand, growth in international trade is having profound consequences on ports which must be efficient in order to be part of the global trade network; on the other hand, both foreign direct investments and innovative strategies for development play a crucial role in enhancing globalization and regionalization processes. In this chapter, it will be taken into consideration the recent developments that have been underway in the northern region of Morocco. In the last decade, the government of Morocco has heavily invested in the construction of a gigantic maritime infrastructure, the *Tanger Med* port complex, which is expected to become a major player in the maritime global network. In addition to building such a colossal infrastructure, the Kingdom has also invested in building modern highway and railway networks that support the new Tanger Med complex and make its services more efficient. Likewise, it has developed industrial and logistics free trade areas around the new infrastructure. These free trade zones are aimed at attracting investments and are expected to strengthen even more the role of Tanger Med and give more visibility to the whole country. Morocco has therefore opened up to international trade by offering an efficient transshipment port to major global container ships and by re-organizing the territory around it. These developments are a perfect example of a country that is trying to adapt to the processes of globalization and regionalization. As far as the latter is concerned, these developments can play a crucial role in strengthening cooperation among the Agadir countries thanks to the recent improvements in transport connections and to the presence of a growing number of international companies in the northern region of Africa.

Before analysing more in specific the role of Tanger Med, in the following paragraphs it will be briefly outlined the important role of ports and the evolution of maritime transport.

Seaborne trade plays a crucial role in international and domestic trade. Therefore port efficiency is of vital importance to assure productive economic relations. In a general definition, a *port* is a single infrastructure organized to offer a service to ships¹⁹⁸. It is a place where import and export goods transported by ships are handled. It is a point in space where maritime and inland modes of transport meet¹⁹⁹. However, in a broader definition, a port is a multi-dimensional system which provides multiple activities. Ports can have different functions and structures as they can undertake industrial, commercial, multifunctional, specialized, container and cruising functions²⁰⁰. In major ports goods are not only in transit but they are also sorted, processed and distributed. In order to perform their functions, ports must be integrated within logistics chains²⁰¹. Everything from modern infrastructures to strong connections is important to make a port efficient. As far as the efficiency of a port is concerned, the role of port authorities, or any other institution that is responsible for port activities, is vital. In the past, urban organization of the port city was highly dependent on port management as there was a close integration in terms of functions and space between the city and the port²⁰².

In the last decades, fundamental changes have characterized maritime transport. One of the most important changes is the development of containerized transport²⁰³. Before containerization there was a system based on direct services, small ships, low productivity of labour and low level of competition between ports²⁰⁴. This period was the so called “port interland”²⁰⁵. In the containerization era, the maritime sector has witnessed a large cost reduction in cargo handling, but at the same time, it has also experienced an imposition of new needs on ports in terms of structure and equipment²⁰⁶. The transport of large quantities of containers have seen a development in the construction of ships with massive sizes and an increase in investments in new infrastructures and equipment²⁰⁷. Container shipping differs from conventional shipping because it uses containers to load, transport and unload goods. The importance of containers lies in the fact that they can be moved between ships, trucks and trains. The 2006 marked the 50th anniversary of modern

¹⁹⁸ Oxford Advanced Dictionary

¹⁹⁹ (Soriani S., course in Geografy of Transport)

²⁰⁰ Ibid.

²⁰¹ Ibid.

²⁰² Ibid.

²⁰³ World Shipping. Accessed in March 2012 (www.worldshipping.com)

²⁰⁴ Ibid.

²⁰⁵ Ibid.

²⁰⁶ World Shipping, Accessed in March 2012 (www.worldshipping.org)

²⁰⁷ Ibid.

containerization²⁰⁸. The first container ship, the *Ideal X*, made its first voyage from Port Newark to Houston in the USA in 1956²⁰⁹. Ten years after, the Sea-Land's *Failand* container ship made the first international voyage with 236 containers, sailing from port Elizabeth in the USA to Rotterdam in the Netherlands²¹⁰. During the Vietnam War, the US military developed this mode of transport to supply its troops in the Asian continent²¹¹. The 1968 and 1969 in particular marked the boom years of container shipping which continued to grow exponentially throughout the 1970s and 1980s²¹². The container industry has proved its worth and it is now the core of the international trade. This new growing industry has brought major investments in vessels, containers, terminals and information technology to coordinate the complex logistics. It is a global industry that is part of people's everyday life because it transports any kind of goods that people use every day.

The key of the success of the container industry is its practicality. Containers allow the movement of goods from one place to another with low costs but without complications. All these changes have resulted in an intensely competitive environment in seaport industry²¹³. The reduction in transport costs allows a ship to use ports that provide better facilities and connections without having to choose necessarily the closest one in terms of geographical position²¹⁴. As a consequence, modern ports must be efficient as far as time and costs are concerned in order to satisfy the needs of the multinational companies demanding their services. Over 200 countries have ports that offer a service to container ships²¹⁵. The port of China is the largest exporter of goods moving on container services. It is followed by Singapore which is a major hub where containers are unloaded and loaded from one ship to another to reach their final destination²¹⁶.

The top twenty major trade routes include 60% of the global container trade volume²¹⁷. As a destination region, the Middle East and Africa ranks as number five, seven and thirteen. The area where the major trade route directed to the Middle East and North Africa originates is the European Union, followed by Greater China and then by other Asian

²⁰⁸ Ibid.

²⁰⁹ Ibid.

²¹⁰ Ibid.

²¹¹ Ibid.

²¹² Ibid.

²¹³ Ibid.

²¹⁴ World Shipping, December 2012 (www.worldshipping.com)

²¹⁵ Ibid.

²¹⁶ Ibid.

²¹⁷ Ibid.

countries. The Middle East and North Africa ranks as number twenty in the role of country of origin with the European Union as its destination country.

TOP 20 CONTAINERIZED TRADE ROUTES, 2009 AND 2010				
	DESTINATION	ORIGIN	2009 TEUS (Millions)	2010 TEUS (Millions)
1	United States	Greater China	7.1	8.5
2	European Union	Greater China	5,8	6,9
3	Other Asia	Greater China	4,3	5,3
4	Other Asia	Other Asia	4,5	5,0
5	Middle East and Africa	European Union	3.1	3.4
6	Greater China	United States	3.2	3.4
7	Middle East and Africa	Greater China	2.7	3.3
8	European Union	Other Asia	2.8	3.1
9	Greater China	European Union	2.9	3.1
10	Other Asia	European union	2.6	2.9
11	Greater China	Greater China	2.6	2.9
12	Greater China	Other Asia	2.3	2.8
13	Middle East and Africa	Other Asia	2.7	2.7
14	United States	Latin America	2.2	2.4
15	Japan	Greater China	2.1	2.4
16	Other Europe	Greater China	1.8	2.3
17	United States	European union	1.8	2.1
18	Latin America	Greater China	1.6	2.0
19	European Union	Middle East and Africa	1.6	1.9
20	Rest of the world	Rest of the world	39.7	45.3
		World Trade	99.7	114.3

Source: HIS Global Insight, World Trade Service -www.worldshipping.com. Note: TEU's are fully loaded. Greater China includes China, Hong Kong S.A.R and Taiwan R.O.C. other Asia include all of Asia and Australia except Greater China, Japan and South Korea.

What is important about the container industry is that it turned sleepy ports such as Busan, in North Korea, into a strategic port in global trade, and led to the construction of new ports in places where none had been before, like the port of Tanjung Pelepas in Malaysia²¹⁸. Thanks to the container industry it has become possible to choose the cheapest location for producing a particular good and ship it to other markets²¹⁹. This industry is giving an opportunity to poor countries to develop by becoming *hubs* or suppliers to wealthy countries far away thanks to their strategic location²²⁰. Another important element that

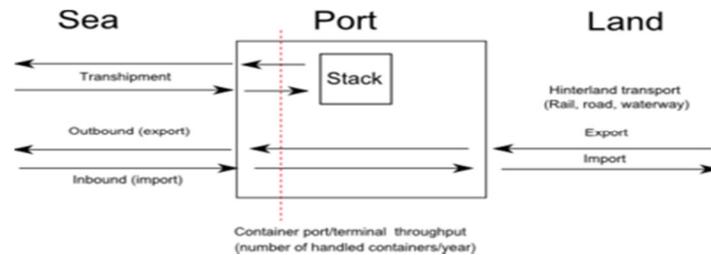
²¹⁸ Ibid.

²¹⁹ Ibid.

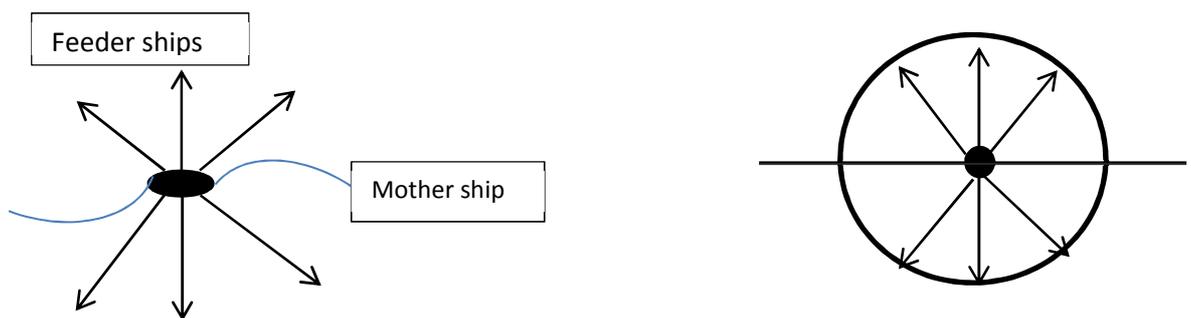
²²⁰ World Shipping. Accessed in March 2012 www.worldshipping.org

characterizes maritime transportation is a system known as *hub and spoke*. This system is characterized by a set of connections organized like a wheel²²¹. All traffic moves along *spokes*, which are a kind of roads radiating from a centre which is known as *hub*²²². This system created a high level of competition among ports.

Another major activity that characterises modern maritime operations is *Transshipment*.



This activity involves the transportation of goods or containers to an intermediate location where goods are unload from one ship and loaded to another one to reach the final destination²²³. Two main reasons justify this kind of activity: one is the need to combine the cargo of small ships into larger ships, and the other one is the need to change means of transport during the journey. The activity of transshipment is measured by the number of containers that are loaded and unloaded at the port before reaching their final destination²²⁴. Some ports play a crucial role in the global trade thanks to their role of major platforms for transshipment activities. A transshipment port becomes a *hub port* if it is located in a central position from the geographical point of view.



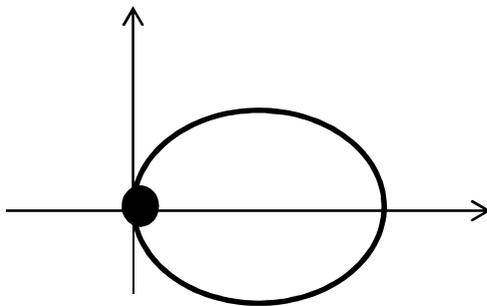
²²¹ Course in Geography of Transport 2012, University of Ca' Foscari

²²² Soriani S., Course in Geography of Transport, Ca Foscari, 2012

²²³ Transshipment. Wikipedia. (en.wikipedia.org/wiki/Transshipment)

²²⁴ Ibid.

Not all transshipment ports are also hub ports²²⁵. For instance, Algeciras port is a major transshipment port on the Mediterranean Sea in terms of TEUs, which is a unit that designate cargo capacity of container ships and terminals, but it does not perform as an hub port because it is not in a central position in the Mediterranean Sea. It can be considered a *rely por*²²⁶. Ports that perform *rely functions* are transshipment ports for mother vessels that come from South to North and from West to East and vice-versa, and are based on orthogonal transportation axes²²⁷. Ships with relevant sizes that are not able to enter the Mediterranean Sea through the Suez Canal have to circumnavigate Africa and call at the port of Algeciras where containers are discharged and loaded on container ships that operate in the Mediterranean Sea and vice-versa.



Ships can offer direct port to port services along the two major global routes because their flows are dense. However, if the hub and spoke system is added to these two major routes, connectivity increases and more clients and markets can be reached more easily thanks to a major flexibility.

As far as Morocco is concerned, the government has encouraged significant developments in the port sector over the past years. In 2008, the *Agence Nationale des Port* (ANP) started the *National Port Modernization Programme*, which is a major five-year project intended to significantly extend the country's main commercial port facilities²²⁸. However, there is

²²⁵ Ibid.

²²⁶ Soriani S., Course in Geography of Transport, University of Ca' Foscari, 2012

²²⁷ Ibid.

²²⁸ Morocco Report 2011, Google Books Morocco Report, Oxford 2012. Accessed in November 2012 (<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBhj-poLat7FGUB25MPyJCb->

another project on which the government has mainly invested over the past years. Since 2002 the state started to plan and build a colossal port complex aimed at becoming one of the world top ports, giving more visibility and opportunities both to the northern region of Morocco and to the whole country, and attracting foreign investments. This gigantic infrastructure, known as *Tanger-Med*, has the potential to turn Morocco in a major global maritime transshipment destination. It is a multi-billion dollar port which will service ships in a location where the Atlantic Ocean and the Mediterranean Sea routes join. The role of the port complex has been strengthened by the construction of logistics, commercial and industrial free zones around it. In addition, the role of the port and of the free trade areas is enhanced by important investments in road and railway infrastructures that the government has done over the past years.

5.2 Tanger Med



TANGER-MED: 40 regular services -120 ports- 60 countries- 5 continents. Source: http://www.open-med.eu/portal/resources/cms/documents/3__Abkari.pdf

After being neglected for years by the old king because of the presence of rebel groups in the area, the northern region of Morocco has been going through major changes over the past years²²⁹. The major initiative that has been undertaken in the area is the construction of a gigantic port complex known as *Tanger-Med*. The project of building this colossal

w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false)

²²⁹ Ibid.

infrastructure came from the new king, Mohamed VI, who came to power after the death of his father Hassan II in 1999. The king communicated its intentions on the 30th July 2002 after three years of regency²³⁰.

When the Moroccan government decided to invest in building a gigantic port on the Strait of Gibraltar, which is the second-busiest passage in the world²³¹, it was aware of the need to have a world class port in such a strategic position. The port complex is located in a place fourteen kilometres away from the Spanish shore and forty kilometres away from the city of Tangier²³². The port was built on a central passage that is used by both the *East-West* and *North-South* shipping routes. The potential of the port lies in the fact that ships that operate on the two main shipping routes do not have to deviate much in order to call at the Moroccan port. They can reach a major number of clients without losing time and spending additional money to reach the port.

It is a deep-sea port which serves both international and regional flows²³³. It offers its services to the latest generation of large container ships and it focuses mainly on transshipment operations. It is expected that the port will capture a relevant part of the growing container market. In addition, it is expected that it will become a leading hub for cereals transshipment which is a services that was absent in the North-West African region.²³⁴

The port is seen as a central element to the development of the country. This gigantic project is intended to re-design the industrial geography of Morocco, make the area attractive to investments, improve the territory competitiveness, and transform the region in a strategic location for transportation, industry and trade²³⁵. It is a spur for both maritime transport and for the development and construction of modern land connections. Since the beginning of its construction, Tanger-Med has produced major economic effects. It provided a large number of new job position, it created added value and it attracted

²³⁰ Ibid.

²³¹ Global Observer. Accessed in November 2012 (www.globalobserver.com)

²³² Tanger Med Special Agency, Accessed in September 2012 (www.tmsa.ma)

²³³ Ibid.

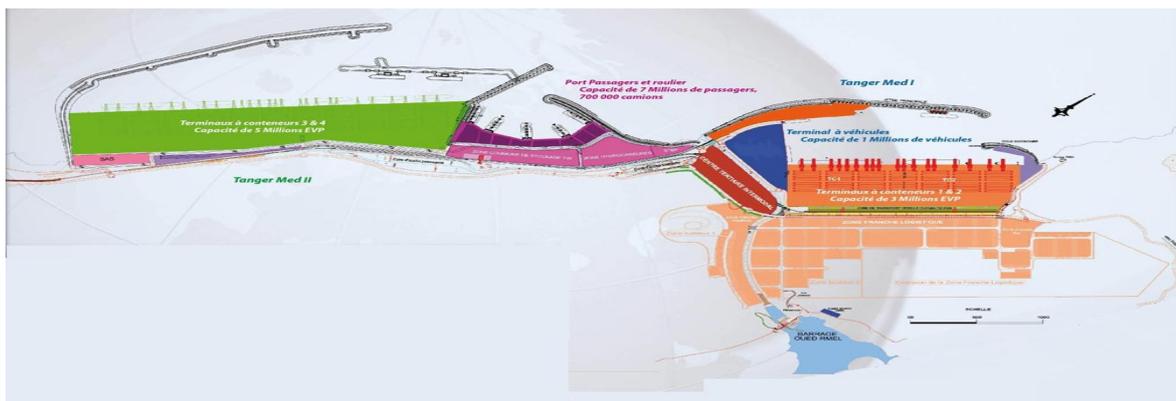
²³⁴ <http://upaworld.wordpress.com/2009/07/15/morocco-the-new-free-trade-zones/>

²³⁵ *Revista De Geografia. Alcuni Aspetti Recenti Delle Dinamiche Portuali Di Transshipment Nel Mediterraneo*. Gabriele Zanetto1; Stefano Soriani; Francesco Zanini. *Revista de Geografia*. Recife: UFPE – DCG/NAPA, v. 27, n. 2, mai/ago, 2010.

foreign investments²³⁶. By the end of its construction, the port will offer its services to a market of hundreds of million consumers.

The project of the port started at a perfect time. Morocco's trade with the European Union was prosperous when the decision to build such a massive infrastructure was taken²³⁷. Exports grew from 7.1 billion dollars in 2001 to 11.3 billion dollars in 2006²³⁸. Also imports witnessed a major growth which went from 11 billion dollars to 22.4 billion dollars during the same period²³⁹. In general, Africa's trade with Europe was rising. Morocco's exports to the European Union doubled between 1999 and 2006²⁴⁰. In addition to an increase in trade with the European Union, Morocco also signed a free trade agreement with the USA in January 2006 which increased the role of the port even more²⁴¹.

5.2.1 Structure Of The Port



²³⁶ Tanger Med Special Agency, Accessed in September 2012 (www.tmsa.ma)

²³⁷ Morocco Report, Oxford 2012. Accessed in November 2012

(<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBHJ-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>)

²³⁸ Ibid.

²³⁹ Ibid.

²⁴⁰ Ibid.

²⁴¹ European Commission, Association Agreements, Morocco. Accessed in November 2012 (http://eeas.europa.eu/morocco/association_agreement/index_en.htm)

The port complex is made up of two ports, *Tanger Med I* and *Tanger Med II*, which offer four terminals in total; in addition, it comprises a port for passengers and Ro-Ro, for hydrocarbons, for general merchandise, and for vehicles²⁴².

5.2.2 Tanger Med I

The first port, Tanger Med I, entered into force in July 2007²⁴³. It has a capacity of three million containers²⁴⁴. The port includes two terminals. The first terminal has been operative since July 2007. It was conceded to *APM Terminals* who has soon made it one of its worldwide top terminals²⁴⁵. The construction of the first terminal is the result of an active and close collaboration between three major actors, namely the *APM Terminal*, the Moroccan government and the *Akwa group*. The second terminal entered into force in August 2008 and it was granted to the consortium *Eurogate-Contship* which comprises Eurogate (40%), MSC (20%), CMA CGM and its Moroccan subsidiary CoMaNav (40%).²⁴⁶

Tanger Med has seen an increase in its capacity from 1 million TEUs to 2.09 million TEUs between 2008 and 2012²⁴⁷. In early 2010 the port's throughput saw a rise of 76% over the same period in 2009²⁴⁸. This increase is the result of an expansion of international trade at the beginning of 2010 which was registered after the economic crisis of the previous years²⁴⁹. According to Said El Hadi, chairman of the *Tanger-Med Special Agency*, the container activity worldwide was intense in 2010 and in the first half of 2011²⁵⁰. It showed a decrease during the second half of 2011 because of overcapacity of container shipping in the market²⁵¹. However, during the second half of 2011 the global container flow increased again²⁵². The activity of ports are strongly influenced by the global trend. In fact, in the

²⁴² Tanger Med Special Agency. Accessed in March 2012 (www.tmsa.ma)

²⁴³ Ibid.

²⁴⁴ Ibid.

²⁴⁵ Ibid.

²⁴⁶ <http://www.thaibsa.com/news/world-shipping-news/626--maersk-cma-cgm-safmarine-flee-tanger-meds-labour-chaos-for-other-ports.html>

²⁴⁷ Morocco Report 2012, Google Books

<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBhj-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>

²⁴⁸ Ibid.

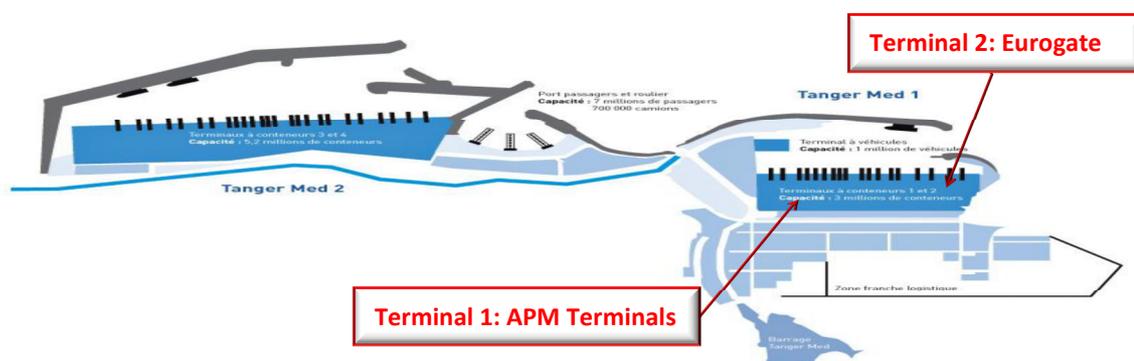
²⁴⁹ Ibid.

²⁵⁰ Ibid.

²⁵¹ Ibid.

²⁵² Ibid.

period when container activity decreased, Tanger-Med did not reach the volume that it was expected²⁵³.



5.2.3 Tanger Med II

The second port, Tanger Med II, is an enlargement of Tanger Med I and it was built to meet the growing demand of container flows²⁵⁴. The project of Tanger Med II is the result of a draft loan contract that was signed in October 2008²⁵⁵. The aim was to extend the first port thanks to the positive results that it has showed since it has become operative. The contract was officially approved in January 2009 and the construction of Tanger Med II started in June of the same year²⁵⁶. It entered into force in the second half of 2012, and it scheduled to be fully operative by 2016²⁵⁷. Tanger Med II will comprise two more terminals for containers. Four years have been estimated for the construction of the port to be completed and three more years after its completion are expected to pass before Tanger Med II become fully operative²⁵⁸. The construction contract was assigned to a consortium of enterprises which includes *Besix*, *Boygues Travaux Publics*, *Saipem* and *Somagec*²⁵⁹. The aim of the second port is to enhance the potential that the strategic location on the Strait of Gibraltar offers and to turn the Tanger Med complex into a major hub in the global maritime network. Tanger Med II has a capacity of 5.2 million containers²⁶⁰. The construction of terminal three will be built in phase two. It will have a capacity of 3m

²⁵³ Ibid.

²⁵⁴ Ibid.

²⁵⁵ Ibid.

²⁵⁶ Ibid.

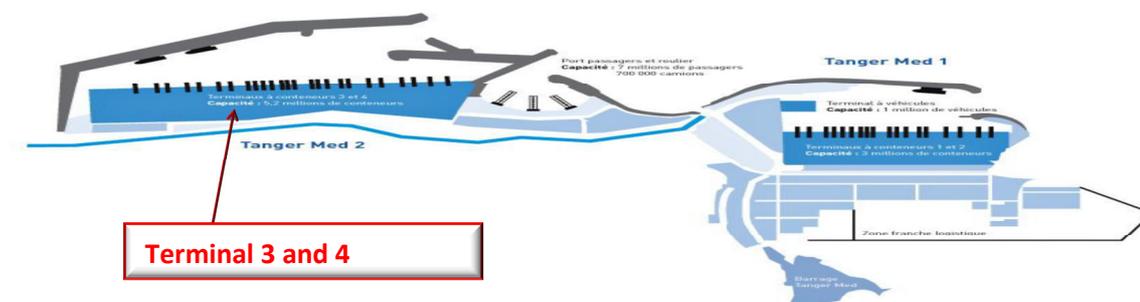
²⁵⁷ Ibid.

²⁵⁸ Ibid.

²⁵⁹ Tanger Med Special Agency. Accessed in March 2012(<http://www.tmsa.ma>)

²⁶⁰ Ibid.

TEUs and it will be managed by the Dutch *APM Terminals*²⁶¹. Terminal four is scheduled to be operative in 2014. It was granted to *Marsa Maroc* in June 2009, and it will have a capacity of 2.2m containers²⁶². It is expected that the whole Tanger Med port complex will reach full capacity by 2015-2016²⁶³. The two port together will have a capacity of more than 8 million containers.



5.2.4 Tanger Med: Passengers and RoRo port, a port of hydrocarbons, a port for general merchandise, and a port for vehicle.

The construction of the the passeners and RoRo port started in 2007 and the port became operative in 2010²⁶⁴. It handles seven million passengers and 700.000 trucks²⁶⁵. Only fifty minutes are need in order to go from the African shore to the European shore on a regular ferry, and thirty minutes to cross the Strait on a fast ferry²⁶⁶. It offers a service of fifty departure per day. It has a total of eight berths and it provides a parking area in its proximity²⁶⁷.

The port for hydrocarbons was given under concession to a consortium which comprises *HTL*, *IPG* and *Afriquia*²⁶⁸. It is a port designated to three major activities which include

²⁶¹Morocco Report, Oxford 2012. Accessed in November 2012 (<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBHJ-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>)

²⁶² Ibid.

²⁶³ Tanger Med Special Agency. Accessed in March 2012 (<http://www.tmsa.ma>)

²⁶⁴ Ibid.

²⁶⁵ Ibid.

²⁶⁶ Ibid.

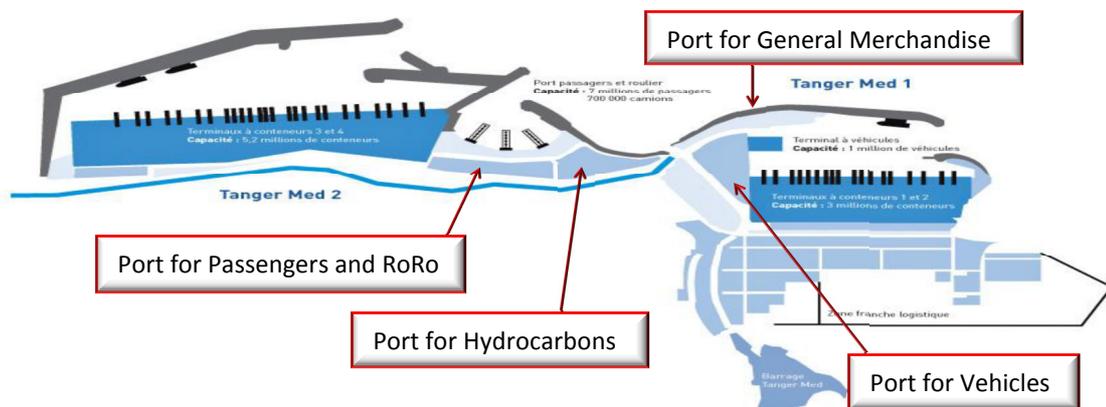
²⁶⁷ Ibid.

²⁶⁸ Ibid.

bunkering services, transshipment of refined products that involve Europe, Africa and the United States²⁶⁹. It offers two berths and a storage area in its proximity²⁷⁰.

The port for general merchandise became operative in 2010. It is long nine hectares and it provides 4,800 square metres of warehouse²⁷¹. Its handling operations are outsourced to the multinational company *Marsa Maroc*.²⁷²

The port vehicle started its activity in 2011. It is estimated that it handles 1 million vehicles per year²⁷³. Its main consumer is the multinational French automotive company *Renault* who has opened a new factory in Melloussa, an area very close to the port complex.



5.2.5 Impact of the port on the country

What role does this gigantic infrastructure play in the international network? Tanger Med has a potential capacity of 8.2 million TEUs. Even if it doubled its capacity between 2008 and 2012, it did not reach a sufficient amount to be included in the list of the top fifty world-container ports published by the *Journal of Commerce* in August 2012. The list was compiled looking at the capacity of container ports in million TEUs in 2010 and 2011. Assuming that Tanger Med I had reached its full capacity of 3 million TEUs in 2011, it would have ranked number forty three in the top fifty list. Tanger Med II, which has a potential capacity of 5.2 million TEUs and which is expected to become operative in 2014, would have ranked number twenty six if it had been fully operative in 2011. The two ports, which together have a potential capacity of 8.2 million TEUs, would have ranked number

²⁶⁹ Ibid.
²⁷⁰ Ibid.
²⁷¹ Ibid.
²⁷² Ibid.
²⁷³ Ibid.

sixteen in the list of the top fifty major container ports if they had been fully operative in 2011. When Tanger Med I and Tanger Med II reach their full capacity, it is very likely that also the other fifty ports will have increased their capacity in the future. However, this work wants to underline the size of the project that the Moroccan government implemented. In 2002, the King of Morocco decided to build a port with a capacity that in ten-year time would have positioned it in the world's top-twenty container ports. Tanger Med has all the potentials to grow even more and become one of the main transshipment ports in the world thanks to its strategic location.

RANK	PORT, COUNTRY	VOL 2010 MILLION TEUS	VOL 2011 MILLION TEUS
1	Shanghai, China	29.07	31.74
2	Singapore, Singapore	28.43	29.94
3	Hong Kong, China	23.70	24.38
4	Shenzhen, China	22.51	22.57
5	Busan, South Korea	14.18	16.17
6	Ningbo-Zhoushan, China	13.14	14.72
7	Guangzhou Harbour, China	12.55	14.26
8	Qingdao, China	12.01	13.02
9	Jabel Ali, Dubai, united Arab Emirates	11.60	13.01
10	Rotterdam, Netherlands	11.14	11.88
11	Tianjin, China	10.08	11.59
12	Kaohsiung, Taiwan, China	9.18	9.64
13	Port Kelang, Malaysia	8.87	9.60
14	Hamburg, Germany	7.91	9.04
15	Antwerp, Belgium	8.47	8.66
16	Tanger Med I and Tanger Med II, Morocco	8.2 total capacity	8.2 total capacity
16	Los Angeles, USA	7.83	7.94
17	Keihin Ports, Japan	7.48	7.64
18	Tanjung Pelepas, Malaysia	6.47	7.50
19	Xiamen, China	5.82	6.47
20	Dalian, China	5.24	6.40
21	Long Beach, USA	6.26	6.06
22	Bremen/Bremerhaven, Germany	4.89	5.92
23	Leam Chabang, Thailand	5.19	5.73
24	Tanjung Priok, Indonesia	4.61	5.62
25	New York-New Jersey, USA	5.29	5.50
26	Tanger Med II	5.2 –expected to start in the scnd quarter of 2014-	
26	Lianyungang, China	3.87	4.85
27	Hanshin Ports, Japan	4.51	4.80
28	Suzhou, China	3.64	4.69
29	Ho Chi Minh, Vietnam	4.29	4.53
30	Jawaharlal Nehru, India	4.27	4.53
31	Valencia, Spain	4.20	4.30
32	Colombo, Sri Lanka	4.14	4.26
33	Yingkou, China	3.34	4.03
34	Jeddah, Saudi Arabia	3.83	4.01
35	Port Said, Egypt	3.63	3.91

36	Felixstowe, UK	3.81	3.74
37	Algeciras Bay, Spain	2.80	3.60
38	Colon, Panama	2.81	3.37
39	Manila, Philippines	3.16	3.26
40	Balboa, Panama	2.76	3.23
41	Sharjah, United Arab Emirates	3.02	3.23
42	Salalah, Oman	3.48	3.20
43	Tanger Med I	3 total capacity	3 total capacity
43	Santos, Brazil	2.72	2.99
44	Georgia Ports, USA	2.83	2.94
45	Foshan, China	3.03	2.92
46	Bandar, Abbas, Iran	2.60	2.80
47	Durban, South Africa	2.55	2.71
48	Ambarli, Turkey	2.54	2.69
49	Nagoya, Japan	2.55	2.62
50	Metro Vancouver, Canada	2.51	2.51
51	Tanger Med I, Morocco	2.06 real capacity	2.09 real capacity

Source: www.worldshipping.org

What have been the main achievements of the port complex over the past years? In May 2010, Tanger Med became the main hub for West Africa to *Maersk Line*²⁷⁴. This is a very important result as *Maersk* is a multinational company that plays a major role in the global seaborne trade and it can heavily contribute to turn Tanger Med in a major global transshipment port. As of 2011, a total of 42 lines called at Tanger Med, connecting Morocco to 112 ports on six continents²⁷⁵.

Has the port had any impact on the country? The Tanger Med port plays a key role in the development of both the northern region of Morocco and of the whole country. Important changes have been underway in the port area since the construction of the port was first announced in 2002. Major projects started to be developed with the aim of re-organizing and integrating the area around the port. New and modern infrastructures that include the construction of highways, railways, industrial and logistics zones, as well as residential areas and hotels have been under construction. Morocco is now benefitting from more visibility thanks to these developments. Tanger Med and its industrial and logistics areas have become the core of the economic development of Morocco. Northern cities have

²⁷⁴ Science Direct, Maersk Group, Accessed in October 2012)
<http://www.sciencedirect.com/science/article/pii/S0966692307000075>

²⁷⁵ Morocco Report, Oxford 2012. Accessed in November 2012
<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBHJ-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>

experienced a major growth over the past years. As of 2012, the average growth of the population in the port region has increased and it currently represents the highest rate in the country²⁷⁶. There is evidence that the area has become an important source of employment for people from other towns and regions of Morocco. People come to find job positions in the recently opened factories. In addition, they also search for new houses in the city of Tangier and the surrounding area²⁷⁷.

5.3 Re-organization of the territory around the port area

The area around the Tanger Med port complex also plays a crucial role in enhancing competitiveness in the north region of Morocco. The combination of a major port, two industrial free trade zones and a logistic free zone has turned the north Moroccan region into an area attractive to international investments. Three important elements make this area extremely attractive and full of potentials. First, the port was build close to an already existent free trade zone built in 1999; second, the creation of more industrial and logistics parks in the region; third, the management of the whole area by a single body, the *Tanger Med Special Agency* (TMSA). TMSA is a private actor who has been devolved public power by the Moroccan government in order to administrate the implementations that the government has undertaken in the northern region. International experience has shown that such an extended area managed by one single operator is a strategic choice for attracting investments²⁷⁸.

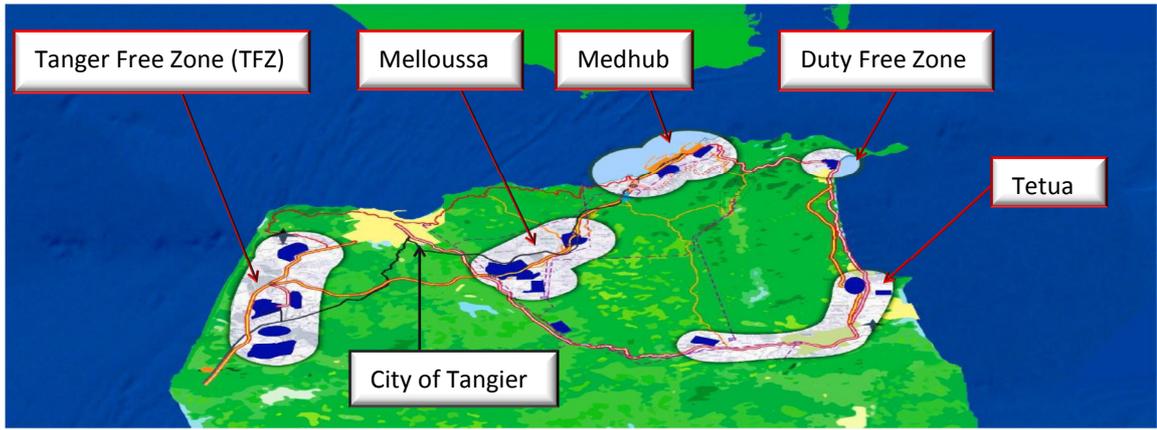
The area around the port complex include five important strategic activity zones, namely the *Tanger Free Zone* (TFZ), *Medhub* (TLZ), *Melloussa*, *Tetuan*, and a duty free zone²⁷⁹.

²⁷⁶ Ibid.

²⁷⁷ Ibid.

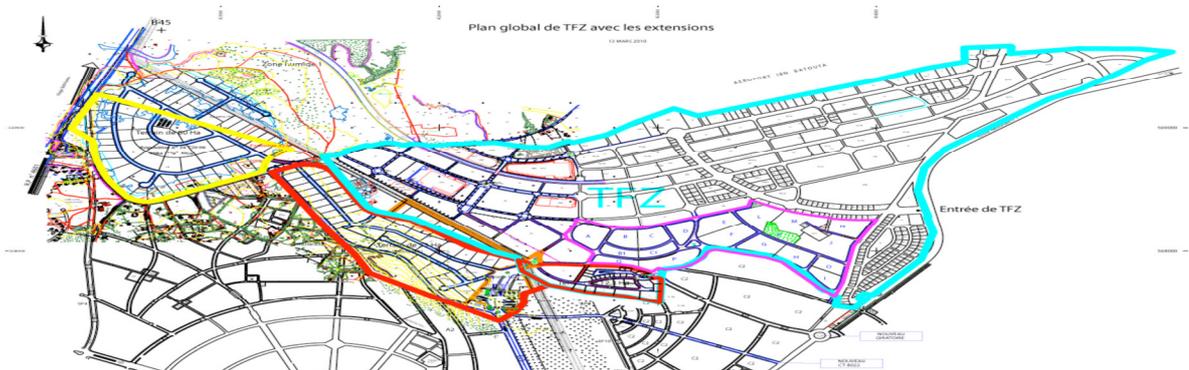
²⁷⁸ Ibid.

²⁷⁹ Tanger Med Special Agency, Accessed in March 2012 (www.tзма.ma)



5.3.1 Tanger Free Zone

The *Tanger Free Trade Zone* (TFZ) is an area located in the south-west of the city of Tangier, fifteen kilometres from the European shore, close to the international airport of the city of Tangier, and close to the highway axis that connects Tangier to Agadir going through Rabat, Casablanca and Marrakesh. It is one of the two industrial parks in the northern region of Morocco. It existed before Tanger Med port was built. The decision to build a port just twelve kilometres away from the TFZ brought major effects on investments in the industrial park. The TFZ was established in 1999 and it was connected to the Tanger Med port in 2006²⁸⁰. Initially it covered an area of 345 hectares which was later extended to 500²⁸¹. Its favourable position offers an easy access to the area. Indeed, accessibility is a key element to make an already strategic free trade area even more attractive to foreign investments. The free zone was the first of the many initiatives that the government started to implement in order to attract investments and develop the country's economy.



Source: tangerfreezone.com.

²⁸⁰ Tanger Free Zone (TFZ). Accessed in March 2012 (www.tangerfreezone.com)

²⁸¹ Tanger Med Special Agency (TMSA). Accessed in March 2012 (www.tmsa.ma)

It is an area dedicated to export. In 2010, it already hosted 400 companies providing 40.000 jobs²⁸². The area was developed in order to attract foreign investments through a set of various incentives. These incentives include the following: “exemption from import taxes and benefit taxes for the first five years, exemption from paying customs duty and the possibility to carry out operations in home currency, without exchange rate. In addition, some industries such as automotive, aeronautics and electronics receive state subsidies”²⁸³.

Tax benefits	Implementation and Duration
Exemption of taxes on dividend and partnership	-----
Corporate tax	0% during the first 5 years; Reduced rate of 8,75% from the 6 th year for the next 20 years.
Licence Tax and Urban	Exemption during the first 15 years
Exemption of all registration taxes and stamp duties	-----
Exemption of VAT	-----
Tax-free repartition of foreign earnings	-----

Source: Morocco Report 2012; www.tangerfreezone.com

It is an area that attracts foreign investments not only thanks to the favourable tax regime, but also to the possibility of enjoying customized solutions based on the needs of the companies who are willing to invest²⁸⁴. The land that is offered to investors is serviced, equipped and made available to them to carrying out their activities. The area also provides other facilities such as business centres, offices for short term leases, storage facilities and restaurants²⁸⁵. Its logistics area comprises a TIR park, a gas station and a hotel²⁸⁶. The procedure that has to be followed in order to operate in the area has been simplified to attract investors: “companies have to register, answer to a questionnaire, present their project and pay the application fee. The *Local Commission of Tangiers Free Trade Zone* (CLZFET) discusses and approves the projects during its meetings”²⁸⁷.

It should be noted that the area takes advantage also from the Free Trade Agreements that the government has signed with the European Union, the United States, Turkey and some Arab countries which include the Agadir Agreement amongst others.

²⁸² Ibid.

²⁸³ Ibid.

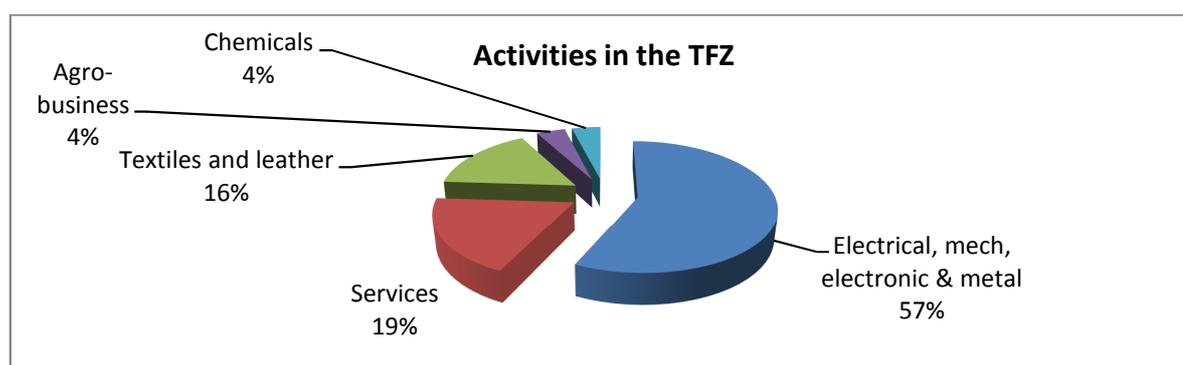
²⁸⁴ Ibid.

²⁸⁵ Ibid.

²⁸⁶ Ibid.

²⁸⁷ Ibid.

The activities that are carried out in the TFZ are several and include agro-industry, textile and leather, chemistry and specialty chemicals, as well as metallurgic, electrical, electronics, mechanical industries²⁸⁸. In addition it offers all services related to these activities. The mechanical, electronics and metallurgical sector accounts for 57% of all the operation in the area²⁸⁹. The automotive sector is part of all these three sectors. The services sector accounts for 19% of the activities, followed by a 16% operated by the leather and manufacturers sector. Agro-business and chemical industries account for 4% each²⁹⁰.



Source: Tanger Free Zone, Centre Regional d' Investissement Tanger-Tetouan. Morocco Report 2012 (Oxford)

The automotive sector is part of the 57% of activities operated by the electrical, mechanical, electronic and metallurgical sector²⁹¹. Thirty six international firms involved in the automotive sector have started their activities in the free zone²⁹². For instance, one of these is Japan's *Yazaki* which is an automotive and engineering firm. It has started business on an area of 4 hectares in 2001, and it employs around 2.800 people²⁹³. It cooperates closely with *Nissan*, which is a Japanese car firm that is in an alliance with *Renault*. *Yazaki* exports from the Moroccan region are directed mainly to the UK, French, Spanish and Portugal markets. The Japanese firm started a new business also in another area of

²⁸⁸ Morocco Report, Oxford 2012. Accessed in November 2012 (<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+rreport&source=bl&ots=UIWUdDPbnE&sig=yOuBHJ-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>)

²⁸⁹ Ibid.

²⁹⁰ Ibid.

²⁹¹ Ibid.

²⁹² Ibid

²⁹³ Ibid.

Morocco, in Kenitra, on the Atlantic coast, on which it invested 20.8 million euros²⁹⁴. Other automotive companies that are present in the area are “Japan’s *Fujikura Automotive Europe*, France’s *Delfingen*, Spain’s *Manipulados* and US-based *Lear Corporation*”.²⁹⁵

5.3.2 Medhub

The second industrial park that enforces the port complex is the *Medhub* area, a *Logistic Free Zone* (LFZ) built within the Tanger Med port complex, in the north-east of the city of Tangier. It is an area adjacent to the port. It is managed by *Medhub* who is a full subsidiary of the Tanger Med Special Agency²⁹⁶. The area plays a role of major importance thanks to its strategic location. LFZ covers an area of 140 hectares²⁹⁷. The role of the area is that of offering for rent a full range of property such as warehouses, offices and land etc. The LFZ was created with the idea of establishing an area of value-added logistics activities like assembly, packaging and kitting etc. The area offers similar tax exemptions to the Tanger Med Free Zone.

	FISCAL ADVANTAGES. <i>Exemption from:</i>		OTHER ADVANTAGES:
1	Import duties and VAT	6	Multi-modal transferability
2	Registration tax	7	An active local commerce
3	Licence tax and urban tax for 15 years	8	Modern infrastructure and ready-made amenities
4	Profit tax for 5 years and special rate at 8,75% thereafter	9	Competitive lease rental rates for land and building
5	No currency exchange or fund repartition restrictions	10	Simplified customs procedure

Source: Medhub official website (medhub.ma/our_offer/incentives.php)

It is expected that this area will attract up to €442.5 million in investments and that it will offer at least 10.000 job positions by 2014²⁹⁸. Medhub collaborates with an international

²⁹⁴ Morocco Report 2012 (Oxford)

²⁹⁵ Ibid.

²⁹⁶ Medhub. Tanger Med logistics zone. Accessed in March 2012 (medhub.ma)

²⁹⁷ Ibid.

²⁹⁸ Morocco Report, Oxford 2012. Accessed in November 2012 (<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBHJ-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>)

partner, the Spain's *Clisa* company, which runs the logistics zone in the Barcelona port complex.²⁹⁹ It is an area dedicated to logistics and post-processing. The TLZ therefore offers a high added-value to the port activity thanks to the possibility to process the content of containers on site.

5.3.3 Melloussa-Joumaa

The third area is the industrial zone of Melloussa-Joumaa, east of the city of Tangier, where the French automobile *Renault* group built a factory. The plant started to produce its first cars in early 2012. It is expected that the factory will manufacture up to 170.000 vehicles per year and increase the production to 400.000 vehicles in the future³⁰⁰. The factory is large 475.000 square meters and it is located in an area of 300 hectares³⁰¹. The company will produce major effects on the region as far as direct and indirect job creation is concerned. It is estimated that the factory will create 6000 job directly and 30.000 indirectly³⁰². Indirect job creation is the result of the need of such a factory to be supplied by companies that operate in the manufacturing, equipment and services sector. The automotive sector has been recognized in the *National Pact for Industrial Emergence* as a key growth driver in the Northern region of the country. It is hoped that the Renault factory will be an example to other automotive companies to invest in the region.

5.3.4 Tetouan shore and Tanger Automotive City

But this is not everything. Two more industrial zones were launched in 2010: the *Tetuan shore terminal* and the *Tanger Automotive City*. The former is set in the Tetouan zone, south to Tanger Med. It is assigned to the service sector. It is managed by the *Tetuanshore SA* which is a full subsidiary of Tanger Med Special Agency. It is an industrial area which is expected to attract Spanish and French *nearshoring* activities which can bring important benefits to all the three countries that are involved³⁰³. The activity of nearshoring involves the relocation of business processes of a company to a place which is usually cheaper and geographically close. On the one hand, Morocco benefits from this new terminal because it gives space to Spain and France to operate in its territory; on the other hand, the two European countries benefit from lower production costs, low travel costs, same time zone,

²⁹⁹ Ibid.

³⁰⁰ Ibid.

³⁰¹ Ibid.

³⁰² Ibid.

³⁰³ Ibid.

and low risk as generally neighbouring countries know the economic, political, legal, financial and social situations of the countries they border. Tetuan shore complements the industrial and logistics zone of the port complex. The terms of use of the industrial zones are established in an agreement which was signed by the Moroccan government and *TetuanShore SA* in 2010³⁰⁴. The agreement establishes that companies can set up in the area, utilize the facilities and benefit from the tax provisions which are enclosed in the Morocco's Offshoring solutions³⁰⁵. The zone started its activity in 2012. The latter, the Tanger Med Automotive City (TAC), is an industrial park of 400 ha assigned to the automotive job industry. The regional government of Tanger-Tetouan has planned a total investment of € 70.8 million for its construction³⁰⁶. The Automotive City enjoys a location close to the Renault plant in Melloussa and to other automotive factories that are set up throughout the Parks. The construction of the city will be completed in phases, with the completion of 125 hectares by December 2012, and the completion of 134 hectares by 2015³⁰⁷. The conclusion of the whole construction is planned by 2019³⁰⁸. The Tanger Automotive City offers manufacturers, logistics operators, contractors and all related service companies³⁰⁹. The French aeronautical manufacturer *Souriau*, which produces components intended for firms like *Boeing* in the USA, is one example of firms that operate in the City³¹⁰. The costs of producing the components in Morocco and then transport them by ships to Europe or USA are less than producing the same product in developed countries. In addition, there are plans for the construction of an administrative building, as well as of training centre for the workers and emergency and security services³¹¹. It is expected that by the end of its completion, the Automotive City will offer 15.000 new jobs³¹². The area benefits from a very good location: it is twenty five kilometres away from a highway that leads to the port, from a railway line that links the port to the national rail network. In addition, it is very close to the Medhub, the logistics free zone. The advantages of this ideal location is that once the cars have been assembled, they can be shipped within few hours to Europe. The Automotive City offers tax incentives like other industrial zones in the area. These incentives include the exemption from corporation, land, registration, capital gains, and value-added taxes for at least five years,

³⁰⁴ Ibid.

³⁰⁵ Ibid.

³⁰⁶ Ibid.

³⁰⁷ Ibid.

³⁰⁸ Ibid.

³⁰⁹ Ibid.

³¹⁰ Ibid.

³¹¹ Ibid.

³¹² Ibid.

after which a fixed rate of 8.75% is imposed³¹³. The government offers an assistance of up to 10% to firms that want to invest in the City.

5.4 Intermodality: land connections

With the growth of containerization, transshipment and intermodal transportation have increased and become more and more efficient. *Intermodality* is the activity of transporting goods from one place to another using different modes of transport. These transport modes include roads, rail, air and sea. This kind of operations are organized under a single scheme so that the total cost of transportation refers to all the modes of transport that have been used³¹⁴. The role to coordinate and organize this system is carried out by the so called *Multimodal Transport Operator (MTO)*³¹⁵. Before containerization, port cities were the core of all the activities related to maritime transportation³¹⁶. After the development of containerization in the present era which is characterized by modern technologies and efficient way of communications such as internet, being close to the sea is not important anymore. On the contrary, it is important to be located in a place where modern and efficient infrastructures and communication systems are good.

It is important to the efficiency of a port to be supported by adequate and modern land connections. Cargo that is transported on ships must be easily transported across land to and from ports in order to reach companies and people that operate around the port complex and in the inland. The advantages gained by the use of liners depend upon an inland transportation network that saves time and costs during the overland transfer and transport of cargo across land.

³¹³ Ibid.

³¹⁴ Intermodality definition.

³¹⁵ MTO (Multimodal Transport Operator). Accessed in October 2012 (www.dizionariologistica.com/dizionario/mto.html)

³¹⁶ Soriani S. Course in Geography of Transport, Ca'Foscari University 2012



5.4.1 Morocco

Morocco's goal to play a major role in maritime transport is supported by important investments in building and renovating the country's infrastructure³¹⁷. In Morocco, the transport sector contributes to 7% of the GDP³¹⁸. Transport infrastructures in the country include a road transport network that covers 90% of people's mobility and 75% of goods transportation, a railway network that covers about 2000 kilometres, twenty-seven port cities and thirty ports scattered over 3,500 kilometres of coast, and fifteen national and international airports³¹⁹. Over the past years there have been major improvements in the transport sector in the country. Infrastructure projects include the improvement of ports, airports, roads and railways. In September 2012, Aziz Rabbah, the present Minister of Transport and Infrastructure, outlined two major objectives in the country's infrastructure projects: "the first objective is to reach a balance between regions; the aim is to offer each region the necessary infrastructure to make them competitive and , at the same time, enhance interregional solidarity within the major regions of the country. Over the past years, special attention has been given to the northern region because it is seen as the Gateway to Europe. The second aim is to find a balance between the construction of new infrastructure and integrate them to the industrial sector. The minister underlined that the government has been implementing a strategy for airports, highways, roads and railway up

³¹⁷ Morocco Report, Oxford 2012. Accessed in November 2012 (<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBHJ-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>)

³¹⁸ RailMed. Accessed in November 2012 (<http://www.railmed.org/reports/morocco/>)

³¹⁹ Ibid.

to 2030³²⁰. According to Karim Ghellab, the former Minister of Equipment and Transport, the government has allocated 11 billion euros for transport development between 2008 and 2012³²¹. According to Ghellab, the country has quadrupled its investments in transport infrastructure from 2000 to 2010³²².

➤ *Highway network in Morocco*

As far as highway connection is concerned there are several projects. An improvement in the road transport area will increase road transportation and offer more security and fluidity to the movement of people and goods, as well as it will save travelling time and reduce costs of transport.

Morocco is connected to Egypt, Tunisia, Algeria and Mauritania by the *Trans-African Highway 1* (TAH 1) which originates in Cairo and arrives in Dakar³²³. It passes through Tripoli, Tunis, Algiers and Rabat. However, since 1994, the highway has been closed at the border between Morocco and Algeria so that the road cannot entirely solve its functions³²⁴. For Morocco it is not possible to reach Tunisia and Egypt by using the TAH 1. Morocco has eleven major highways and several national routes³²⁵. Morocco's road network is one of the most developed in Africa. It extends across much of the country with its 60.000 kilometres in total.³²⁶

HIGHWAY	CONNECTION	KILOMETRES
A1	Rabat-Tanger	218
A2	Rabat-Fes	167
A3	Casablanca-Rabat	95 construction between 2009-2011
A4	Tanger-Port Tanger Med	54 construction between 2003-2008
A5	Casablanca bypass	37
A7	Casablanca-Marrakesh	197
A7	Extension to Agadir	233
A9	Fes-Oujda	320 construction between 2007-2011
A11	Berrechid-Benni Mellal	X under construction 2010-2013
x	Marrakesh-Agadir	223 construction 2006-2010
x	Rabat Ring Road	X under construction 2010-2013
x	El Jadida- Safi	X under construction 2011-2015

³²⁰ Morocco Report, Oxford 2012. Accessed in November 2012 (<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBHJ-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>)

³²¹ Ibid.

³²² Ibid.

³²³ Morocco transport infrastructure, wikipedia. (www.en.wikipedia.org/wiki/Transport_in_Morocco)

³²⁴ Ibid.

³²⁵ Ibid.

³²⁶ Embassy of Morocco, Accessed in December 2012 (<http://www.embassyofmorocco.us/equipment.htm>).

NATIONAL ROUTE	CONNECTION	INFORMATION
N1	Tangier-Dakhla (Western Sahara)	Runs along the western Atlantic coast. Parallel to A1 
N2	Tangier-Oujda	Passes through Tetuan 
N6	Rabat-Algeria	One of the most important road networks. It passes through many of Morocco's major cities.
N8	Agadir-Fes	It is connected to N1 and N9. Completed in 2010

➤ *Airport infrastructure*

Developments have involved also the airport infrastructure. In 2005, Morocco signed the so called “Open Sky” agreement with the European Union which resulted in a dramatic increase in the airport infrastructure³²⁷. The aim is to develop mainly the Casablanca airport and to take advantage of the many airport infrastructure that the country possesses by offering more international and local flights. The idea is to make them successful by promoting touristic and scientific activities, building sport sites around the airport area, offering a place where conferences can be held and providing logistics and cargo areas³²⁸. According to Aziz Rabbah, airports should function like ports, in the sense that they should offer their basic functions but they also should become important tools for regional development³²⁹. In addition, a new terminal is under construction at Marrakesh Menara International Airport and an upgrade of the Fez Saiss Airport is also underway.

➤ *Railway network*

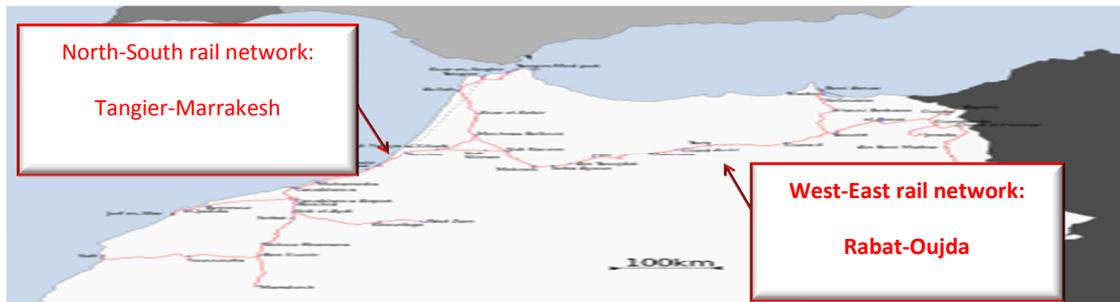
As far as railways are concerned there are two main lines: a north-south one that links the city of Tangier to Marrakesh, passing through Rabat and Casablanca; the west-east line connects Rabat to Oujda, going through Fes and Meknes³³⁰.

³²⁷ Ibid.

³²⁸ World Folio, Accessed in November 2012 (<http://www.worldfolio.co.uk/region/africa/morocco/aziz-rabbah-ministry-of-infrastructure-and-transport-morocco-n1579>)

³²⁹ Ibid.

³³⁰ Ibid.



Morocco's railway connections. Source: www.wikipedia.com- June 2012

A line dedicated to the transport of freight between the Renault factory and the Tanger Med port is already operational. Another rail connection that has been in function since 2009 is the one operated by *Naviland Cargo* which offers three daily round trips from the port to Casablanca with an annual capacity of 400.000 TEU³³¹.



As far as the railway connections to neighbouring countries are concerned, the railway service to Algeria has been closed since 1990's³³². Since 2003, there have been studies about the construction of a railway tunnel that connects Morocco with Spain under the Strait of Gibraltar. The idea is to link this line to the high-speed line that connects Tangier to Marrakesh. A ferry line connects Tangier-Med to Gibraltar. There is also a project that aims at connecting Marrakesh to the western Sahara which is now reachable only by road³³³.

Morocco has made major investments in the transport sector because it expects that it is a key element to boost other sectors, attract both foreign investments and attract tourists. New infrastructure facilitates industrial logistics and increase access to key domestic and international trade networks.

³³¹ Ibid.
³³² Ibid.
³³³ Ibid.

➤ *Government's achievements in the construction of transport infrastructures so far*

As far as road connection is concerned, several projects have been implemented. An improvement in the road transport infrastructures offers more security and fluidity to the movement of people and goods, as well as it will save travelling time and reduce costs of transport. In the last decade the government has invested in the construction and extension of many of its highways and national routes.” First, it worked on the construction of a fifty-four-kilometres highway that links the city of Tangier to the Tanger Med port. The construction started in 2003 and it was finished in 2008, a year after Tanger Med I became operative. Second, from 2009 to 2011, a third lane on both ways of the A3 highway that links Rabat to Casablanca was added. This improvement expands the capacity of a very important lane which will benefit Tanger Med port as well. The port, which is linked to the city of Tangier by the A3 highway, is easy reachable from Casablanca and Rabat thanks to the A3 and A1 which link Casablanca to Rabat and Rabat to Tangier respectively”³³⁴.

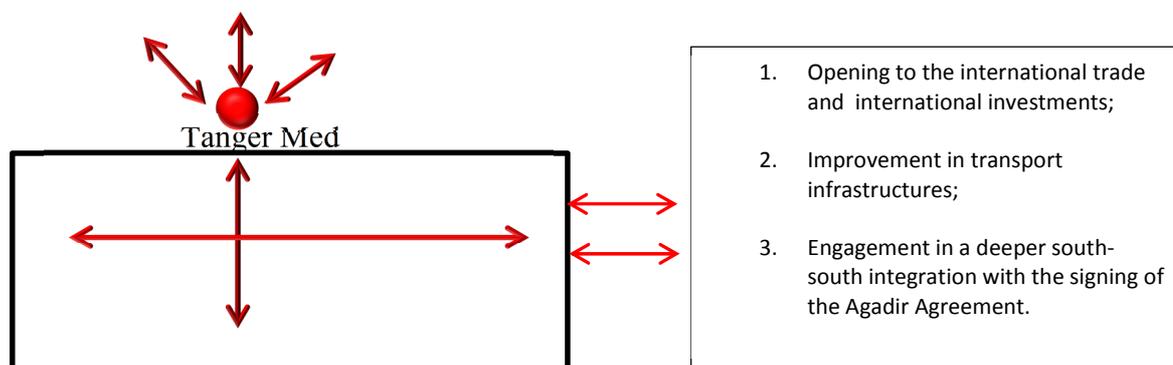
As far as rail transport infrastructure in Morocco is concerned, the two main north-south and west-east lines have been implemented. “First, in 2009, it was completed a branch that connects the city of Taourit on the west-east line to the city of Nador on the north of the country. Second, in 2010 it was added another branch to the west-east line. It is a direct line from Rabat to Tangier which is quicker than going from Rabat to Tangier along the north-south line. Third, in September 2012, the improvement of the capacity of the Casablanca-Kenitra main line started. Last but not least, Morocco decided to build a high-speed rail network that will connect Casablanca with Rabat and Tangier. This once again shows Morocco's willingness to collaborate with other countries. This project will strengthen even more the position of the Tanger Med port”³³⁵.

To conclude, it is important to underline that Morocco's government has not only invested in the construction of a gigantic infrastructure such as the Tanger Med port complex that will become a major player in the maritime global network, but it has also invested in building infrastructures that support the new port and make its services more efficient. The government decided to build the port in a strategic position that opens the country to the world. The implementation of road and rail networks enhances the role of the port. In addition, the government has developed many industrial and logistics free trade areas

³³⁴ Ibid.

³³⁵ Daily News Egypt, Accessed in November 2012 (<http://dailynewsegypt.com/2012/07/05/fjp-developing-egypts-transportation-infrastructure-is-a-priority/>)

around the port complex. It is expected that these free trade areas will attract investments and therefore strengthen even more the role of the port. Morocco has therefore opened up to international trade by offering an efficient transshipment port to major global container ships and by re-organizing the territory around the port, both in terms of land transport infrastructures as well as in terms of attractive incentives like exemptions from import taxes, exemptions from paying customs duties, as well as benefit taxes.



5.4.2 Egypt

Egypt's transport network has become one of the priorities of the new government headed by the President Mohamed Morsi³³⁶. Projects aim at integrating rail, road, maritime and air transport in the most possible efficient way. All the main authorities responsible for the development of the different transport infrastructure have seen their budget increased³³⁷. Also the Egyptian government encourages a stronger partnership between the public and private sector to implement the transport sector.

➤ Road network

As far as the road network is concerned, Cairo is the origin point of two routes of the *Trans-African Highway Network*, which is a transcontinental road project that includes the construction of nine highways and it aims at encouraging trade and reducing poverty in Africa³³⁸. "One of the highways that connect Cairo to other African cities is the *Trans-African Highway 1* (TAH 1) which is an east-west route along the Mediterranean coast of North Africa that links Cairo, in Egypt, to Dakar, in Senegal; the other highway that originates in Cairo is the *Trans-African Highways 4* (TAH4), a north-south route that connects the Egyptian city to Gaborone, in Botswana. Egypt is also linked to Asia through the *Arab Mashreq International Road Network*, which is an international road network

³³⁶ Ibid.

³³⁷ Ibid.

³³⁸ Transport Infrastructure in Egypt, wikipedia. (www.en.wikipedia.org/wiki/Transport_in_Egypt)

between fourteen Arab countries”³³⁹. According to official estimations, roads in Egypt are the primary modes of good transportation accounting for more than 80 per cent of total inland freight volumes in 2009. However, the movement of goods is penalized by road quality, a lack of interconnected highways and a fragmented trucking sector. According to Mohamed Sadiq, head of the Shura Council’s Transportation Committee, the current network of roads is not adequate enough and there it should be urgently improved³⁴⁰.

➤ Railway network

The Egyptian railway network is the second oldest railway in the world and the oldest one in Africa and Middle East. A project of modernization of the railway system started in 2007³⁴¹. According to an official study carried out in 2009, Egypt should analyse the benefits of transportation of goods by rail over road as far as important factors such as time-saving, cost-saving, and safety are concerned. In 2009, a container rail freight connecting Sokhna and Alexandria started to operate. Improve rail services is important in order to offer importers and exporters with more supply chain reliability and control. A development in this sector will attract more international companies in the country and it will help to export Morocco’s goods to international markets.

➤ Maritime infrastructure

As far as maritime transport is concerned, also Egypt like Morocco enjoys a strategic geographical position and has the potential to play an important role in the world’s major containerized transshipment hubs, especially for Europe and, in particular, after the signing of the bilateral agreement with the European Union. However, to reach its full potential, the country has to continue implementing the transport infrastructures to meet the demands of the growing international trade.

➤ Inland waterways

As far as the inland waterways are concerned, the Nile River could play a major role in reducing traffic on the country’s roads. It offers two important advantages: “first, flat-bottomed boats, which are used mainly for canal and river transport of heavy goods, can carry more cargo than the heaviest of the trucks; second, the implementation of the river infrastructure costs less than either the implementation of road or rail infrastructures.

³³⁹ Ibid.

³⁴⁰ Daily News Egypt, Accessed in November 2012 (<http://dailynewsegypt.com/2012/07/05/fjp-developing-egypts-transportation-infrastructure-is-a-priority/>)

³⁴¹ Transport Infrastructure in Egypt, wikipedia. (www.en.wikipedia.org/wiki/Transport_in_Egypt)

Indeed, since 2009 the government has plans to re-organise shipping on the Nile by developing infrastructure, professional cargo services, and navigational aids³⁴².

As far as the Suez Canal is concerned, it is a strategic waterway which a quarter of world trade flows passes through³⁴³. As of 2012, there is a lack of investments in its implementation³⁴⁴. Trade flows through the canal are estimated to grow in the near future and the country should therefore work on the potentials of the area by implanting its logistical capabilities. The budget for 2012-2013 financial year decided by the Former Prime Minister Kamal Ganzouri did not have any new plans to develop the Suez Canal³⁴⁵. According to Mohamad Sadiq, head of the Shura Council's transportation Committee and member of the Freedom and Justice Party (FJP), the Transportation Committee wrote a memorandum which calls for major implementation in the Suez Canal region³⁴⁶. There is the need to build one tunnel in Port Said and another one in Ismailia to accelerate development.

According to Mohamed Sadiq there is the need to re-organize the Ministry of Transportation to make sure that the country benefits from all sectors³⁴⁷. The idea is to establish an authority that will administer shipping and transportation in all the country's governorates³⁴⁸. In the Nahda Program, which was written by Egyptian experts and scientists in 2012 and aims at reviving the country's economy, it is underlined the importance of developing Egyptian ports and logistics capabilities, as well as building industrial cities near every port. According to Sadiq, finding a balance between the use of the different modes of transport is the key to solve the difficult transportation conditions³⁴⁹. Sadiq demanded that the government increases the budget of the railway Egyptian Railway Authority, the River Transport Authority, the National Authority for Tunnels³⁵⁰.

5.4.3 Tunisia

The core of the transport network is located in the capital city, Tunis.

³⁴² Ibid.

³⁴³ Ibid.

³⁴⁴ Ibid.

³⁴⁵ Daily News Egypt, Transport Infrastructure Egypt (<http://dailynewsegypt.com/2012/07/05/fjp-developing-egypts-transportation-infrastructure-is-a-priority/>)

³⁴⁶ Ibid.

³⁴⁷ Ibid.

³⁴⁸ Ibid.

³⁴⁹ Ibid.

³⁵⁰ Ibid.

➤ Railway network

“A project that involves a modernization of the railway network is currently underway. Rail transportation accounts for more than a the third of the local freight transportation. Important developments of the road network took place in 2002 thanks to a loan from the *European Investment Bank*. The project included also the building of a motorway between the capital city and the city of Sfax, in the south-east of Tunisia. As far as connections to neighbouring countries are concerned, Tunisia has two rail connections to Algeria, but one of these two is currently closed. In 2008, the construction of a railway link between Tunisia and the neighbouring Libya started”³⁵¹.

➤ Highway network

Regarding international highways, Tunisia has two major connections. “One is the Route 1 of the Trans-African Highway network that passes through the capital city and links it to the rest of the North African countries, namely Algeria, Morocco, Libya and Egypt, and to West African countries passing through Mauritania. The second link is a road that connects Tunis to the Trans-Sahara highway that goes from Algeria to West Africa”³⁵².

The largest port of the country is located in Tunis. However, the country has several other relevant commercial ports on the Mediterranean Sea³⁵³. In 2009, a major project to build a deep-water port in Enfida was presented to the Ministry of Transportation³⁵⁴. It is expected that the port will have a capacity of 4,5 million TEUs by 2030.³⁵⁵ The country also has 32 airports, eight of which are international.

5.4.4 Jordan

Jordanian railway system is not very developed. “In 2009, the government started to buy land for the construction of three new rail routes. Construction was expected to begin in 2011. However, in 2010 the government communicated an economic relief package and decided to fund it with a total of 72 per cent the capital that was assigned to the construction of the three railway routes. At present, it is not clear when the railway constructions will be completed. The aim of the government is to make the country a

³⁵¹ Tunisia transport infrastructure, wikipedia. (www.en.wikipedia.org/wiki/Transport_in_Tunisia)

³⁵² Ibid.

³⁵³ Ibid.

³⁵⁴ Ibid

³⁵⁵ [http://archivio.denaro.it/VisArticolo.aspx/VisArticolo.aspx?IdArt=566279&KeyW=\)](http://archivio.denaro.it/VisArticolo.aspx/VisArticolo.aspx?IdArt=566279&KeyW=)).

transit point on a rail corridor between Europe, the Middle East and the Gulf. The idea is to connect a national railway line to existing lines in Iraq and Syria and the North-South railway in Saudi Arabia”³⁵⁶.

In 2010, Jordan joined the *Intergovernmental Organization for International Carriage* (OTIF), which is an organization that aims at developing a uniform system of law for the transportation of passengers and freight. Jordan’s goal is to become a hub for international rail transport and be connected to the Arab Mashreq International Railway Network.

In order to benefit from the growing global economy and from the bilateral and multilateral agreements, the north African countries should develop and modernize their transport network to provide efficient access. A lack of connections or poor quality of transport networks is one of the major obstacles to the economic and social development of the country. An improvement in the transport infrastructure would accelerate and make easier the process of regional integration among the African countries and it would make them more competitive in the global arena. The most important mode of transport that links all African countries is the road. According to a study by OECD, nearly 90 per cent of Africa’s passengers and freight is on road³⁵⁷. The mode of transport that links the Africa with the global market is the port. Ports are the gateway for Africa’s relations with the rest of the world. In order to be efficient obtain efficient links between North African countries, and this is true for all African countries, it is important to start developments from a national perspective and the from the regional one to build connection with all African countries and increase competitiveness. One of the projects of the African Action Plan 2010-2015 is the Maghreb Highway Project that aims at upgrading the missing links of the Mauritanian network and it is part of the Cairo-Dakar Highway 1. The modernization plan include also the construction of a four-lane highway from Tripoli to Casablanca.

³⁵⁶ Jordan transport infrastructure, wikipedia. (www.en.wikipedia.org/wiki/Transport_in_Jordan)

³⁵⁷ <http://www.oecd.org/site/africapartnershipforum/meetingdocuments/44326734.pdf>

6 CHAPTER 6: NON-STATE ACTORS

1. A world of actors
2. Who are these new players?
3. The new role of the state
4. Intra-governmental organization: the *Agadir Agreement* and the *European Union*
5. A non-state actor with a special status: Tanger Med Special Agency (TMSA)
6. Transnational companies (TNC) and Multinational companies (MNC)

6.1 A world of actors

The contemporary world is a world populated by multiple kind of *actors*. Traditionally, the state was the main and only actor in the global arena. Today, the world is experiencing a growing presence of new and strong players. As there is a large amount of literature about their impact on the international arena, the main question to be answered is not *if they matter*, but *how* their influence changes international relations³⁵⁸. According to Von Bas, “many non-governmental organizations, such as *Amnesty international* or the *Anti-Torture Convention*, collaborate in the drafts of international treaties; scientists define how policy-makers should interpret a policy issue such as global warming; business lobbies impose their preferences in important international negotiations such as those that established the *Agreement on Trade Related Aspects on Intellectual Property Rights* (TRIPs); protestors block the opening and continuation of a conferences as it happened during a conference of the WTO in Seattle in 1999; and terrorist networks put into question the security policy doctrine of the most powerful countries in the world”³⁵⁹. These actors all take part in the shaping of international relations and, as a consequence, influence economic, cultural, social and political aspects of the world relations. When did these new actors start to appear in the international arena? Traditionally, in International Relations, it was the state who was considered to have power and authority³⁶⁰. For example, as far as the political aspect is concerned, foreign policy and diplomacy have always been associated with the system of international relation that followed the Westphalian peace negotiations. When the three hundred German princes acquired *sovereignty* after the Thirty Years War, a new European equilibrium was established. The European order expanded

³⁵⁸ Von Bas Arts, *Non-State Actors in Global Governance: Three Faces of Power*, University of Nijmegen. Bonn, 2003/4.

³⁵⁹ *Ibid.*

³⁶⁰ Higgott R.A., Underhill G.R.D., & Bieler A. *Non-State Actors and Authority in The Global System*. London , Routledge, 2000.

and became the World Order. The characteristic of this new World Order was the *sovereignty* that individual nation-states enjoyed, which meant having power in global affairs³⁶¹. Now that new actors have started to appear, it is not so clear *how* and *how much* all these actors influence economy and policy-making. It is important to understand how they contribute to the whole process, how they succeed in shaping agreements and conventions. For instance, as far as policy making is concerned, some scholars have given new definitions to the concept of diplomacy. In addition to *bilateralism* and to *multilateralism*, which have always characterized modern diplomacy, Wiseman introduces a third dimension which he calls *polylateralism*³⁶². He describes this new term as:

“the relations between official entities, such as a state, several states acting together, or a state-based international organization, and at least one unofficial, non-state entity and at least one unofficial, non-state entity in which there is a reasonable expectation of systematic relationships, involving some form of reporting, communication, negotiation, and representation, but not involving mutual recognition as sovereign, equivalent entities”.³⁶³

Wiseman’s concepts describes exactly what is happening in the international arena nowadays. Considering the changes that have occurred in the contemporary foreign policy, Melissen offers another definition of diplomacy stating that it is:

“a mechanism of representation, communication and negotiation through which states and other international actors conduct their business”.³⁶⁴

But when was the Westphalian state-centric approach put into question for the first time? The first discussions on *transnational relations* started to appear in the 1970s³⁶⁵. However, the growing Cold War tensions and the economic crisis in the late 1970’s made scholars forget about these discussions for a while. During the late 1980’s and early 1990’s, a multi-actor world started to replace a state-centric one. The growing number of *non-state actors* (NSAs) in the post-Cold War era has changed the role of the state. More attention was

³⁶¹ Ibid.

³⁶² Saner, R. & Michalun V. Negotiations Between State Actors and Non-State Actors: Case Analyses from Different Parts of the World. Dordrecht, Republic of Letters BV, 2009.

³⁶³ Ibid.

³⁶⁴ Ibid.

³⁶⁵ Higgott R.A., Underhill G.R.D., & Bieler A. Non-State Actors and Authority in The Global System. London , Routledge, 2000.

given to other matters rather than solely security, and to other actors rather than only powerful states³⁶⁶. Moreover, globalization has further transformed the structure of international relations. Interconnectivity and interdependence have characterized the world in the last two decades and a growing number of actors have been influencing the outcome of these relationships. Indicators such as the size, constituency, formal recognition and political impact of these actors are the criteria used by some scholars to establish the relevancy of these non-state players.³⁶⁷ Claims to sovereignty by states have been challenged by these new actors. Some of these actors very often follow their own interests and not that of their home country or host country. This is the case of *Multinational Corporations* (MNC) for instance. Also other non-state actors such as *Non-Governmental Organizations* challenge state's sovereignty over internal matters such as human rights and the environment.

6.2 Who are these new players?

Non-State Actors (NSAs) are “*all those actors that are not states, but that operate at the international level and influence international relations*”.³⁶⁸ The first characteristics explains what they are *not*. They are not states. A state is a sovereign actor with a central government that rules over a population and a territory and it is the representative of that population³⁶⁹. The second and third characteristics explain that they are present not only at a local level but on the global arena as well, and that their work has the power to influence international relations. In general, the literature distinguishes five groups of NSAs: “*Intergovernmental Organizations (IGOs), Non-Governmental Organizations (NGO's), Multinational Corporations (MNCs), epistemic communities* and a remaining general category that comprises *insurgency groups, churches and terrorists* among others”³⁷⁰. The literature offers also a more precise distinction between all these new players. It is possible

³⁶⁶ Ibid.

³⁶⁷ Non-State Actors in Global Governance: Three Faces of Power. Von Bas Arts, University of Nijmegen. Bonn, 2003/4.

³⁶⁸ Based on Arts et al, 2001; Furtak, 1997; Higgott et al., 2000.

³⁶⁹ Henderson, Conway W. “A World of Actors. A Question of Legal Standing” in Understanding International Law. Oxford, Wiley-Blackwell, 2010.

³⁷⁰ Higgott R.A., Underhill G.R.D., & Bieler A. *Non-State Actors and Authority in The Global System*. London , Routledge, 2000.

to divide NSAs into two main groups. The first group concerns geography and it distinguishes between national and international non-state actors. The second group concerns the purpose of these actors and it makes a distinction between those who are public in their intentions from those who are private in purpose.³⁷¹

The first group includes three main organizations: *national Non-Governmental Organizations (national NGO)*, *International Non-Governmental Organizations (INGO)*, and *Inter-Governmental Organizations (IGOs)*. The first ones represent the national view and preferences of their home country; the second ones represent the view and preferences which result from a compromise between their national affiliates; the third ones are bodies created by states, based on a formal agreement between three or more states, and having a permanent secretariat that fulfils tasks that are underway.

The second group distinguishes non-state actors that have a public interest from those who have a private purpose. The first ones include the general concept of *Non-Governmental Organizations (NGOs)*. NGOs are bodies that offer their support to communities and other organizations. In addition, this group of NSAs include a further distinction: it distinguishes between *socially sponsored NGOs* created by an active civil society, and *state-sponsored NGOs*. The latter includes three kind of organizations: *governmentally organized NGOs (GONGOs)*, *donor organized NGOs(DONGOs)*, and *quasi NGOs(QUANGOs)*. GONGOs are private bodies created by governments; DONGOs are established by (inter)governmental donors according to their needs; and the QUANGOs are independent actors to whom the government has devolved power. Organizations that are called *business Non-Governmental Organizations (BINGOs)* are private in purpose and include both *transnational corporations(TNCs)* and *multinational corporations (MNCs)*. The first one operates in a worldwide intra-firm division whereas of labour whereas the second ones try to reproduce production in a number of states to avoid the risks of trade blocs.³⁷²

6.3 New role of the state

As part of the process of globalization, nation-states are engaged in an intense competition for political and economic influence. As stated by Parag Khanna, a scholar who analysed the geo-political situation that started to emerge after the second Iraq war, a new global

³⁷¹ Arts B., Noortmann M., & Reinalda B. *Non-State Actors in International Relations*. Ashgate, 2001.

³⁷² Ibid.

order has arrived³⁷³. Not only there is an increase in the presence of new actors in international relations, but there is also a change in the role of states. According to Khanna, the new global order seems to be evolved in a kind of geopolitical marketplace where various older and emerging power compete for influence³⁷⁴. States both cooperate with each other and, at the same time, compete with each other. On the one hand, a better cooperation with other like-minded states brings many benefits such as the possibility to shape regulatory institutions in their favour or become part of important trade networks between trustworthy partners. On the other hand, they are engaged in a strong competition to attract foreign direct investments (FDI), to ensure market access to their national firms, and to safeguard their national markets through various trade barriers³⁷⁵.

As far as the state of Morocco is concerned, its government has taken many innovative actions in order to enhance development and give more visibility to the country in the worldwide arena. First, Morocco signed free trade agreements with several countries in order to enhance its commercial relations with other states. Second, it adopted a new method of management of important activities in the country, such as the port activities, by endowing some of its power to new actors. These new actors have been assigned specific tasks in order to manage specific activities in order to be more efficient than a single body carrying out all the activities by itself. Third, it invested in the renovation and building of strategic infrastructures such as the construction of the gigantic Tanger Med port complex. The government provided the local conditions to turn the country into an attractive place to multinational investments and in re-organizing space in a coherent and functional system at an international and national scale.

Morocco has always played an active role in the cooperation with other states. It has signed deals with the European Union, the United States, with the EFTA group, with MERCOSUR countries, with Turkey, with the UAE, with other Arab countries by signing the GAFTA and the Agadir Agreement, with the West Africa Monetary Union. In addition it is negotiating new deals with Singapore and Mauritania, and it may start talks with Vietnam³⁷⁶.

As far as cooperation with new actors is concerned, the Moroccan government has taken two major and innovative decisions over the past years. First, in 2006, it split the national

³⁷³ Ibid.

³⁷⁴ Saner, R. & Michalun V. *Negotiations Between State Actors and Non-State Actors: Case Analyses from Different Parts of the World*. Dordrecht, Republic of Letters BV, 2009

³⁷⁵ Ibid.

³⁷⁶ European Commission, *Association Agreements, Morocco*. Accessed in November 2012 (http://eeas.europa.eu/morocco/association_agreement/index_en.htm)

port operator, the *Office d' Exploitation des Ports* (OEDP), into two different bodies³⁷⁷. The two new players have been assigned different tasks in order to improve the management of the port activity. Second, the government created and endowed power to an independent authority, the *Tanger Med Special Agency* (TMSA), and assigned it the task of managing the Tanger-Med port complex. As far as the first initiative is concerned, the functions of the national port operator, the OEDP, were endowed to two distinct entities, the *Société d'Exploitation des Ports* (SODEP) and the *Agence Nationale des Ports* (ANP)³⁷⁸. The former is a state-owned commercial body who was assigned the task of conducting port operations whereas the latter is in charge of controlling port management and policy. The aim of this separation is to make Moroccan port activities more efficient. In fact, port operations in Morocco have long been regarded as high-cost and time-consuming³⁷⁹. One of the causes of this inefficiency is the old structure in which the OEDP conducted both the tasks of national port authority and of those of a commercial operator. The decision to implement this area brings major benefits to the development of the country. Morocco is becoming an increasingly important player in regional and global maritime trade thanks to its strategic geographical location. The country is benefitting from its strategic location thanks to the innovative decisions that the government has taken over the past years. As far as major investments are concerned, the government engaged in the renovations of various ports in the country, in the building the Nador west Med (NWM), in building hydrocarbon ports, and in the construction and extension of the strategic Tanger Med port complex³⁸⁰. All government's operations were aimed at enhancing the capacity and the efficiency of these important infrastructures. All this initiatives by the Moroccan government are signs of a great openness to international trade. One example of the role of the government to attract investments is its role in the Tanger Free Trade Area. The government provides financial assistance to some industries that want to buy a piece of land in the area or build offices. The money that the government provides comes from the *Hassan II fund* and is granted within a period that does not exceed sixty days after the necessary documents are submitted. In its *National Pact for Industrial Emergence*, the

³⁷⁷ Morocco Report 2012 , Google Books
<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBhj-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>

³⁷⁸ Ibid

³⁷⁹ Ibid.

³⁸⁰ Ibid.

government has recognized that the automotive sector is a major conductor for growth in the northern region³⁸¹. In fact, the government decided to cooperate with the French automobile company *Renault*. When the company opened a factory in the industrial zone of Melloussa in early 2012, the government set up the *Tangier Mediterranean Automobile Trade Training Centre*. It is a centre that is managed by *Renault Tanger Mediterranee* and that aims at training employees in the automobile sector and in the supply of equipment in order to make Morocco's activity in this sector competitive at a global level³⁸². As part of the agreement with the government, Renault will train and offer a job to local people. More Automobile industry training Centres are to be built by the government in Tangier, Casablanca and Kenitra³⁸³. The state wants to use this new skilled workforce also in other areas such as the manufacture of buses, coaches and heavy-goods vehicles. The aim of the government is to create 70.000 new job positions in the automotive sector by 2015³⁸⁴.

6.4 Intra-Governmental Organization: the support of the *European Union* to the Agadir Agreement

The first non-state actor who is able to influence national and international affairs are *Intra-Governmental Organizations* (IGOs). IGOs are “*public or governmental organizations created by a treaty or an agreement between states*”³⁸⁵. They often take an independent life and can influence decisions that single states make. There were some IGOs in the nineteenth-century Europe but their number grew sharply after the Second World War when a new world order was created. They promoted free trade and human rights, and helped states deal with difficulties that they were not able to overcome alone. Their role has become crucial as they establish nets of cooperation between states. IGOs exists both at the *global level* and at the *regional level*. Examples of the former are the *World Trade Organization (WTO)* and the *World Health Organization (WHO)*; examples of the latter are the *Council of Europe (COE)*, the *League of Arab States(AL)*, and the *African Union (AU)*. Another distinction of IGOs is between those who direct their work on one major objective and which are known as *unifunctional*³⁸⁶, and those who operate in

³⁸¹ Ibid.

³⁸² Ibid.

³⁸³ Ibid.

³⁸⁴ Ibid.

³⁸⁵ Lib-guides. Accessed in October 2012 (<http://libguides.uky.edu/content.php?pid=106197&sid=1010833>)

³⁸⁶ Henderson, Conway W. “A World of Actors. A Question of Legal Standing” in *Understanding International Law*. Oxford, Wiley-Blackwell, 2010.

different fields and are known as *multifunctional*³⁸⁷. Examples of unilateral IGOs are those that have economic purposes such as the *European Union (EU)*, the *North American Free Trade Agreement (NAFTA)*, and the *Association of South East Asian Nations (ASEAN)*. Indeed, the European Union, a unilateral economic IGO, played a very important role as far as the Agadir Agreement is concerned. It supported the Agadir initiative both politically and financially with the purpose of encouraging intra-regional integration. The European Union supported the Agadir process with a total of eight million euros provided into two phases. The first phase started in 2004 and it ended in 2008³⁸⁸. The second phase started in 2008 and it ended in 2012³⁸⁹. There were several ways in which the European Union decided to support the Agadir initiative. “First, it helped the member countries to establish the *Agadir Technical Unit (ATU)*. Second, it financed studies on sectors that aimed at finding new ways of improving economic relations, eliminating technical barriers to trade, establishing customs operation, creating opportunities for cumulation, implementing trade integration in the automotive and textile sectors. Third, it offered training programmes and it engaged in public awareness activities. It created an action plan on the basis of the studies that have been carried out. In order to put into practice this action plan, the European Union made available to the private sector all the information on the business activities that a free trade agreement offers. In addition, it strengthened contacts between the local companies in each member countries. The second projects is meant to implement the work that has been done under the first phase. It enhances the capacity of the ATU by providing technical, administrative and financial assistance, engages in public awareness on the integration process, gives assistance to the enhancement of action plan for key sectors such as the textile and automotive sector, identifies opportunities for integration, tries to links local businesses, studies barriers to trade and produce recommendations on possible policies, and it offers training activities”³⁹⁰.

6.5 A non-state actor with a special status: the Tangier Med Special Agency (TMSA)

A second non-state actor that should be taken into consideration is a body who owes its very existence to an initiative by the government of Morocco: the *Tangier Med Special*

³⁸⁷ Ibid.

³⁸⁸ European Investment Bank, Accessed in September 2012 (www.eib.org)

³⁸⁹ Ibid.

³⁹⁰ Ibid.

Agency (TMSA). TMSA is the result of a new concept of governance by the Moroccan government. It is a public-owned structure, controlled directly by the state through the Hassan II Fund for Economic and Social Development³⁹¹. It was devolved public powers by the Decree NO. 2-02-644 of 10th September 2002 and by the Convention agreed upon with the government on 17th February 2003³⁹². The Moroccan government has invested a capital of 75 million euros to create the Agency³⁹³. The TMSA plays the role of a public regional authority and it is in charge of planning, developing and managing both the port and the industrial zone³⁹⁴. This means that it is the Agency, and not the government, who has the role and responsibility to make decisions on the territorial parameters, as well as on the regional and urban planning. The Agency has full power within the zone that it has been assigned to it. This development zone includes the Tanger-Med port and several industrial zones around the port complex. As far as its governance is concerned, the Agency is made of two boards. One is a supervisory board constituted by a chairman and members of the government in charge of finance, economic affairs, infrastructure and transport, industry and commerce³⁹⁵. The second board is the board of directors³⁹⁶. In 2011, in order to improve its efficiency, the Agency re-organized its operational activities within the framework of autonomous subsidiaries. These bodies are companies whose voting stock is controlled more than 50% by another company. The TMSA decided to transfer some of its tasks to two companies and assign them specific roles in the port activity: the *Tanger-Med Port Authority* (TMPA) and the *Tangier Free Zone Company* (TFZ)³⁹⁷. The former has been assigned all of the TMSA's port assets and prerogative. It has the responsibility of managing and developing all the components of the port complex. The latter has the role to support the Agency. In specific it has three tasks. First, the TFZ company is in charge of developing and managing the free trade zone and the industrial zone. Second, it has the role of supervising the acquisition of land in order to develop the industrial platform of the port. Last but not least, it is in charge of managing and developing the business park. After having changed its organization in April 2011, the Agency is not responsible anymore for operational activities, but it focuses on the implementation of the government's strategy. It ensures synergy between the Tanger-Med

³⁹¹ Tanger Med Special Agency. Accessed in March 2012 (www.tmsa.ma)

³⁹² Ibid.

³⁹³ Ibid.

³⁹⁴ Ibid.

³⁹⁵ Ibid.

³⁹⁶ Ibid.

³⁹⁷ Ibid.

port and the industrial complex and it implements social and environmental responsibility principles³⁹⁸.

TMSA is a perfect example of the dramatically increased trend towards decentralization and devolution of competencies from the central state to other players³⁹⁹. As Saner stated, this may occur “*through extensive interpretation of the subsidiary principle, or through direct devolution of power*”⁴⁰⁰. Over the past years, many governments have created private bodies like the TMSA that have the role to plan or implement government’s strategic targets and monitor deadlines, budgets and quality of the operation. Governments benefits from this devolution of competencies which ensures them a strict observance of the goals that they want to achieve. In accordance to its needs, a government can decide to create new specialized bodies under its control, or it can financially support existing ones who operate in accordance to the aims of the government, or it can even endow them with full public power on a specific matter or area as it is the case of the TMSA. In this way the government seeks to maximize the benefits that can results from its strategic targets. To give an example of the devolution of competencies on a bigger scale, in 2001 the United Kingdom devolved some state competencies from the central government to the regions of Scotland and Wales⁴⁰¹. This trend is involving regional and local entities in matters that were traditionally of central governments. Newly empowered regional and local authorities develop their own international networks and mechanisms to satisfy their locally specific interests⁴⁰².

It is believed that the construction of this gigantic project would have taken several years if it had not been for the innovative role of the TMSA unusual status. The Agency is a private company with public prerogatives whose main challenge is that of implementing the government’s project. Morocco had to demonstrate that it was able not only to build such an important infrastructure but also to make it operative. The main difficulty lied in the workforce: the population of the northern region was poorly educated, even more than Morocco’s general low standards, and a large number of workers came from the better educated south⁴⁰³. The Tanger Special Agency has invested in training courses. The

³⁹⁸ Ibid.

³⁹⁹ Saner, R. & Michalun V. *Negotiations Between State Actors and Non-State Actors: Case Analyses from Different Parts of the World*. Dordrecht, Republic of Letters BV, 2009

⁴⁰⁰ Ibid

⁴⁰¹ Ibid.

⁴⁰² Ibid.

⁴⁰³ Ibid.

Agency established mobile training units with the local university and the *Office de Formation Professionnelle* to train people in low educated areas.

6.6 Transnational companies (TNC) and Multinational Companies (MNC)

Transnational corporation (TNCs) and multinational companies (MNC) are major non-state actors who operate on a global level in developed, developing and transitional countries. Activities of TNCs are characterized by an intra-firm division of labour whereas activities of MNCs are reproduced in various states. However, they are often used as synonymous. This is the case here as their distinction is not relevant as far as their impact in shaping international relations and influencing domestic and global trade is concerned. They are both special cases of NGO actors who have acquired power and influence that go beyond that of other NGOs in general⁴⁰⁴. They are profit oriented actors who pursue instrumental and commercial interests, and act at the core of the economic globalization process as they hold in their hands a significant part of world trade. Their activities, management and productions are spread over headquarters, management, production, and sales activities are located in several countries. As of 2010, there were 38,000 MNCs along with their 250,000 affiliates.⁴⁰⁵

They are at the core of the global trade network. They exchange goods and services, transfer technology and invest significant capitals outside the national market. Some multinationals occupy higher positions than some states in the ranking of top world economic entities and they often possess more money, expertise, technology than the governments of some states. “They also often have more access to world leaders, such as the secretary General of the UN, than do the governments of some states”⁴⁰⁶.

According to Saner, these multinational companies have been fully involved in the on-going process of globalization. As observed by Saner:

“firms have been engaged in rapid expansion through merges and acquisitions and other forms of cooperative and joint venturing, while at the same time intensify efforts to influence domestic and international policies in their favour. Increasingly, transnational

⁴⁰⁴ Henderson, Conway W. “A World of Actors. A Question of Legal Standing” in *Understanding International Law*. Oxford, Wiley-Blackwell, 2010.

⁴⁰⁵ Ibid

⁴⁰⁶ Ibid

companies (TNCs) form cross territorial alliances in order to coordinate their policy positions and to strengthen their lobbying effort vis-à-vis international regulatory and governance bodies”⁴⁰⁷.

6.6.1 A.P. Moller-Maersk⁴⁰⁸

“*A.P. Moller-Maersk Group* is a Danish business conglomerate also known as *Maersk*. It comprises several companies who do business separately. Conglomerates became very popular in the period between 1960s and 1980s owing to a low interest rates and continuing upwards and downwards of market trends which made it possible to major companies to buy other companies. By engaging in a number of different businesses and varying business interests, costs for resources are reduced and risks are lowered thanks to the presence of the conglomerate in different markets. Maersk was founded in Denmark in 1904. Its brands include *Maersk Line*, which was founded in 1928, *Maersk Oil and Maersk Drilling*, which started their activities in 1972, and *APM Terminals*, which was founded in 2001, and several other leading brands. The Maersk Group provides a job position to 117.000 employees in 135 countries with a \$ 60.2 billion revenue generated in 2011”⁴⁰⁹.

Maersk is a perfect example of the advantages that a “hub and spoke” network can provide. It was a pioneer amongst liners in developing this kind of network. The process started in 1980’s and lasted over years⁴¹⁰. At the end of the 1970s, Maersk operated only on two major routes: on the *Trans-Pacific route*, which were established in the late 1920s, and on the *Europe-Far East route*, which was established in the late 1960s⁴¹¹. However, even if these two networks met in the ports of the Far East they were not connected. In the 1980s, Maersk linked the West Coast of the US to the Middle East with a transshipment service at the port of Hong Kong⁴¹². This way of operating became a strategic choice when the Algeciras and Dubai ports were built and became operative in the late 1980s. On the one hand, Maersk established feeder lines in the West Mediterranean sector and went closer to

⁴⁰⁷ Saner, R. & Michalun V. *Negotiations Between State Actors and Non-State Actors: Case Analyses from Different Parts of the World*. Dordrecht, Repulic of Letters BV, 2009.

⁴⁰⁸ A.P. Moller Maersk (www.maersk.com)

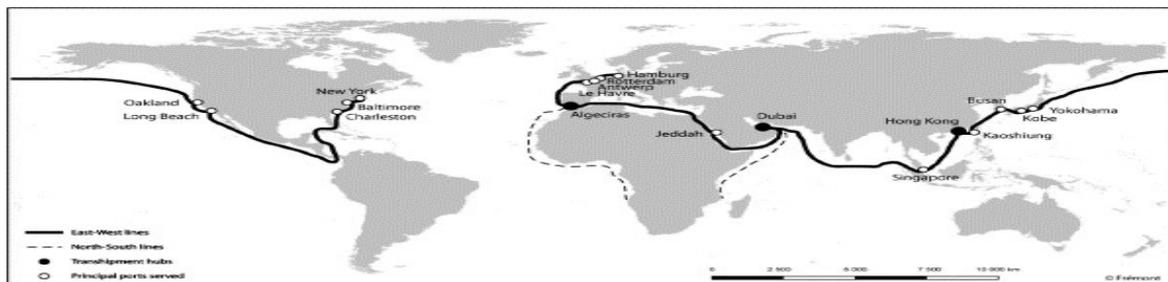
⁴⁰⁹ Ibid.

⁴¹⁰ Source: <http://www.sciencedirect.com/science/article/pii/S0966692307000075>

⁴¹¹ Ibid.

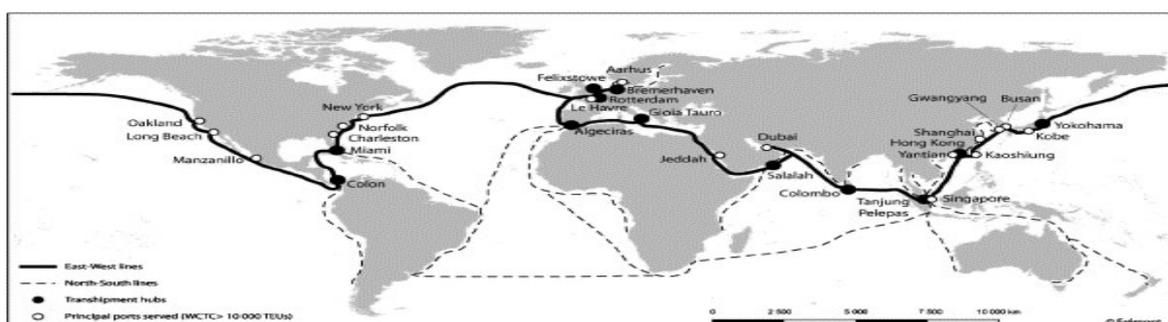
⁴¹² Ibid.

the West African coast thanks to the Algeciras port; on the other hand, it started to operate services also to the East African coast thanks to the Dubai port⁴¹³.



Source: <http://www.sciencedirect.com/science/article/pii/S0966692307000075>

Other liners took example from Maersk. Algeciras's strength lies in its strategic position on the round-the-world maritime network. Major shipping liners are able to call at the port with zero deviation from their main route. As a consequence, these liners can conduct transshipment activities and load their cargo on feeder vessels to reach geographically closer destinations. The Spanish port was a pioneer of all the major transshipment hubs which were developed during the 1990s⁴¹⁴. The Tanger Med port offers the same advantages. It is situated in a strategic locations that allows mother ships to call at the port without deviations. In addition, it plays a strategic role of a gateway to North Africa. During the 1990s, the Maersk company grew considerably thanks to external acquisitions. This growth created an increasingly complex network. With the addition of only four more services in its East-West network, the company boosted its capacity by 62% between 1994 and 2002⁴¹⁵. Maersk, as well as other major liners, play a dominant role because they are active on the round-the-world route.



Source: <http://www.sciencedirect.com/science/article/pii/S0966692307000075>

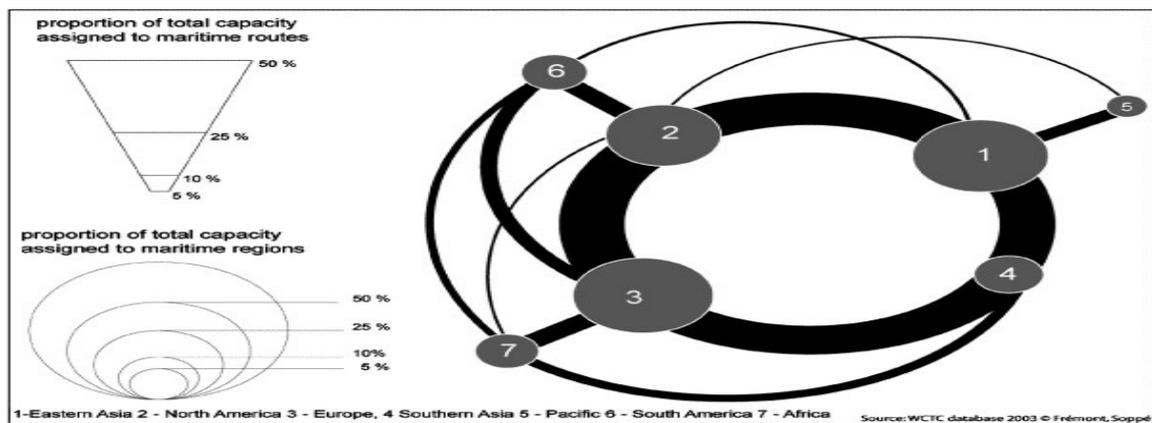
Algeciras is the perfect example of the many connections that this kind of strategy can offer. Tanger Med port, which became operative in 2007, also plays a strategic role. A large number of lines of the Maersk group call at Tangier Med. Tanger Med allows Maersk

⁴¹³ Ibid.

⁴¹⁴ Ibid.

⁴¹⁵ Ibid.

to increase its North-South operations and reach regional markets in the Mediterranean Region.



Source: <http://www.sciencedirect.com/science/article/pii/S0966692307000075>

With the hub and spoke strategy, Maersk is able to increase its connections and give more frequent services to clients. Hubs are therefore extremely important. However, they are vulnerable to changes and have to be well managed. Maersk is different from other liners not only because it was the pioneer of the hub and spoke system, but also because of the specific nature of its port network. In Maersk's network there has a kind of hierarchy of ports⁴¹⁶. Some of them, for instance Hong Kong and Rotterdam, play a key role in Maersk's route, while some others, like Singapore and Busan, have been assigned a "secondary status"⁴¹⁷. On the other hand, Maersk assigns a dominant role in its maritime routes to some ports that have lower positions in the world port scale, but that are important transshipment hubs for the company⁴¹⁸. Examples of Maersk's major hubs are Algeciras (Spain), Gioia Tauro (Italy), Salalah (Oman), Tanjung Pelepas (Malaysia), and Tangier (Morocco)⁴¹⁹. The reason why Maersk is interested in these "secondary ports" is because it holds a major share and sometimes the totality of operations in these ports⁴²⁰. This means that they entirely rely on the liners activity. Examples are Algeciras and Salalah ports. In addition, it is also a terminal operator via its subsidiary APM Terminals. The activity that APM Terminal carries out in the first Terminal of the Tanger Med port is a perfect example of the kind of influence that a multinational company can have on infrastructures like ports that play a major role in the global trade. It is easier for the company to acquire "minor" ports than global ones. The latter might be operated by a strong port authority or by larger terminal operators such as *Hutchinson* and *PSA* and it

⁴¹⁶ Ibid.

⁴¹⁷ Ibid.

⁴¹⁸ Ibid.

⁴¹⁹ Ibid.

⁴²⁰ Ibid.

would be more difficult even for a multinational company like Maersk to compete. The role that major shipping liners like Maersk can play in deciding the importance of a port is notable. This multinational companies have the power to create competitiveness even between the most powerful ports. For instance, in 2000, Maersk communicated its decision to leave the port of Singapore for the neighbouring port of Tanjung Pelepas. In a few months, all its shipping services were transferred to the new port, taking almost 2 million TEUs of traffic away from Singapore to the Malaysian port. In the Strait of Gibraltar, which is the entry and exist point to the Mediterranean, Maersk carries out operations both at the Algeciras port and at Tanger Med. The two ports cooperate and are complementary as far as development of the maritime traffic in the Strait of Gibraltar is concerned. However, they are in competition when activities in the Mediterranean Sea are concerned. Maersk, as well as other major multinational companies can play a major role in deciding the future of the ports. Since 2007, when Tanger Med started its operations, Spanish ports have seen a decline in traffic by 2.04% in 2008. This decline was attributed to the activities of the liner company in the new Moroccan port.

6.6.2 APM Terminal Tanger

“*AMP Terminal Tanger* was established in 2005 . It operates the first container terminal of the Tanger Med port under a 30-year concession obtained in 2005. The first Tanger Med terminal started its operation on 30th July 2007. APM Terminal Tanger is a subsidiary of *APM Terminals* and it works in partnership with the *Akwa Group* of Morocco. AMP terminal Tanger owns 90 per-cent of the shareholding and the Akwa Group the remaining 10 per-cent. The collaboration between the two multinationals is strategic as they join the global expertise of the worldwide leader AMP Terminal with the local expertise offered by a national leader”⁴²¹.

There are several reasons why the APM Terminals decided to invest in Tangier⁴²². “First, it is a city with a strategic location in the northern region of Morocco. It is situated on the Strait of Gibraltar which is a crossroads for over 200 ships transiting daily. It is a platform for European, American and African trade networks. It is a strategic location as the deviation from the main shipping route is minimum and this saves time and fuel costs. Second, the area is attractive to foreign investments thanks to the logistical, commercial

⁴²¹ APM Terminals Tangers. Accessed in March 2012 (<http://apmterminals.com>)

⁴²² Ibid.

and industrial free zones that have been established to integrate the port activities. Third, Tanger Med port is a deep-water port which can handle today's largest container ships. Fourth, the expansion plan is another key element that has made this area even more attractive; the port capacity offers the possibility to grow. Last but not least, the whole area will be subject to an improvement of the road and railway connections under the government's initiative and investment"⁴²³.

The area on which APM Terminal Tangers operate comprises 800 meters of quay line and 40 hectares of container yard. The main infrastructures around the terminal are two rail tracks of 1600 meters and a direct highway access that connects the port to the interior Moroccan market.

6.6.3 APM Terminals

"The APM Terminal was established in 2001 as a separate and independent company within the A.P. Moller-Maersk Group. In 2004, AMP Terminals moved its offices from Copenhagen to the Hague and in 2008 it started to publish its results as a separate company within the Maersk Group⁴²⁴. The company's history dates back to the late 1950's when a cargo facility was built at the port of New York⁴²⁵. Today it is one of the top largest independent global terminal operators. It operates in 63 ports and has terminals in 40 countries⁴²⁶. Currently, it is working on six new terminal development projects and on the expansion of fourteen of them. In addition, it operates 160 Inland Services in 48 countries. It employs 25.000 professionals across a total of 68 countries"⁴²⁷.

AMP Terminals serves the major trading routes. Some of its top customers include Maersk Line, CMA-CGM, Hanjin, Evergreen, COSCO, MSC, APL, ZIM, Horizon5 and K-line amongst others⁴²⁸.

6.6.4 Akwa Group

"Akwa Group was established in the late 1950's in Casablanca. As of 2007, when the Tanger Med port started to be operative, the Akwa Gropu had a tuover of 1.5 billion euros

⁴²³ Ibid.

⁴²⁴ Ibid.

⁴²⁵ Ibid.

⁴²⁶ Ibid.

⁴²⁷ APM Terminals. Accessed in March 2012 (<http://apmterminals.com>)

⁴²⁸ Ibid.

and had 2000 employees in Morocco, a number that grew to 3000 in recent years. The group is a leader in the distribution of petroleum products and gas. It is comprised of forty companies who operate in complementary activities in three major sectors: fuel and lubricants, gas, and TMT (technology, media and telecommunications). The AMP Terminal is not the first foreign partner with whom the company collaborates. Other partnerships with foreign groups include *Elf Auitaine, Shell, Telefonica and Northern Telecom*⁴²⁹.

6.6.5 MarsaMaroc

“Another Moroccan company who offers its services at Tanger Med is Marsa Maroc. In 2010 it started its activities at the port for general merchandise. It is a national port operator which was established in 2006. It offers services to vessels and services to goods. The former activity includes piloting, towing, mooring and refuelling. The latter activity includes basic services like handling containers ships and related services like loading and unloading trucks. Thanks to the presence of national companies the port of Tanger joins the local expertise with the international one”⁴³⁰.

6.6.6 CMA CGM

“The *Compagnie Maritime d’Affrètement* and *Compagnie Générale Maritime* (CMA CGM) is a container transport company who operates in the second terminal of Tanger Med in the Eurogate-Conship consortium in which it holds 40% stake with its subsidiary (ComaNav). The other two members of the consortium include Eurogate (40%) and MSC(20%). CMA CGM is the result of a great union between two French firms who have become a world class shipping company. In fact it is the third largest container company in the world behind *Maersk* and *MSC*. CGM was created through the fusion of *Les Messageries Maritimes* (MessMar) and *La Compagnie Générale Transatlantique* (Transat) in 1997. One year later Jacques R. Saadé creates the Comagnie Maritime d’Affrètement (CMA) who became the most important shipping company in France. Finally, almost twenty years after its formation, CMA incorporates CGM in 1996. The company operates in more than 150 countries with nearly 160 shipping lines. It provides job to more than 17.000 employees around the world. The company consist of a network of subsidiaries that

⁴²⁹ APM Terminals, press release. Accessed in October 2012 (<http://www.apmterminals.com>)

⁴³⁰ Marsa Maroc, Company profile. Accessed in October 2012 (<http://www.marsamaroc.ma/>)

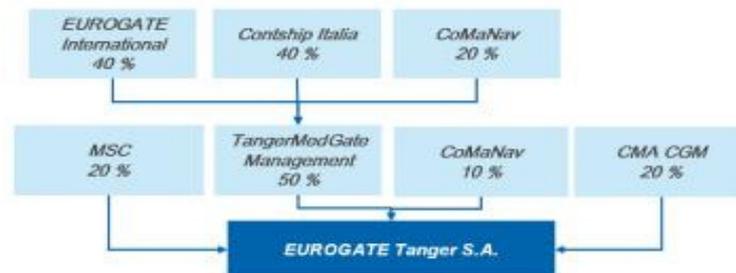
are recognized as the leader in their area of activity. These subsidiaries can be divided into three major fields. First, the container shipping which comprises regular shipping lines like Delmas and ComaNav. The former is an expert in African trade. It links Africa to all continents by operating regular services between Asia and Europe. The latter is a Moroccan company leader in passenger and freight transport and management of port operations in the country. In 2007 Morocco's government called for bids for the privatization of the company. The CMA CGM was chosen to succeed the Moroccan government in managing the Comanav company. Nowadays, this company is present in major shipping routes. For instance, it operates cargo services from Casablanca to Le Havre passing through Anvers, Hamburg, and Rotterdam among other major ports. As far as Tanger is concerned, the multinational shipping company offers its services also to a Portugal-North Spain route, departing from Agadir, calling at Casablanca, Tangier, Leixoes , Lisbonne, arriving finally at the last terminal in Vigo (Spain). The company operates port activities in Tanger Med thanks to its 20 percent stake. The second field in which CMG CGM's subsidiaries are engaged is the "multimodal" sector which unifies other modes of transport to the maritime one. For instance, its subsidiaries offer container services on rivers (River Shuttle Containers), they rent and repair containers(Progeco), transport all containers including explosive cargos (LTI France), and it operates door-to-door services thanks to its CMA Rail subsidiary. The third sector in which CMA CGM has subsidiaries is the Services sector. These subsidiaries, like CMA CGM Logistics and TCX Multimodal Logistics are in charge of the logistics activities. The former for instance offers its expertise to support customers from purchase order to in-store placement. Its key industries include footwear, hypermarket, retail, electronics and automotive. It has offices in China, Europe and the Middle East operating in a global network"⁴³¹.

6.6.7 Eurogate

"Eurogate Tanger operates the second container terminal of the Tanger Med port complex. It was granted a 30-year concession in 2005 and it started its activities at the Moroccan port in 2008. Its main business is container handling. It is a transshipment hub that enjoys a geo-strategic position which includes Western Mediterranean, East-West and North South maritime trading routes. The terminal is linked to other ports in the Mediterranean region through a feeder network and to the hinterland by new highways and railways connections.

⁴³¹ CMA CGM, Official Web site. Accessed in October 2012 (<http://cma-cgm.com>)

The terminal area comprises 40 hectares with an annual capacity of 1.3 million. The Eurogate Tanger is part of the European container terminal network of the EUROGATE/Contship Italia group together with some of the world's major container shipping lines: the Mediterranean Shipping Company (MSC), CMA-CGM and CoMaNav⁴³².



Eurogate is the largest terminal operator in Europe⁴³³. It is a joint venture which resulted from a union of the container business of two major firms: *BLG Logistics Group* (Bremen) and *EUOROKAI* (Hamburg)⁴³⁴. The negotiations between the two groups started in 1995 and Eurogate was established in 1999 and its head office is located in Bremen. Eurogate was the result of a new strategy that has been adopted by the two companies towards the growing competition between port and terminal operators, an intensifying concentration among ship lines and the on-going trend of the globalization⁴³⁵. This union has given birth to a company with an independent market presence who has developed into the leading European terminal operator.

In partnership with Contship Italia, Eurogate conduct sea terminals on the North Sea, in the Mediterranean region and on the Atlantic. It operates in nine countries, namely Germany (Hamburg, Bremerhaven and Wilhelmshaven), Italy (La Spezia, Ravenna, Salerno, Gioia Tauro, Cagliari), Portugal (Lisbon) and Morocco (Tangier) and Russia (Ust-Luga). The largest container port in the North is that of Bremerhaven and that of Gioia Tauro in the South. Hamburg is the one that presents the strongest growth. Tanger Med port is the south most port of the Eurogate Group. The whole Eurogate network handled 13.3 million TEUs in 2011.

⁴³² Eurogate. Company profile. Accessed in October 2012 (<http://www.eurogate.de/>)

⁴³³ Ibid.

⁴³⁴ Ibid.

⁴³⁵ Ibid.



Source: eurogate website. http://www.eurogate.de/live/eg_site_en/show.php3?id=30

An important contribution that Eurogate has given to Moroccan and its people is the development of training programmes for system and equipment operators in its existing facilities across Europe.

6.6.8 Oil Terminal: Horizon Tanger

“The oil terminal in the Tanger Med port complex was given under concession to Horizon Tangiers Terminal SA (HTTSA) for 25 years in November 2006 for the construction and operation of hydrocarbon product storage and bunkering facilities. Horizon Tangiers Terminals is a consortium led by Horizon Terminals together with the Independent Petroleum Group (Kuwait IPG) and Akwa Group. The storage facility will have a capacity of 508.000 cubic metres and the total investment will amount € 239.5 million. The final phase of construction was completed in 2012 and it became immediately operative”⁴³⁶.

Horizon Terminals is a 100% subsidiary of *Emirates National Oil Company* (ENOC) who is a major actor in managing oil terminals and operating storage facilities for petroleum products and chemicals⁴³⁷. ENOC was established in 1993 and it is entirely owned by the Investment Corporation of Dubai (ICD) which is a body wholly owned by the Government of Dubai⁴³⁸. It has created subsidiaries that operate in all areas of the petroleum sector. One

⁴³⁶ Horizon Tanger Terminals Ltd. Oil Terminal Tanger. Accessed in October 2012 (www.horizon-terminals.com/)

⁴³⁷ ENOC. Official web site. Accessed in October 2012(<http://enoc.com>)

⁴³⁸ Ibid.

of its subsidiaries is Horizon Terminals Ltd which was incorporated in 2003. In 2006, Horizon terminals establishes Horizon Tanger Terminals Ltd among together with Horizon Singapore terminals Pvt Ltd and Horizon Taeyoung Korea Terminals Ltd. The second operator is IPG Kuwait who holds 32.5% of the shareholding⁴³⁹. IPG was established on 11 September 1976 and it is a group of companies with the head office in Kuwait. Its worldwide activities include trading and marketing of crude oil, petroleum products, LPG, petrochemicals and fertilizers. In addition to this key operations, IPG is engaged also in terminalling, pipelines and shipping activities. It focuses its activities in the Red Sea, East Africa and the Indian Sub-Continent. It provides oil and petroleum products to its clients and it assists them in the financing necessary to secure supplies. The third shareholder is the Moroccan Akwa Group which collaborates also with APM Terminals Tangier in the first container terminal of the port complex.

The Tanger Med petroleum terminal has various advantages⁴⁴⁰. “First, it will increase the storage facilities in North Morocco solving a problem of shortage that has always characterized this region. As a consequence, it is expected that this will lead to a decrease in the costs of the supply of gasoil and motor gasoline from central Morocco to the North. The result should be a visible growth of the northern region of Morocco. Second, the Tangiers terminal will provide bunker services and serve a transit market for international petroleum marketing companies. The Strait of Gibraltar is a strategic location for East-West traffic and this is proved by the size of the bunker market in the area, estimated at six million tonnes in 2005. In addition, the port complex was built in a location where two major maritime routes meet and only 15 kilometres separate it from Europe. What it is expected is a further expansion of petroleum trading activities in the area. Horizon Terminals currently owns and operates bulk liquid storage terminals in the United Arab Emirates, Saudi Arabia, Djibouti, Morocco, Singapore and South Korea”⁴⁴¹.

6.6.9 Boulda Tanger

Boluda Tanger Med has been granted a twenty-five-year concession for towing and port assistance in 2005⁴⁴². Its fleet was already completely established in 2008. The total investments amounted of 253 million dirhams. In addition to this concession, Boulda was

⁴³⁹ Ibid.

⁴⁴⁰ Ibid.

⁴⁴¹ Ibid.

⁴⁴² Boluda, official web site.

awarded another concession. This is a ten-year-concession of the pier and its roll-on and roll-off area. Boluda will run cargo ship loading and unloading services using equipment formed by two latest-generation pilot crafts, two pier boats and three vehicles. The ports in which it operates are the port of Tenerife, Huelva, Reunion, Douala (Cameron), Saint Peter (Ivory Coast) and Tanger Med (Morocco). The latter is the main Boluda investment. It is important to the company because it is an area that is expanding and also because the company has established business in various cities in Africa, namely in Senegal, Morocco and Mauritania.

6.6.10 Tanger Med Utilities

Tanger Med Utilities is a consortium formed in 2008 by the Office nationale de l'Electricité (ONE), and the Office Nationale de l'Eau Potable (ONEP), and the French Pizzorno Environnement Group. The latter is a leader in the management of household and industrial waste in France. The activities in which the consortium is engaged include the supply of water and electricity, the sanitation of liquid and solid waste, the lightening of the streets and the maintenance of the hygiene and the cleanliness⁴⁴³.

6.6.11 Renault Tanger Mediterranee

Renault Tanger Mediterranee was granted a 13 hectares concession in the vehicle terminal by Tanger Med Port Authority in January 2008⁴⁴⁴. Renault has been active on the Moroccan territory for over 80 years⁴⁴⁵. It occupies the first position in the Moroccan market with its Dacia and Renault brands. It already had a production in Casablanca (SOMACA). In 2012, the Renault-Nissan Alliance opened a new plant in Tangier⁴⁴⁶. It enjoys a geo-strategic position, at the core of the Tanger Med port area, which provides a network of competitive suppliers and highly qualified employees trained to modern

⁴⁴³TMSA (Tanger Med Special Agency), accessed in March 2012. (<http://www.tmsa.ma>)

⁴⁴⁴ Morocco Report 2012 , Google Books
<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBhj-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>

⁴⁴⁵ Ibid.

⁴⁴⁶ Ibid.

automotive production techniques⁴⁴⁷. Both the factory employees and the suppliers have been trained at the *Institut de Formation aux Metiers de l'Automobile* (IFMIA) which was jointly established by Renault and the Kingdom of Morocco and entirely funded by the Moroccan government. Additional training was given to 168 employees by Renault's Global Training Center (GTC) in France⁴⁴⁸.

Table of major multinational who operate at Tanger Med:

MNCs	Country of origin	Location	Activity
APM Terminals Tanger	Copenhagen, Denmark. Subsidiary of <i>APM Terminals</i> & works in partnership with <i>Akwa Group</i>	Tanger Med I & II: Terminal 1 & Terminal 3	Operative since 2007
Eurogate-Contship	Bremen, Germany	Tanger Med I, Terminal 2	Operative since 2008
Consortium: Besix,Boygues Travau Public, Sipem & Somagec	France, Italy.	Construction of Tanger Med II	Construction started in 2009; 2012 first operations; fully operative by 2016
Marsa Maroc	Morocco	Tanger Med II, Terminal 4	Scheduled to be operative in 2014
Akwa Group	Morocco	Tanger Med I, Terminal 1	Operative since 2008
Marsa Maroc	Morocco	Port for General Merchandise	Operative since 2010
Horizon Tanger	Subsidiary of Emirates National Oil Company	Oil Terminal	Operative since 2010
Maersk	Denmark	Tanger Med I, Terminal I & Terminal 3	Started its operations in 2007
Renault	France	Melloussa	Its production started in 2012

⁴⁴⁷ Ibid

⁴⁴⁸ Ibid.

7 CHAPTER 7: SUMMARY AND CONCLUSIONS

1. Impact of the Agadir Agreement on trade evolution among the Agadir Countries
2. Fulfilment of the aims of the Agadir Agreement
3. Impact of the Tanger Med port complex on Morocco's territory and economy.
4. Non-state actors

7.1 Impact of the Agadir Agreement on trade evolution among the Agadir Countries

The world is undergoing major political, economic and social changes. New and various ways of cooperation among countries are emerging, and powerful players are shaping more and more international relations. A process known as *globalization* has characterized the world over the past years. The world order is evolving in a new system in which distance and time seem not to matter anymore. The internal and the external are as interwoven. Thanks to new technologies in communication and transport systems, the world has become a smaller place where different economies and cultures influence each other continuously. Together with a growing global connectedness, a regional one has also developed in recent years. This second undergoing process is known as *regionalization*. Cooperation among countries in circumscribed regional areas is considerably increasing thanks to the many benefits that this kind of cooperation brings. Regionalization is very often seen as a first step to reach a global opening. It is a strategy that is developing in different world areas with the aim of improving living standards and enhancing commercial and cultural relations of the countries that are involved in it. The Middle East and the North Africa show the lowest regional integration in the world⁴⁴⁹. North African countries have developed stronger trade relations with other countries, in particular with the European Union, rather than among themselves. However, there have been attempts both by North African countries and by the European Union to improve south-south relations. An important example of a process of regionalization in the Southern Mediterranean region is the *Agadir Agreement*. This Agreement aims at establishing a free trade area among four Arab countries, namely Morocco, Tunisia, Egypt and Jordan. It has been demonstrated that free trade agreements show major results when they involve

⁴⁴⁹ Santi E., Romdhane S.B., and Shaw W., *Unlocking North Africa's Potential Through Regional Integration*, 2012. African Development Bank (AfDB).

countries that already have relevant commercial relations that only need to be strengthened and better coordinated⁴⁵⁰. How much developed were trade relations among the Agadir countries before the signing of the Agadir Agreement? Did trade volume among the signing countries changed after the Agadir Agreement was implemented in 2007? One of the aims of this work was to show the impact of the Agadir Agreement on commercial relations among its member countries. This was done by analysing trade statistics published by the *Agadir Technical Unit (ATU)*⁴⁵¹. Moreover, after having analysed the commercial relations among the Agadir members, this work tried to make a step forward by analysing what impact would have on trade among the Agadir members if other Arab countries entered into the Agreement. This has been done by analysing a list of the top fifty major trade partners of each of the Agadir members published by the *European Commission* in 2010⁴⁵².

First, as seen in chapter three, trade volume among Morocco, Tunisia, Egypt and Jordan started to grow in the 1980's and it increased significantly in the late 1990s. According to data published by the Agadir Technical Unit, their trade volume continued to grow also in the XXI century. As a consequence, it can be stated that the Agadir Agreement has been signed by countries that were willing to strengthen commercial relations that had been recently developed and that were gradually growing. Indeed, according to the data by ATU, the Agreement showed positive results in the evolution of commercial relations among the signatory countries. It has been shown that the Agadir members maintained their trade preferences towards the same countries over the years. Having said that, some major improvements with their "non-favourite" countries have occurred after the signing of the Agreement. As far as Morocco is concerned, its export and import volume showed a steady increase with all of its Agadir partners but, it has to be underlined the massive increase in its import volume with Jordan from 2007 to 2008. Likewise, Tunisia's export volume to Jordan increased significantly in the same year. However, Tunisia did not show the same gradual increase with the other two partners. It can be noticed that when its trade volume with Morocco grew, the one with Egypt decreased, and *vice-versa*. It can be assumed that Tunisia continued to trade with its partners following bilateral relations and favouring one country or the other depending on the year. Also Egypt's trade volume with its three partners increased over the years. In particular, it has to be underlined its export and import volume with Morocco which has been gradually growing since the

⁴⁵⁰ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

⁴⁵¹ Agadir Agreement, accessed in October 2012 (www.agadiragreement.org)

⁴⁵² European Commission, accessed in October 2012 (www.ec.europa.eu)

implementation of the Agreement. As far as Jordan is concerned, it should be underlined the major growth that the country showed in its export volume to Tunisia and in its import volume from Morocco. However, the Agadir Agreement did not have any impact on Jordan's import from Tunisia which, on the contrary, started to decrease in 2009. On the whole, it can be stated that the process of regionalization in which the four countries have engaged by signing the Agadir Agreement has contributed to strengthen commercial relations among its members.

EX: Morocco	2007	2008	2009	2010	2011	IM: Morocco	2007	2008	2009	2010	2011
Tunisia	√	√	X	√	X	Tunisia	√	√	X	√	=
Jordan	√	√	√	√	X	Jordan	√	√	√	=	√√
Egypt	√	√	√	√	X	Egypt	√	√	X	√	√
EX: Tunisia	2007	2008	2009	2010	2011	IM: Tunisia	2007	2008	2009	2010	2011
Morocco	√	√	X	X	√	Morocco	√	X	X	√√	XX
Jordan	√	√√	=	=	X	Jordan	√	√	√	√	X
Egypt	√	√	X	√√	XX	Egypt	√	√	X	X	√
EX: Egypt	2007	2008	2009	2010	2011	IM: Egypt	2007	2008	2009	2010	2011
Morocco	√	√	√	√	√	Morocco	√	√	√	√	X
Jordan	√	√	√	X	√	Jordan	√	√	X	√	√
Tunisia	√	√	√	X	X	Tunisia	√	√√	X	√	√
EX: Jordan	2007	2008	2009	2010	2011	IM: Jordan	2007	2008	2009	2010	2011
Morocco	√	√√	X	√	√	Morocco	√	√	√	X	X
Tunisia	√	√	√	√	X	Tunisia	√	√	X	X	X
Egypt	√	√	X	√	X	Egypt	√	√	√	X	√

Growth(√); Major growth (√√); Stable (=); Decrease (X)

Second, it has been shown that all of the Agadir members would benefit from the accession to the free trade area by other neighboring Arab countries. As seen in chapter three, in the 1990's Morocco's trade volume would have doubled if its trade volume with Algeria, Syria and Lebanon was added to Morocco's total trade with its Agadir partners⁴⁵³. According to the 2010 European Union's list, if Algeria joined the Agreement, both Morocco's export and import volume would significantly increase. In addition, it has been shown that Syria, Libya and Lebanon are more important trade partners to Morocco than Jordan. It can be stated that even if Morocco's trade volume with Jordan showed an increase over the years,

⁴⁵³ Wippel S., *The Adair Agreement and Open Regionalism*, EuroMeSCopaper45, September (2005).

their trade volume is still quite low compared to Morocco's trade volume with other Arab countries. As far as Tunisia is concerned, Libya and Algeria play a more important role in its export and import volume than its Agadir partners. Libya is particularly important as it ranks number two in the top fifty list, right after the European Union. This is the strongest commercial relationship among all the countries that have been taken into consideration in this work. As far as Egypt is concerned, its major trade partners among the Arab states are Libya and Syria. Jordan follows close behind. In addition, Egypt trades more with Algeria and Lebanon than with Morocco and Tunisia. As a consequence, if Libya and Syria joined the Agreement, both Egypt's export and import volume would increase significantly. As seen in the statistics by ATU, Egypt's trade volume with its Agadir partners is high. However, only when we analyze Egypt's trade volume with other Arab countries, we can notice that Tunisia and Morocco are last in the list. As regards to Jordan, its major Arab trade partner has remained Egypt over the years. Syria, Lebanon, Algeria and Libya come all before Morocco and Tunisia. To conclude, it can be stated that the Agadir Agreement is having a good impact on the Agadir members' commercial relations, but it must be underlined that there is still a lot of potential to be unlocked.

7.2 Fulfilment of the aims of the Agadir Agreement

One of the aims of the Agadir Agreement was to improve the living standards of its signatory countries. As shown in chapter two, the GDP rates, which can be considered an important indicator of the living standards of a country, have gradually grown over the years. According to *World Bank* data⁴⁵⁴, it is possible to state that there has been an increase in the GDP in all four Agadir countries from 2001 up to 2011, especially in Jordan and in Morocco. Another aim set out in Article 2 regarded the problem of unemployment. According to the World Bank data, the four countries were characterized by high unemployment rates up until 2005. Then, there has been a gradual decrease up to 2007. It is important to this work to underline in particular Morocco's data which showed the lowest unemployment rates from 2006 to 2008. During those years the Agadir Agreement started to be implemented and the new port of Tanger Med became operative. However, Unemployment started to increase again in 2009 in all countries. Unfortunately, the data about 2010 and 2011 is not available, but the revolutions that have occurred in the South

⁴⁵⁴ World Bank, Indicators, accessed in October 2012 (data.worldbank.org/indicator)

Mediterranean region in 2011-2012 are a sign that there is still much to be improved in the area. However, these changes may be an opportunity to end some of the problems that led to the Arab Spring. If domestic policies of the Southern Mediterranean countries change, it is possible that these states decide to collaborate more with each other in order to improve their living conditions. Initiatives like the Agadir Agreement could help to strengthen south-south commercial relations.

7.3 Impact of the Tanger Med Port complex on Morocco's territory and economy

Morocco has opened up to international trade by building an efficient transshipment port that offers its services to major global container ships, and by re-organizing the territory around the port complex. The port, known as *Tanger Med*, is located in a strategic position where the West-East and the North-South global maritime trade routes meet. It focuses mainly on transshipment operations and it offers services both to regional and international flows. Its potential capacity of 8.2 million TEUs would have positioned it at number sixteen in the top fifty major container ports in the world in 2011 if it had been fully operative by that year. The construction of Tanger Med led to the re-organization of the northern region of Morocco giving more visibility to the whole country. The re-organization of the territory around this colossal maritime infrastructure made the northern territory attractive to foreign investments and more competitive in the national and global arena. The government created industrial and logistics areas around Tanger Med which have become the core of the economic development in Morocco and which strengthened even more the role of the port. Important international companies have invested in the area, the northern cities have expand over the past years, and the average growth of the population in the port region significantly increased, representing the highest rate in the country in 2012⁴⁵⁵. There is evidence that the area has become an important source of employment for people from other towns and regions of Morocco.

⁴⁵⁵ Morocco Report, Oxford 2012. Accessed in November 2012 (<http://books.google.hr/books?id=fs0Fog7XneUC&pg=PA184&lpg=PA184&dq=boluda+tanger+financial+report&source=bl&ots=UIWUdDPbnE&sig=yOuBHJ-poLat7FGUB25MPyJCb-w&hl=en&sa=X&ei=5PzEUKGyFcTb4QSO2oGwDg&ved=0CDgQ6AEwBA#v=onepage&q=boluda%20tanger%20financial%20report&f=false>)

Tanger-Med is a transshipment port and it is therefore important to its functions to be easily reached not only by sea but also by land. With the development of containerization, intermodality plays a crucial role in the global trade. A port to be efficient must offer security and fluidity to the movement of people and goods, as well as save travelling time and reduce costs of transport. In the last decade the Moroccan government has invested in the construction of highway and railway networks in order to support the activity of the port. Likewise, as shown in chapter four, improvements in transport infrastructures have been underway also in the other three Agadir members. In order to benefit from the growing global economy and from free trade agreements, it is of vital importance for the Agadir members to modernise their transport networks. A lack in transport connections or a poor quality of transport connections is an obstacle to the economic development of the region. An improvement in the transport infrastructure would surely accelerate the process of regional integration among the Agadir members and it would make them more competitive in the global arena.

7.4 Non-State Actors

The contemporary world has seen the birth of new and powerful actors over the past years. Since the peace negotiations in Westphalia, the state has been regarded as the entity who has had the authority to take decisions in global affairs. After the Cold-War, the role of the state started to change. The focus of attention was not any more the role of powerful states or the world security, but new issues begun to emerge and, together with them, new players started to challenge the role of the state. Moreover, globalization has further transformed the global system. The growing connectivity made it easier for new entities to enter into contact with each other, collaborate with each other or influence each other's decisions. These new actors include all those players who operate in the domestic or international arena but are *not* states. For instance, they are *Intergovernmental Organizations* (IGOs), *Non-Governmental Organizations* (NGOs), *Multinationals Corporations* (MNCs), *epistemic communities* among many others.

All these new players collaborate and compete with states who have to adapt to the new world system. In particular this work has tried to show the important role that three major non-states actors played in implementing Morocco's developing strategies over the past years: the *European Union*, the *Tanger Med Special Agency (TMSA)*, and major *multinational companies* (MSC) that have invested in the northern region of Morocco. The

European Union, which is a unilateral economic *Intra-Governmental Organization* (IGO), played a major role in supporting the Agadir Process both economically and politically. The Tanger Med Special Agency is a key player as far as the Tanger Med Port is concerned. It is the result of a new concept of governance and a perfect example of decentralization of power. It is strongly believed that it was thanks to the unusual status of the Tanger Med Special Agency that the port has been able to show such positive and immediate results. The government has collaborated closely with *Multinational Corporations* (MNCs). They are powerful profit-oriented actors who are able to influence the economy of the area they decide to operate by exchanging goods and services, transferring technology and investing important amounts of money. It has been shown here how multinational companies have been crucial players in the development and management of the Tanger Med Port. Multinational companies like *Maersk* can play a decisive role in deciding the future of the port. In fact, since the Moroccan port became operative, there has been a decline in Spanish ports. It is believed that the company played a role in the rise of Tanger Med over the past years. It has been shown also how international port operators like *APM Terminals* or *Eurogate* influence the economy of the area by providing job positions and offering training courses. In addition to international shipping companies and port operators, also other multinational companies like the French Renault have provided jobs and training programmes to local people.

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