

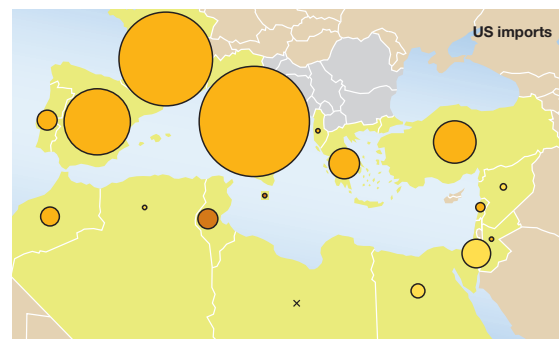
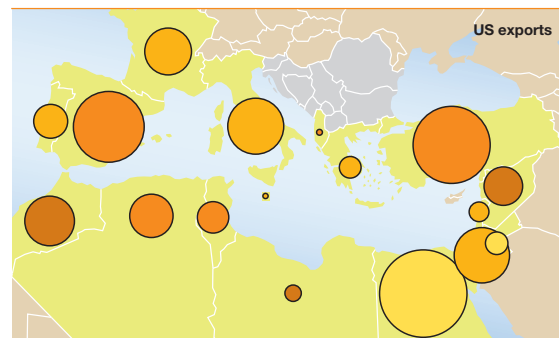
# EXTRAREGIONAL ACTORS

All of the Mediterranean countries engage in trade relations with a large number of third countries, whether they have a deficit or a surplus of agricultural commodities. Among extraregional actors, the United States is the largest trading partner in the region, whose geostrategic importance, coupled with the trade dependence of some Mediterranean countries, has facilitated the deployment of American food power. But in a world that is in the throes of geo-economic recomposition new powerful actors are knocking at the Mediterranean's door. With its vast territory, Brazil is now inviting itself to the Mediterraneans' table and is also present in their engine fuel due to the development of biofuels. And, given the cereal needs in the region, Russia and Ukraine could reinforce their presence there in the future. Japan's presence in the region is discreet; it is not through agricultural trade but through an ambitious policy of cooperation, particularly in the water resource development field, that the country is maintaining an active presence.

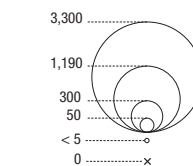
## THE UNITED STATES – THE NEW STRATEGY

The United States has been playing a major role in the Mediterranean region since the end of the second world war, particularly in the trading field. With the launching of the Marshall Plan, trade with the countries on the northern shore, and more broadly with European countries, was boosted, with the result that trade relations became highly interlinked. Agricultural trade is no exception; it accounts for a large volume of trade with the US, and two EU Mediterranean countries stand out from the others: Italy is the fourth largest supplier of the United States, and France ranks ninth. Europe-27, for its part, is the second-largest agricultural supplier of the United States, for which it is the

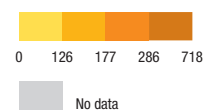
## US AGRICULTURAL TRADE



Agricultural trade in 2008  
million dollars



Trend 2004-2008  
%



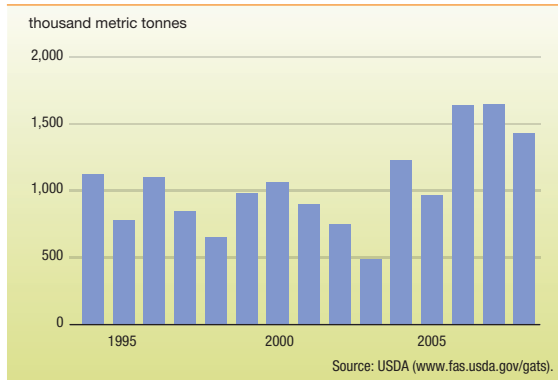
Source: USDA

fourth-largest agricultural commodity export market (after Canada, China and Japan). The United States is the second trading partner of the southern and eastern Mediterranean countries after the EU: in 2008, 13.2% of the imports of these countries came from the United States, which was the destination of 8.2% of their exports. The US is a leading trading partner of Israel, Turkey, Egypt and Jordan as well as Morocco and Algeria, which are the largest importers of American agricultural commodities. Wheat and other cereals such as maize and soybeans account for a very large share of US agricultural exports to the Mediterranean countries: in 2008, over half of the total agricultural commodities exported to those countries were cereals. Despite a certain degree of competition on the cereals market due mainly to the return of Russia and Ukraine since the beginning of the millennium, the sharp rise in demand at world level, and more specifically in the Mediterranean region, has enabled the United States to maintain its levels of exports to those countries. The Mediterranean region thus currently receives 22% of US wheat exports (the same proportion as in 1984). And soybean sales to Mediterranean countries have risen sharply in the last few years. Turkey is an exception, however, since the most important commodity it imports from the United States is cotton.

**The US strategy of bilateral agreements.** In the cold war context the US agricultural export strategy in the region, which was based essentially on food aid, was dictated primarily by geopolitical motives. With the PL480 Food for Peace Programme, a veritable food weapon, the United States was able to establish control in the Mediterranean region, which served as a corridor for the Sixth Fleet: Egypt, a veritable strategic hub, received the most food aid – 1.5 million tonnes

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**US CEREAL AND SOYBEAN EXPORTS TO MOROCCO, 1994-2008**



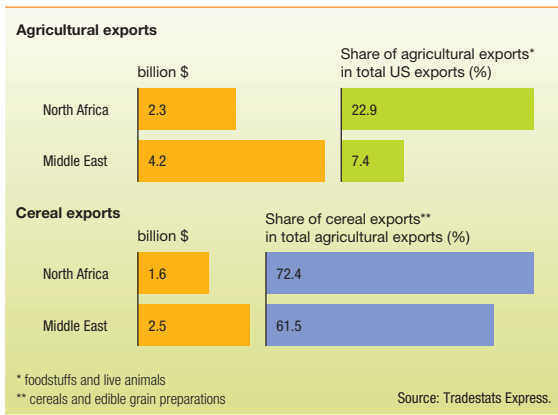
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of US wheat per year; Turkey, serving as a barricade against USSR penetration into the Mediterranean, was a further major beneficiary of US aid in the 1970s, receiving all of the wheat imported from the US as aid.

The US gradually modified its Mediterranean strategy in the course of the 1980s, and today US food aid to the region is virtually non-existent except for ad hoc aids to conflict zones. On the other hand, the US has endeavoured to establish bilateral trade relations with the countries in the region thus gaining a preferential position with respect to other agricultural powers. By establishing liberalised trade the US has tried to maintain its economic and political interests in the region, still extremely strategic from Washington's point of view. The countries which received the most food aid in the 1970s have thus become the United States' main clients. This strategy of closer economic relations was built up through a range of trade agreements. Free trade agreements were signed with Israel in 1980 and then with Jordan in 2000 and Morocco in 2004 – trade in cereals with Morocco is buoyant, although Rabat is diversifying supplies. It should be pointed out that these agreements are generally wider in scope than the association agreements proposed by the EU to the same countries, because they cover most agricultural commodities. In parallel, the US has proposed framework agreements on investments and trade to other countries in the region; these are flexible, non-binding arrangements, the aim being in each case to develop towards a bilateral free trade agreement. A number of countries have signed – Algeria, Egypt, Tunisia and the Gulf countries.

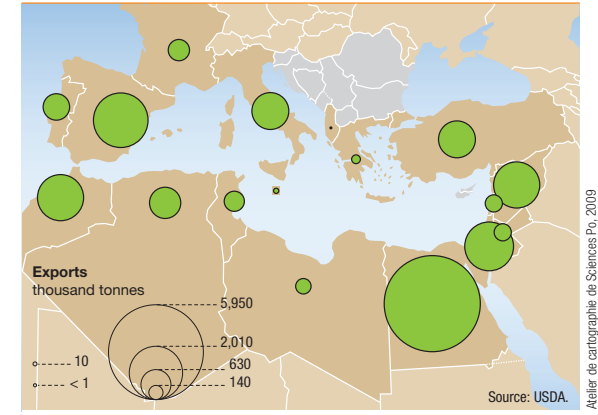
**Free trade zones.** The US is seeking furthermore to establish "Qualified Industrial Zones" or industrial estates providing duty-free and quota-free access to the American market for

**US EXPORTS TO NORTH AFRICA AND THE MIDDLE EAST, 2008**



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**US CEREAL AND SOY BEAN EXPORTS, 2008**



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all goods and services produced there. The first zone was set up in Jordan in 1998, and this was followed by a zone in Egypt in 2004. These various strategies are based on the American intention to set up a Middle East Free Trade Area in a region of geo-economic and geostrategic importance.

**BRAZIL – A NEWCOMER TO THE AGRICULTURAL SCENE**

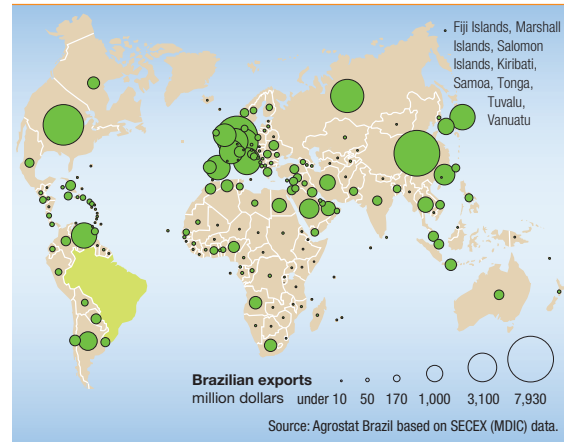
Banking on its water and land potential, Brazil has opted for a model of economic extroversion and has made agriculture the vector of its integration into world trade; this trade dimension has been coupled with a diplomatic drive. It is a gamble that seems to have worked, since Brazil is now one of the world's leading agricultural powers. Although the US and the EU are still the leaders in world agricultural trade, Brazil has been the world's fourth-largest agro-food exporter since 2007. The EU is the main purchaser, followed by

China and the United States. Spain and Italy are the two EU Mediterranean countries which import the most Brazilian products. In a context of high energy demand Brazil intends to make its agro-fuel industry one of its flagship sectors and to export its ethanol to Europe. But ethanol is subject to high customs duties on entering the European Union (60%), and other agricultural products also come up against strong protection measures.

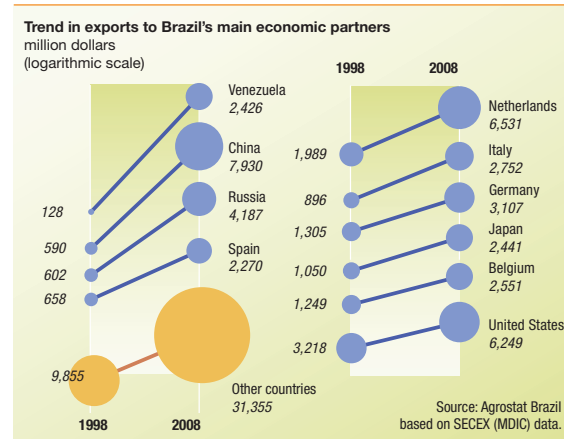
In view of this arsenal of customs barriers, Brazil is trying to diversify its markets – hence its commercial and political diplomacy focusing on the Arab League countries, for example, which entered a partnership with Brasília in 2005. Brazil has entertained long-standing relations with certain Arab countries, if only through the presence of a large Syro-Lebanese community on its territory. The Arab countries are not Brazil's leading partners in agricultural trade, but their share has been growing very rapidly in the last few years: the volume of exports has increased by 600% in one decade, amounting to a value of over \$6 billion in 2008. This amount must be compared to Brazilian agricultural exports to the US (6.2 billion dollars), or even those of China (\$7.9 billion). This growth in Brazil's agricultural exports to the Arab countries is also illustrated by the following figures: Egypt's bill has tripled (\$770 million in 2008 compared to \$274 million in 1998), Syria's bill has been multiplied by 5 (\$261 million in 2008 compared to \$48 million in 1998), the bill has been multiplied by 7 for Tunisia (\$185 million in 2008 compared to \$28 million in 1998) and by 16 for Algeria (\$547 million in 2008 compared to \$35 million in 1998).

**The share of Brazilian agricultural commodities in imports.** Products from Brazil account for 8.5% of Egypt's agricultural imports; the figure is 10.4% for Morocco and 7.2%

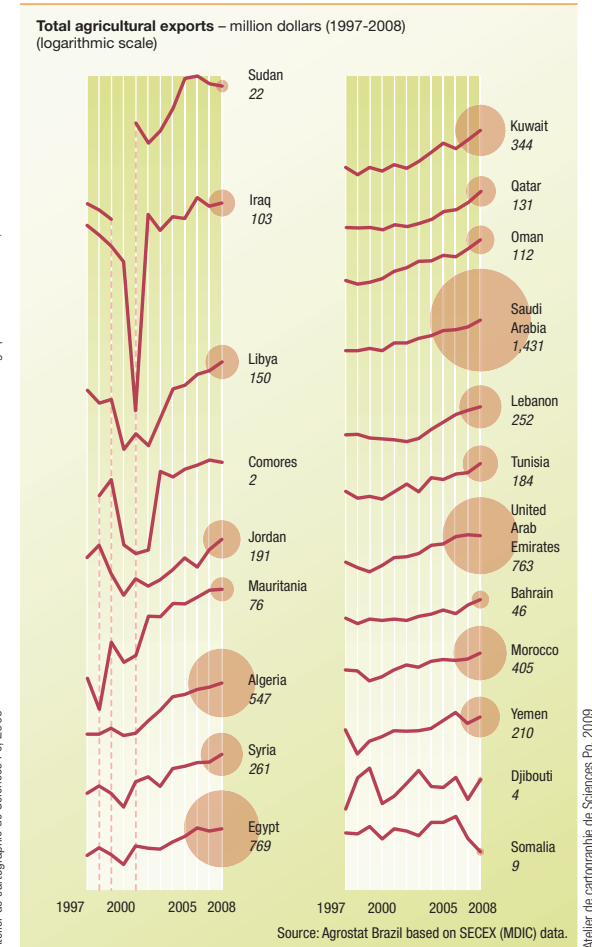
**THE BRAZILIAN AGROBUSINESS, 2009**



**THE BRAZILIAN AGROBUSINESS, 1998-2008**



**BRAZIL: TRADE WITH THE ARAB COUNTRIES OF THE ASPA**

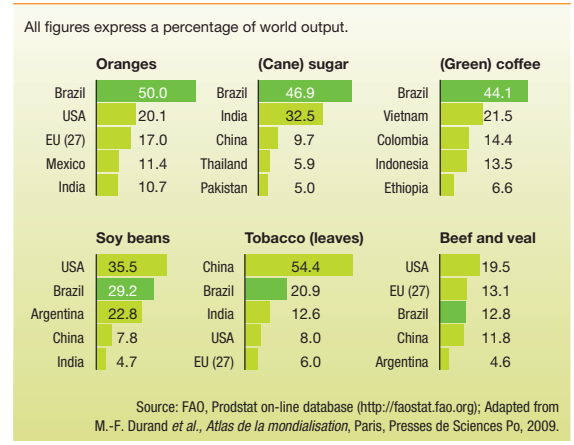


for Algeria. Egypt, Algeria and Libya are now 3 of the 10 leading purchasers of Brazilian beef. Similarly, the Arab League countries' share of Brazilian agricultural exports is also around 10%. Brazil exports essentially sugar, meat and soybeans. It is the traditional and virtually exclusive supplier of sugar to Egypt, Morocco and Algeria. The markets of the Arab countries are an important source of outlets for Brazil, which is a major meat exporter: in 2004, 47% of Algeria's meat imports and 91% of Egypt's meat imports came from Brazil. The figures for soybeans are less spectacular, but Brazilian soybeans nevertheless account for 29% of Moroccan soybean imports. The upward trend in Brazilian exports to Arab countries was confirmed in 2008. Brazil and Turkey have also established trade relations (the volume of trade carried out between the two countries increased by 400% between 1999 and 2008) as well as cooperation in the energy (biofuel) field.

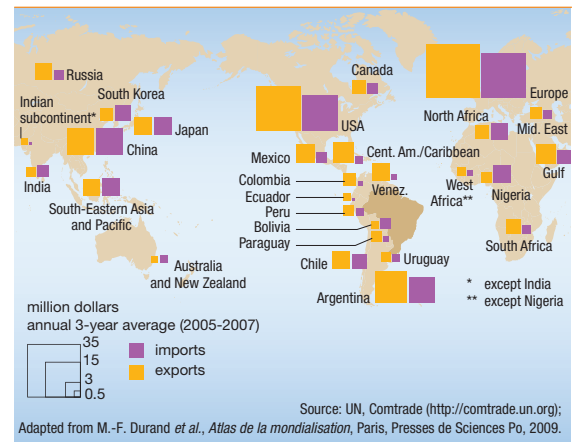
**JAPAN: CO-OPERATION RATHER THAN TRADE**

Japan has concentrated on soft power rather than on a power strategy for historical reasons. The country of the rising sun thus brings its influence to bear throughout the world through its enterprises but also by developing strong cooperation with developing countries. Although public development aid has been decreasing significantly since 1998, Japan is still the second provider at world level after the United States. Japan's approach also embraces the Mediterranean, particularly the eastern region of the basin. A report published by the Japan Bank for International Cooperation (JBIC) states quite bluntly that the stability of the Middle East is of great importance for Japan when one bears in mind Japan's considerable dependence on energy resources from the region, thus clearly underlining Japan's

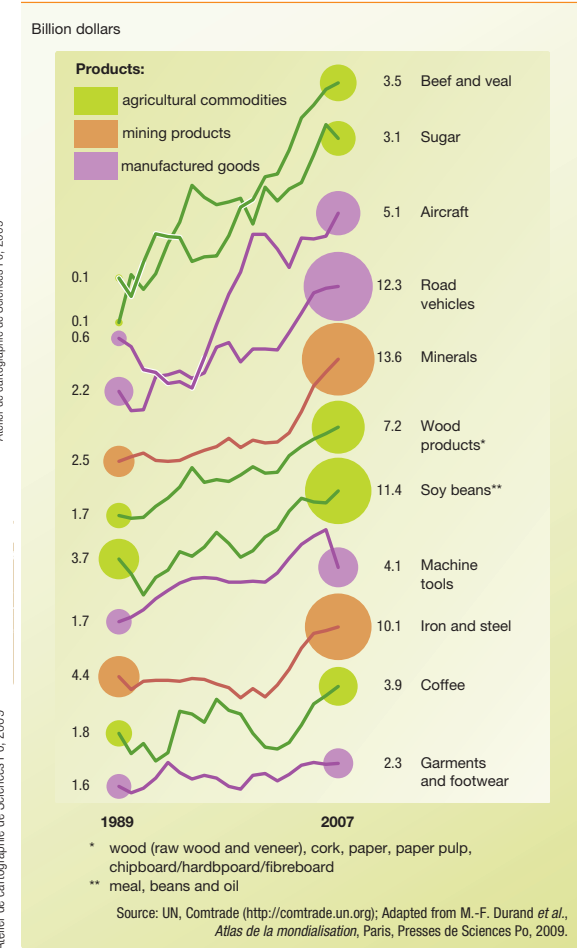
**BRAZIL: AGRICULTURAL COMMODITIES, 2007**



**BRAZILIAN FOREIGN TRADE**



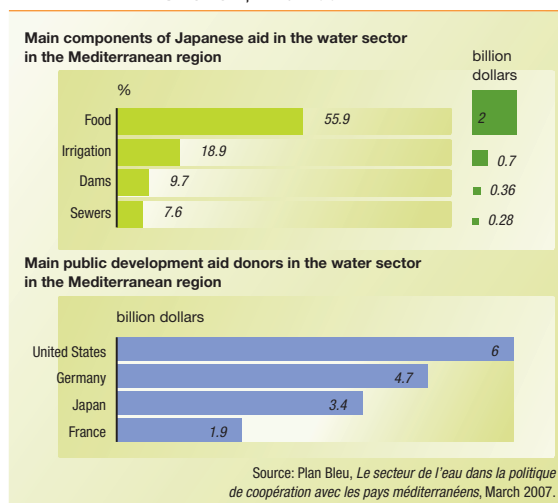
**BRAZILIAN EXPORTS, 1989-2007**



interest in a region that is vital for its oil supplies. Yet the country bases its action more on improving economic and social infrastructures than on diplomatic action, which, in the last analysis, is discreet. Japan is very involved in technical cooperation with the southern and eastern Mediterranean countries, running numerous water projects as an essential vector of development and thus an essential means of reducing poverty and instability; it is one of the three main sponsors in this field. This water resource development cooperation is carried out by the Japan International Cooperation Agency, which provides technical assistance and subsidies, and by the JBIC, which provides loans; promoting integrated water resource management and an efficient and sustainable supply of drinking water is a core priority.

**An unprofitable agricultural deficit.** Japan has maintained a very high level of agricultural protectionism for historical, political and sociological reasons. This has allowed the country to protect its rice output, which is strategic for the population, but also its agricultural activities in general, which ensure a social safety net in the event of economic vicissitudes. But apart from rice production, where Japan is self-sufficient, the country's agricultural dependence is growing, for the external pressure from the WTO, obliging Japan to dismantle tariffs, is compounded by the internal pressure of massive urbanisation. Maize is used to a large extent for animal feed, and maize imports are rising steeply. Japanese purchases benefit mainly the United States, however, so that Japan's agricultural trade relations with the Euro-Mediterranean are fairly limited. Taking the region as a whole, France is the country which trades most with Japan, mainly by exporting wine and spirits.

**JAPANESE STATE DEVELOPMENT AID  
IN THE WATER SECTOR, 1973-2004**



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**RUSSIA AND UKRAINE, EMERGING ACTORS**

In the north of the basin, the EU has been developing an effective economic partnership with the Russian Federation since the 1990s. However, although trade between the two partners is becoming consolidated – the EU is Russia's primary trading partner – agricultural trade is still limited. The EU Mediterranean countries trade very little with the Federation, although Italy nevertheless accounts for approximately 10% of EU exports to Russia. Turkey, on the other hand (which ranked 5th for exports and 9th for imports in 2005) is one of Russia's primary trading partners due to intensive "suitcase trading". Russia has recently extended its

field of action through efforts to develop closer relations with the southern Mediterranean countries for various reasons, including diplomatic reasons, since it has been participating in the Organisation of The Islamic Conference in an observer capacity since 2005.

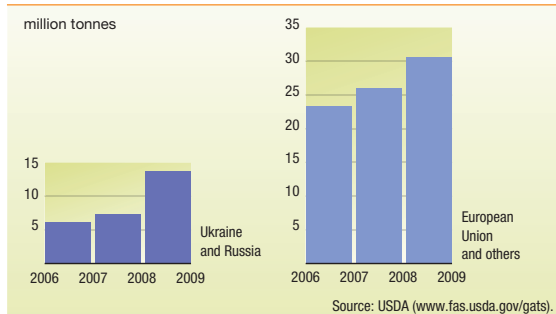
Economic relations focus mainly on the energy sector, with the exception of Egypt, which imported 8 million tonnes of Russian wheat in 2009. Cereals are in fact a strategic product for Russia, as was underlined by the country's declared intention at the first cereals summit organised by the Russian President in January 2009. Russian land consists of 40% chernozems – very deep, humus-rich soil. It is thanks to these veritable food reservoirs for crops that Russia has regained its position as the third largest cereals exporter in the world. With an investment policy that is in its infancy, the country could make cereals the basis of its food power, which is particularly useful in a strategic region like the Mediterranean. For the time being, however, Algeria and Egypt have been criticising the quality of Russian wheat.

Ukraine also has tremendous cereals potential, which is doubtless even greater than that of Russia in terms of exports, since larger quantities could be exported: the country's output potential can be reasonably estimated at 100 million tonnes a year compared to 130-140 million tonnes in Russia, but Russia's population is three times that of Ukraine (Ukraine has 14 million inhabitants compared to Russia's 150 million). The Ukrainian territory consists of a vast plain stretching for over 100 kilometres from east to west and 600 km from north to south with 40 million hectares of chernozems in the vast basin of the river Dnieper. As soon as this country is able to invest substantially in agriculture – a process that is already under way with the inflow of foreign capital in particular – it will also be able to

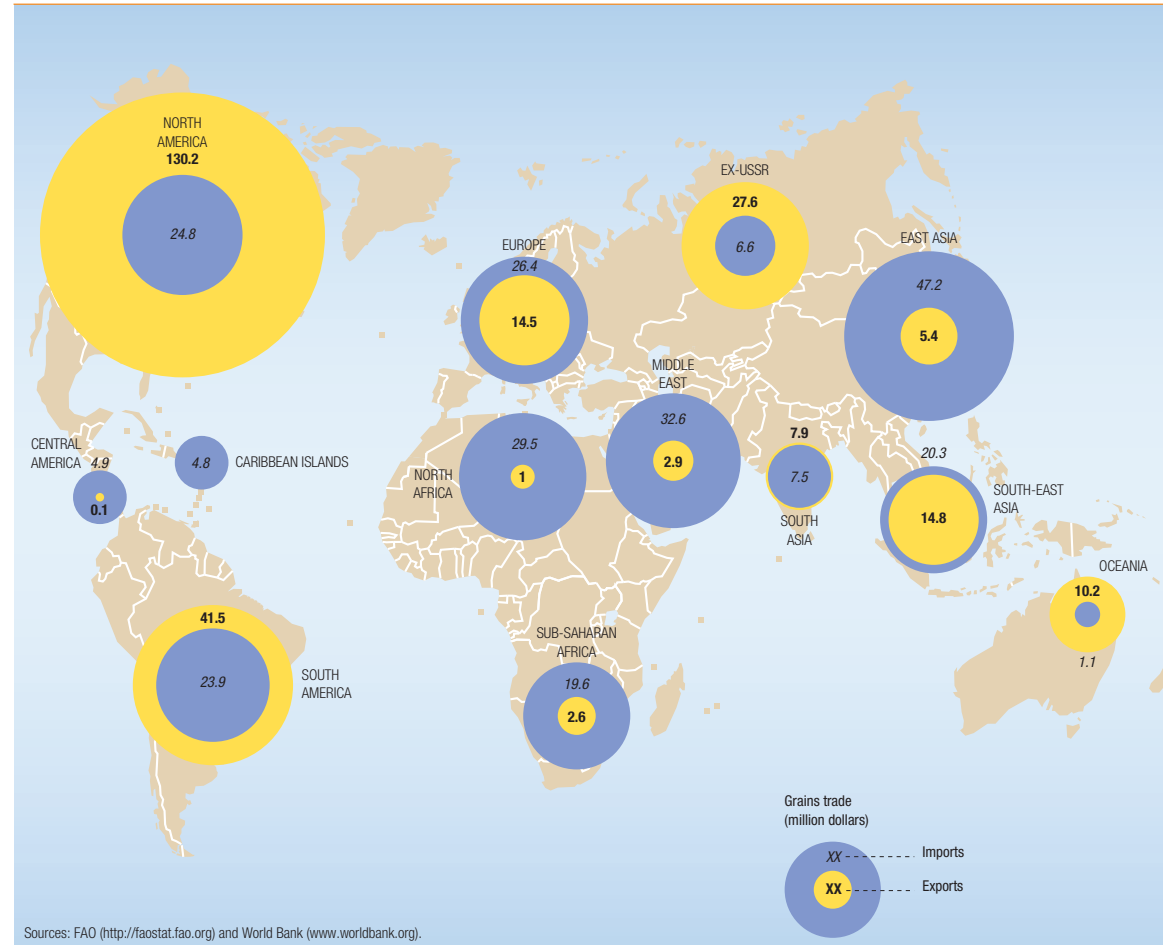
become a new strategic actor in the Mediterranean region, particularly if energy trading opportunities develop – with Algeria, for instance.

At the world level, North Africa and the Middle East offer huge cereals markets for these countries, which are now emerging after decades on the sidelines of world trade. Given the high level of dependence of the Mediterranean region, the basin could be the theatre of strong competition, in which the countries on the northern shores are unlikely to be the winners. ■

**UKRAINE-RUSSIA: TREND IN WHEAT IMPORTS IN NORTH AFRICA AND THE MIDDLE EAST**



**GRAINS TRADE, 2007**



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