

3 *Agriculture and the economy*

3.1 - Development of the national economies

Contrary to the year 2000, there was a slowdown in growth in 2001, and this trend was accentuated by the events of 11 September in the United States. This situation brought a decrease in the prices of staple commodities, and particularly oil prices, falloff in demand and, consequently, a decrease in the output of the various branches of industry, resulting in turn in rising unemployment in the industrialised countries (5.8% and 5.5% in the United States and Japan respectively, as against 3.7% and 4.4% of unemployment registered in those countries in 2000). According to the estimate of the International Monetary Fund, the global economic growth rate was 2.4% in 2001 as against 4.75% in 2000 and 3.3% in 1999. The United States registered an economic growth rate of only 1% in 2001 compared to 4.1% in 2000. The trend was the same in the euro zone, where the economic growth rate fell from 3.4% in 2000 to 1.5% in 2001, and in Japan, which registered a negative growth rate in 2001 (- 0.4%) as against 2.2% in 2000. The volume of world trade dropped off considerably, since a growth rate of only 2.2% was registered compared to compared to 12% in 2000.

The poor global economic situation had of course repercussions on Mediterranean economies, although results differ slightly from one country to another depending on its level of integration into the world economy.

In the Maghreb countries the results achieved in the agricultural sector continued to have a major influence on overall growth.

In **Morocco**, the results of the 2001 farm year showed an increase of 27% and, although the level remained very average, they boosted the growth rate from around 1% to 6.5%. Growth also benefited from the recovery in other sectors such as energy, mining and construction and public works (where production increased by 8.1%, 7.5% and 5.8% respectively). The processing industries increased their production by 4.2%, the agro-food industries doing slightly better than the others in this group, since they achieved an increase of 4.5%. And finally, the development in the commerce and services sectors was mediocre (3% for the former and 1% for the latter).

Paradoxically, the appreciable growth in GDP achieved in 2001 was accompanied by a decrease in investment rate of 1½ percentage points from 24% to 23.5% of GDP. However, this level, which was the same as that registered during the period from 1998 to 2001 (23.3%), is still higher than the level registered in the period from 1994 to 1997 (20.6%). This is to be explained by the decline in private investment, which was not sufficiently offset by the 10% increase in public investments. However, despite the fact that the servicing of the national debt absorbed one-third of state revenue, the State increased its ordinary expenditure by

11% and managed to contain the budget deficit within 2.7% of GDP. The events which enabled the State to cope with all of this expenditure was the sale of 35% of the capital of Maroc-Telecom to Vivendi Universal for 2.3 billion dollars (6.1% of GDP). Thanks to this windfall - but also thanks to an exceptional influx of transfers of funds by Moroccans living abroad (amounting to 36.2 billion dirhams, a 57.5% increase over the previous year), the balance of payments on current account showed a surplus of 4.9% of GDP (whereas it had only been balanced once since the end of the 1980s) and the country's foreign exchange reserve reached a historic record level of almost 10 billion euros, i.e. the equivalent of 11 months of imports (compared to an average of slightly less than 6 months in the period from 1998 to 2000).

But the Moroccan economy nevertheless remains fragile. A primary sign of this weakness is the trend on the Casablanca Stock Exchange, where the general index fell considerably in 2001 registering a decline of 7.4% (after decreases of 3.3% and 15.3% in 1999 and 2000 respectively), which brought it back down to its 1997 level. Stock market capitalisation was further eroded by 11% and, at 104 billion dirhams, it confirmed the loss of almost 40 billion dirhams since 1998²³. The volume of transactions dropped to 24 billion dirhams and was thus 4 times less than the levels achieved four years ago.

Without privatisation the budget deficit might have been two or three times as high and is bound to increase further in the future in view of the fact that ordinary resources are less and less adequate for covering ordinary expenses, which cannot be cut down and are steadily increasing. The negative trade balance was almost the same as the level recorded the previous year; at 11.5% of GDP it produced an import-export ratio of 64.8%, which was 3 percentage points below the average for the 1998-2000 period²⁴. The marked decrease in purchases of capital goods is also worrying for the future. The appreciable decrease in the country's foreign debt (from 19.3 to 14.2 billion dollars between 1998 and 2001 or from 52% to 43% of GDP) was the best performance achieved over the past few years. It was counterbalanced, however, by the increase in the domestic debt, which grew from 131 to 176 billion dirhams and from 38% to 46% of GDP during the same period)²⁵;

²³ O. Drissi El Bouzaidi: 2001: Année de tous les espoirs et de toutes les déceptions (*Year of all hopes and disappointments*), La Vie Economique, 4.1.2002.

²⁴ Since the figures quoted here have been issued by the Ministry of Economic Affairs and Finance they are different to those presented in Appendix 5, which have been published by the Ministry of Agriculture. This is probably to be explained essentially by the fact that the statistics published by the latter Ministry do not always take account of the "temporary entries without payment", whereas the Ministry of Economic Affairs and Finance now integrates them into its calculations and has thus rectified its long-term series.

²⁵ O. Drissi El Bouzaidi: Dette : la Stratégie des vases communicants (*Debt: the strategy of communicating vessels*), La Vie Economique, 8.3.2002.

the result of all of these developments was that the overall debt decreased by scarcely one percentage point, dropping from 90% to 89% of GDP. Inflation rate was no doubt a further positive aspect, slowing down even further compared to the previous year despite the upswing in growth.

The cost-of-living index rose by an annual average of 0.6% as against 1.9% in 2000. Over the period from 1998 to 2001 the annual average rate was 1.7%, which was less than half of the equivalent rate registered during the 1994-1997 period. The performance registered in 2001 is to be explained essentially by food prices, which were the only prices which dropped - by 1% (compared to a rise of 1.6% in 2000).

The unemployment rate is reported to have been brought down from 13.6% to 12.7% between the last quarter of 2000 and the last quarter of 2001, decreasing both in urban zones (21.5% and 19.9%) and rural areas (5% and 4.6%), although the figures for the rural areas are highly questionable since only persons who have registered as unemployed and are seeking employment are counted as unemployed.

With a per capita income of only slightly more than 1180 dollars in 2000, Morocco is classed in the 128th position on the World Bank list of 204 countries, behind all of its neighbours in North Africa (1580 \$ for Algeria, 2100 \$ for Tunisia, and 1490 \$ for Egypt)²⁶. Considered on the basis of the UNDP Human Development Indicator - which synthesises per indicators of capita income, life expectancy and level of education - Morocco dropped back to in the 2002 report from 112th position to 123rd position (on a list of 173 countries), i.e. to practically the same level as it was in 1998 and at all events behind all of its neighbours in the region (rank 64 for Libya, 97 for Tunisia, 106 for Algeria, 115 for Egypt...)²⁷.

In **Algeria**, 2001 was the third year in succession where the GDP growth rate (in volume) was lower than in the previous year (1.5% as against 2.5% in 2000)²⁸. But this time the decrease was not due to poor performance in the agricultural sector. It was hydrocarbon prices that slumped resulting in a negative growth rate in the hydrocarbons sector (-1.6% in volume and -6.3% in price), which in turn brought the GDP growth rate down. All of the sectors achieved a positive growth rate except for hydrocarbons and construction and public works (-2.3%); the positive variation in growth rate was very slight in industry (+0.9%) and very moderate in the services (+1.7%). The agricultural sector "retrieved" the situation with a variation of +15.4% between 2000 and 2001. Thanks to the results achieved in this sector the

²⁶ World Bank: World Development Indicators 2002, cf. website: <http://www.worldbank.org/data/wdi2002/tables/table1-1.pdf>.

²⁷ UNDP: Human Development Report 2002 (website: www.undp.org)

²⁸ The National Economic Council argues that a growth rate of approximately 6% for ten years in succession is needed in order to hope to be able to reduce unemployment substantially (Mesbah, 2002).

gross domestic product excluding hydrocarbons achieved a higher growth rate than in the previous year (4.6% as against 1%).

In order to improve the functioning of the economy the government decided to launch an economic recovery plan in 2001 (525 billion DA - approximately 6.5 billion US\$ - to run for four years from 2001 to 2004) consisting of measures to boost public investments and provide support for the investments of certain private operators (farmers, young investors, etc.). It was no doubt due to this plan that final consumption (and in particular household consumption) expenditure was increased, whereas, strangely enough, gross fixed assets accumulation registered a positive growth rate, which was however lower than that achieved the previous year (variation of -0.2%).

After the negative rate recorded in 2000 (-0.6%), inflation returned in 2001 at a rate of 3.5%. This phenomenon no doubt also explains the growth in (the volume of) imports (-0.9% in 2000 and 3.9% in 2001), whereas negative growth of -2.2% was registered in the volume of exports (exports excluding hydrocarbons decreased even more sharply at a rate of -12.8%; this figure does not include exports of services, which grew by 2.4%). In order to ensure cautious management of banking liquidities and to mitigate the potential inflationary effect, the Bank of Algeria reactivated the reserve requirement instrument as the main indirect instrument of monetary policy.

Despite a drop in the average oil price (22.4 US\$ per barrel in 2001 compared to 26.8 US\$ in 2000) the foreign exchange reserve improved considerably in 2001 reaching a level of 17.9 billion dollars (11.9 billion dollars in 2000). As a result, the exchange rates were virtually stabilised in 2001 - the dinar lost only two points on average. It was thanks to this reserve, which had been severely criticised because it was not being used to boost the economy, that it was possible to launch the recovery programme mentioned above.

The favourable balance of payments decreased by 21% due to the drop in oil prices. Imports increased slightly in volume (3.9%) but even more in price (5.1%). Contrary to the situation in 2000, exports dropped both in volume and in price in 2001 (-2.2% and -8.2% respectively). There was a marked decrease in the volume of goods exports excluding hydrocarbons (-12.8%) but their prices improved slightly (3.5%). Exports of services improved in terms of both price and volume.

With regard to the foreign debt, debt servicing in relation to exports of goods and services increased from 20.75% to 22.61% due to the decrease in exports. However, the consolidated stock decreased by 11% between 2000 and 2001. The foreign debt benefited from 2 conversions into investments through the creation of the Kuwaiti investment fund and the transformation of part of the Libyan deposits with the Bank of Algeria into investments. Spain converted 40 million dollars of Algeria's debt to Spain into investments and is planning to reach the 100 million dollar

mark, i.e. 10% of the Algerian debt. Italy and France have submitted applications with a view to carrying out similar operations (Sakhri, 2001).

As regards the social field, the unemployment rate is reported to have increased from 29% to 29.8% and the economic recovery programme is said to have achieved impressive results. According to the authorities concerned, that programme provided for the creation of 230,000 jobs, over three-quarters of which are permanent jobs; 56% were created through agriculture and 19% in the housing sector²⁹. At all events, it must be noted that the unemployment level based on the statements of individuals is highly overestimated. A survey conducted across the country by the departments of the Labour Inspectorate in collaboration with the departments of the National Social Insurances Fund - involving 7,679 employer organisations employing a labour force of 42,310 wage and salary earners - showed that only 24,772 (58.5%) of these workers are legally declared.

The Algerian banking system is often accused of inefficiency and overcautiousness with regard to risk. In order to mitigate these criticisms the government adopted a modernisation programme financed by the European Commission, which provides support for the Treasury and Central Bank of Algeria as well as for the Algerian banks in the public sector, insurance companies and other actors in the finance sector.

Although **Tunisia** achieved a growth rate of 4.9% in 2001 as against 4.7% in 2000, this rate was still lower than the forecast of 6.2% of the economic budget. The annual average growth rate throughout the Ninth Plan (concluded in 2001) thus works out at 5.5% compared to a forecast of 6%.

This rate was achieved despite the fairly poor farm year and the difficulties encountered in the air transport and tourism sectors following the events of 11 September in the United States. It was realised essentially as the result of the sustained rate of exports of the manufacturing industries (excluding foodstuffs), which grew by 24% compared to the previous year. These products accounted for 82% in value of total exports in 2001.

The indebtedness rate was around 52% in 2001 - practically the same level as the previous year - and debt servicing amounted to 15% of current receipts, whereas it represented 19.4% in 2000.

Inflation rate in reference to the average price index was lower in 2001 than in 2000 (1.9% and 2.3% respectively) due in particular to the low rise in foodstuffs prices: +1.7% compared to 4.5% and 2.5% in 2000 in 1999 respectively. The rise in prices excluding foodstuffs was around 2%, i.e. the the same level as in 1999 (1.9%).

²⁹ Note the incoherence of the data: on the one hand, the national accountants announce negative growth in the value added of the construction and public works sector, whereas other government sources report a high growth rate in employment in the same sector!

The volume of total investments increased by 10.4% in 2001 compared to the previous year, thus amounting to almost 26% of GDP. The share of the private sector in investments amounted to 56% of total investments. In the agricultural sector and fisheries investments were lower than forecast, amounting to approximately 930 million dinars, which was an increase of only 4.5% compared to the previous year. They amounted to 12.2% of total investments as against 13% in 2000.

Exports increased by 14.5% (at current prices) in 2001 compared to a growth rate of 12.5% the previous year. The increase in the value of exports in 2001 was due mainly to the mechanical and electrical products sector (+27.7%) and the textiles sector (+19%). After the decrease registered the previous year in agro-food exports (-11%) a significant improvement was achieved with a growth rate of 6.7%. Agricultural exports accounted for 6% of total exports, whereas the percentages in 2000 and 1999 were 7.5% and 10.2% respectively.

Total imports also increased by almost 16% in 2001.

All in all, in the foreign trade sector Tunisia achieved an overall import-export ratio of only 70% in 2001 as against 68% in 2000. The agro-food import-export ratio deteriorated on the other hand with a rate of 75% in 2001 compared to 81% in 2000.

In **Egypt**, the GDP growth rate dropped slightly in 2001 compared to 2000 (4.9% as against 5.1%) due essentially to the crisis in the tourist industry, although the level maintained was higher than the average of the 1990s (4.4%). The trade balance improved, the deficit decreasing from 11.5 billion US\$ in 1999-2000 to 9.3 billion US\$ in 2000-2001. The balance of payments deficit consequently decreased in the same period from 3 billion to 853 million US\$.

In as is the case with the other Arab countries in the Southern Mediterranean, Egypt does not attract much foreign investment: only 1 billion US\$ in most years, despite the various incentives offered by the State.

The **Lebanese** economy is suffering from a huge foreign debt (which is growing at a pace of 207% and is absorbing 93% of state revenue), large budget deficits and worrying inflation and unemployment rates. All of this is due to the political situation in the region, which is adversely affecting business and the attitude of foreign investors. The GDP growth rate was only 1.5% in 2001. As regards foreign trade, the negative trade balance is growing annually by 16.15%, despite the 24.5% increase in the value of exports between 2000 in 2001. But imports also increased in value by 17.1%.

The economic situation in **Turkey** deteriorated considerably in 2001 compared to 2000. There was negative growth in real GDP of -6.1% at constant prices, whereas a

growth rate of 7.2% had been registered in 2000. This is to be explained by the poor performance in all sectors: agriculture (-5.8% compared to 4.1% in 2000), industry (-5.7% compared to 5.6% in 2000), construction and public works and services (-6.5% compared to 8.7%). The inflation rate in 2001 was as high as it had been in 2000 (54.9% and 54.5% respectively). The exchange rate of the Turkish lira against the US\$ depreciated by 114% on average between 2000 in 2001. Exports were consequently encouraged, and the export-import ratio was 115% in 2000 and 132% in 2001.

In **Greece**, since the last elections in 2000 the government has been pursuing an economic policy which aims to achieve more rapid growth, to combat unemployment, to continue the measures to restructure the economy (including the privatisation of several large public enterprises), to introduce a more flexible employment system, and to improve the quality of life. In addition to local public and private investments, these efforts are benefiting from the resources provided by the third "*Community Support Framework*" (CSF, 2000-2006) amounting to approximately 51,357.3 million euros. Despite the availability of this financial support and despite the 8.5% growth rate in gross fixed capital formation achieved in 2001 - a higher rate than the rate achieved in 2000 (7.8%) - the GDP growth rate was only 4.1% in 2001, whereas a rate 4.3% was registered in 2000. This growth recession is no doubt to be explained by the decline in the growth of both private consumption (from 3.2% to 3.1%) and in particular public consumption (from 2.3% to 1.8%). The inflation rate rose, on the contrary, from 3.2% in 2000 to 3.4% in 2001, due in part to the fact that wages in Greece increased at twice the rate of the wage increase registered in the European Union.

There were several favourable developments in the Greek economy, however. The unemployment rate dropped, for example, from 11.2% in 2000 to 10.4% in 2001, whereas the state budget registered a surplus of 0.1% of GDP in 2001, replacing a deficit of 1.1% in 2000. In as a result, the budget surplus rose from 6.2% in 2000 to 6.6% in 2001. Furthermore, the national debt also decreased, amounting to 99.6% of GDP in 2001, whereas it amounted to 102.7% of GDP in 2000.

In **Italy**, the gross domestic product evaluated at constant prices increased by 1.8% in 2001 compared to the previous year, which was a marked slowdown compared to 1999, when a growth rate of 2.9% was registered. The value added for the economy as a whole increased by 1.7% in real terms. Growth was sustained in particular in the services sector, with an increase in value added of 2.6% in real terms. Industry registered a decrease of 0.9% in real terms, whereas the contribution of the agricultural sector was negative, with a loss of 1%.

The drop in GDP growth rate was the result of a steep decline in overall demand, which only increased by barely 1.4%, after the 4.3% growth registered the previous year. The decrease in demand growth rate itself was due to the slowdown in world demand, which registered a growth rate of only 0.8% (whereas domestic demand increased by 1.6% in real terms).

Inflation rose slightly from 2.5% in 2000 to 2.7% in 2001, a fact which is to be attributed to certain supply factors (the weakness of the euro and the upswing in the agro-food sector due to the meat market).

The marked decline in investments compared to the previous years - the growth rate was 2.4% in real terms - is to be explained by the decrease in demand. However, there was an upward trend in private investments in agriculture. Goods exports showed an improvement compared to the previous year (+3.6%), whereas goods imports remained at practically the same level (+0.6%). This is to be explained by two factors: *i*) the depreciation of the euro, which promoted exports by making them less expensive, and *ii*) the change in the composition of world trade in terms of products, which was a consequence of the drop in demand for high-technology products which promoted the performance of Italian exports geared to traditional sectors and sectors with a moderate level of technology.

The improvement achieved in 2001 also concerned employment: there was a further decrease in unemployment level from 10.6% in 2000 to 9.5% in 2001.

In **France**, after two satisfactory years the growth rate was maintained in the first six months of 2001 but, taken as a whole, the year was marked by growth recession due to the effects of the rise in hydrocarbon prices and to the disappointments in the high-technology sector, whose effects were felt in the US economy and, in turn, in the world economy from the first quarter of 2001, and this trend was of course accentuated after 11 September, when the recession affected all services. There was an overall downward trend in world trade in 2001 after a decade of high growth, and this had significant effects on the European and French economies.

The only indicator which remained favourable throughout the year was household consumption, where an increase of 2.6% was registered. On the other hand, the general trend in exports and investments - the mainspring of growth - was unfavourable. The average increase in investments calculated for the year as a whole was in fact the result of an increase in the first six months comparable to the increase achieved in 2000 (+6%) and of the decline in the course of the second six months.

The most remarkable development was registered in foreign trade; after the 2-digit growth rates registered in previous years, the volume of both exports and imports stagnated in 2001 (in particular, intermediate goods and capital goods imports decreased as the result of the slowdown in domestic activity), which meant that a slightly favourable trade balance was maintained again this year. In the services sector there was of course the drop in tourist revenue, a very important item in France, following the events in New York.

The general price trend in 2001 was on average close to the trends registered in

previous years (+1.7% for the consumer price index, +1.4% in for the GDP price index), but this average stability also conceals a difference in trend between the first and last six months of the year: after developments in the first six months which pointed to a return to inflationary trends, particularly as regards foodstuffs, prices dropped slightly in the third quarter - a trend which is to be explained essentially by the downward trend in oil product prices.

Contrary to the situation in 2000, the increase in household incomes was due more to an increase in earned incomes than to any improvement in the employment situation. An increase in hourly wages of 5.1% was registered, to be explained essentially by the mechanical effects of the reduction in working time (following the application of the laws on the 35-hour week), but also by the priority upgrading of the lower wage brackets. Despite the growth recession, jobs were created in 2001 but to a much lesser extent than in previous years; the effects of the voluntarist policies to promote employment seemed to be wearing off, and the steady decrease in unemployment which had been observed since 1997 was interrupted, the lowest unemployment rate being recorded in June at 8.6% of the working population. Although there was a decrease on average compared to 2000, the increase in the second half of the year was not due solely to the economic cycle, and the trend observed at the beginning of 2002 confirms this rise.

In **Spain**, the crisis in the world economy was reflected by a decrease in the GDP growth rate from 4% (or more) in the course of the 4 previous years to 2.8% in 2001.

This GDP growth rate was due to the subdued growth in private consumption (2.8%) and in gross fixed capital formation (2.5%). The negative contribution of net exports to GDP (-0.1%) is to be explained by the steep decline in exports compared to imports in a global environment marked by crisis.

In the inflation field Spain distinguished itself with a 3.6% rise in prices, which was higher than in 2000 (3.4%) and is above the European average of 1.5%.

As regards unemployment, the situation continued to improve in 2001 but at a much less sustained rate than was the case over the past few years: unemployment rate dropped from 14.1% in 2000 to 13% in 2001.

And finally, despite a low growth rate (2.8%) compared to the forecast (3.6%), the budget was balanced for the first time since 1975.

In **Portugal**, the economic growth rate was 1.7% or 1.9% depending on the estimate. It was approximately equivalent to the average rate registered in the European Community and is said to be explained by a slowdown in consumption and investments on the one hand and by the decrease in the export growth rate (2.9%) compared to the government's forecast (8.4%) on the other.

The adjustments in household consumption and business investments also resulted in a marked slowdown in imports (0.9% of growth observed compared to 7.1% in the government's forecasts). This led to a decrease in the trade deficit for the first time since 1995.

On the supply side, although the construction and services sectors were still the most dynamic in 2001, they nevertheless registered decreases - from 4.9% to 2.9% and from 4.5% to 3.4% respectively. Industry maintained its growth rate of 2%, and the falloff registered in the primary sector (agriculture-forestry-fisheries) was -1.5%.

Despite the trend in consumption, inflation rate rose from 2.8% in 2000 to 4.4% in 2001 (only 2.5% in the euro zone) and was the highest rate achieved in the period from 1995 to 2001. According to the IMF this is to be explained by the rise in wage costs, and according to the European Commission experts it is due to the rise in the prices of oil and certain foodstuffs (which increased by 6.7%) and to the fact that prices in Portugal have caught up with European prices.

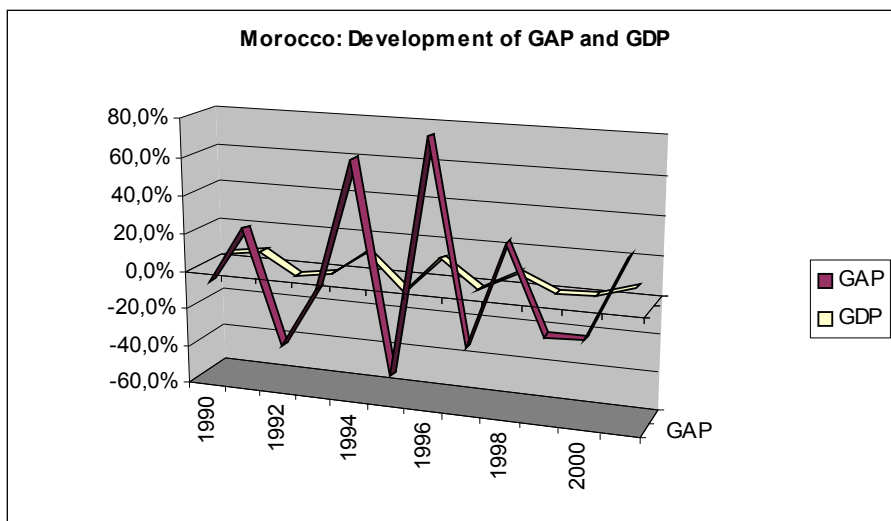
The same variation in employment was registered in 2001 as was registered in the working population. The annual variation in employment decreased slightly (from 1.7% to 1.6%). The unemployment rate has remained very low over the past few years (4.1%), one of the lowest rates in Europe.

3.2 - Agriculture and food in the national economies

In all of the southern Mediterranean countries agriculture plays a fundamental role in the general economy, although that role is declining in the longer term.

In **Morocco**, the high correlation between the level of agricultural production and the level of production in the economy as a whole is constantly confirmed and is significantly expressed in the diagram below. Of course the variations in gross agricultural product from one year to another are particularly marked (+78.2% in 1996; -26.5% in 1997; +27.9% in 1998; -16.7% in 1999 and -14.7% again in 2000, then +27.3% in 2001), but the variations in total GDP are so affected by these results that they follow them closely as they fluctuate up and down (+12.2% in 1996, -2.2% in 1997, +7.7% in 1998, -0.1% in 1999, +1.0% in 2000 and +6.5% in 2001). Observed over a long period, however, this trend of strongly contrasting levels cannot conceal the essential factor: the persistent stagnation in agricultural output. For in the period from 1998 to 1999 Morocco's gross agricultural output showed an "average annual growth rate" which was simply zero³⁰.

³⁰ Directory of the agro-food economies of Mediterranean and Arab countries, Médagri 2002, CIHEAM-IAMM, p.19.

Figure 3.1 - Development of GAP and GDP in constant terms, 1990-2001

The share of agricultural production in GDP was still below 15%, although, after dropping to 11.5% in 2000, it went up again to 13.8% in 2001. This level, which is incidentally virtually identical to the average level for the period from 1998 to 2001, is almost 3 percentage points behind the average rate recorded at the beginning of the 1990s (16.6% in the period from 1990 to 1993). This shows that over and above the annual variations related to changes in weather there is still a marked, although slow, downward trend in the share of agriculture in the total gross product of the economy. This being so, it is known that the impact of agriculture on the Moroccan economy can be explained more plausibly by the spillover effects generated by agricultural activity in the other sectors, and these effects themselves can be better understood when one knows that 47% of the Moroccan population still live in rural areas and that over 80% of incomes are still from agriculture³¹.

With regard to foreign trade, the Moroccan agricultural sector seems to tend to serve the local market better than export markets. For agricultural imports actually dropped from 22% of total imports in 1997-1998 to 17% in 2000-2001. In the same period agricultural exports dropped from 20% of total exports to 10%. But this still did not prevent the agricultural import-export ratio from dropping from 53% to 40% over the same period. This is due to the fact that agricultural exports decreased by 11.3% between 2000 and 2001, whereas imports increased by 13.4%.

In **Algeria**, due to a higher production rate in 2001 compared to 2000 and to the decrease registered in the value of hydrocarbon production there was a relative

³¹ Ministry of Agriculture, Rural Development and Maritime Fisheries, General Agricultural Census, Preliminary Results, Rabat, September 1998.

increase of 1 point in the value added by the agricultural sector, but with a share of 8.9% agriculture still ranks last but one (before the industrial sector) as regards contribution to GDP, sharing that position with the construction and public works sector but behind the services provided by the public administrations (12.7%) and market services (19.4%).

With regard to employment, according to a survey conducted by the National Statistical Office of Algeria, agriculture absorbs 21% of the working population and ranks after the commercial sector and the services, which employ 54.6% of the working population; the remainder is distributed between industry (13.8%) and construction and public works (10.4%). The Ministry of Agriculture reports that employment in agriculture increased in 2001 by 171,000 permanent or equivalent jobs. This is to be explained by the substantial subsidisation of foreign investments, which involved a total of 147,500 projects in 2001.

As regards foreign trade, the agricultural sector achieved a slight increase in exports in 2001 (67.6 million US\$ compared to 64 million in 2000), despite the decrease in date exports, by doubling its exports of hides and leathers. But the level of agricultural exports is still very low (approximately 0.3% of total exports). And agro-food imports continue to account for a large share of total imports (30.4% in 2001 as against 30.3% in 2000) despite the decrease in value of cereal and grain-mill imports.

In **Tunisia**, the share of gross agricultural product in GDP has decreased steadily over the last three years. It was 12.7% in 2001 as against 13.4% and 14.1% in 2000 and 1999 respectively. The AFI value added was practically the same as the value recorded last year, whereas the forecasts were relying on a positive growth of 2%. This stagnation is due essentially to the poor oil olive harvest. Taken as a whole agriculture contributed negatively to GDP growth in 2001.

Investments in the agriculture and fisheries sector were lower than forecast, amounting to around 930 million dinars, which was an increase of only 4.5% compared to last year. They accounted for 12.2% of total investments as against 13% in 2000.

With regard to agro-food exports, after the decrease registered last year (-11%) a significant improvement was achieved with a growth rate of 6.7% for a value of 670 million dinars compared to 628 million dinars in 2000. Although agricultural exports increased by 6.7%, they only accounted for 7% of total exports, whereas the percentages achieved in 2000 and 1999 were 7.5% and 10.2% respectively. On the other hand, agro-food imports increased by 14.9% and accounted for approximately the same share of total imports in 2001 as they did in 2000 (6.5% and 6.6%).

In **Egypt**, there were slight fluctuations in the share of agriculture in GDP in the period from 1995 to 1999 (17.3% and 17.4% respectively increasing to 17.7% in

1996). It then dropped to 16.6% and 16.4% in 2000 and 2001 respectively, although it is impossible to know whether this trend will continue. Yet there was a remarkable increase in the share of agricultural investments in total investments from 8.5% in 1995-1996 to 14.4% in 2001. This apparent contradiction is no doubt to be explained by the higher growth in the other sectors of the Egyptian economy.

In the employment field the Egyptian agricultural sector continues to be one of the main job suppliers in the country, since it absorbed 28.1% of the total available labour force in 2001. This share is slowly but steadily declining, however, since it was 30.6% in 1995 and 29.5% in 1997. This decrease is to be explained in part by the substitution of capital for labour, which is indicated by the increase in the share of agriculture in total investments. This share actually grew from 8.5% in 1995 to 12% in 1998 and 14.4% in 2001.

As is the case in the other North African countries, Egypt imports a large share of the food consumed by its population. Agro-food imports accounted for 20.2% of total imports in 2000 (20.6% in 1999), and the agricultural import-export ratio was only 14%.

In **Lebanon**, agriculture's contribution to GDP has been 8% to 12% depending on the year and lags behind that of the industrial sector, which contributes approximately 18%. The share of agro-food exports in total exports was 18.5% in 2001 (as against 18.8% in 2000), a fact which is quite surprising for a small country which is also quite mountainous. But agro-food imports still represented 17.4% of total imports, a slight decrease compared to the previous year (18.2%). Yet despite this, the agro-food import-export ratio increased from 11.8% in 2000 to 13% in 2001.

In **Turkey**, agriculture still holds a relatively important place in the economy despite the progressive decline that has been observed for several years. With a contribution to GDP of 13.5% in 2001 (the same as in 2000), the sector lags behind industry (28.5%) and the services sector (58.1%). But it plays a much more important role in the employment field: 36% in 2001 and 34.9% in 2000. These figures reflect the lower level of labour productivity in the sector, as is the case in the countries of the Southern Mediterranean. But despite this, the Turkish agricultural sector achieved an agro-food import-export ratio of 93% in 2000. The poor farm year in 2001 resulted in a decrease in that ratio (31%) on the one hand and an increase in the share of agro-food imports in total imports on the other: 15.2% in 2001 compared to 4.4% in 2000.

In **Greece**, agriculture still also plays a relatively important role compared to the other countries in the European Union, although the situation has changed considerably since the 1960s.

In the employment field the agricultural sector still used 17% of the total labour force employed in the country in 2000 (22.5% in industry and 60.5% in the

services), whereas the European average (EU-15) was only 4.3%. This proportion was 41% in 1970 and still 24% in 1990.

The agricultural sector still ranks high in the export field compared to EU countries: 22.9% in 2000, after achieving 28% and 29% in 1998 and 1999 respectively. This is to be explained primarily by the low volume of non-agricultural exports. The large volume of exports explains the high import-export ratio in the agro-food sector (81% in 2000).

In **Italy**, agriculture maintained its relatively important position in the economy in 2001, accounting for 2.4% of the total value added and 2.8% in real terms.

As regards employment, agriculture employs 5.7% of the working population. A new factor - and one which is extremely rare in a developed country - is the increase in the number of persons employed in agriculture in 2001 (+0.7%).

The share of agriculture in total trade in commodities was 8%, with no change between 2000 and 2001 (accounting for 9.6% of total imports and 6.6% of total exports).

In **France**, there has been a downward trend in the proportion of agriculture in GDP over the last 20 years: 3.8% in 1988, 3.1% in 1990 and 2.3% in 2000 and 2001. The same applies to the AFI sector: 3.2% in 1980 and 2.4% in 2001. All in all, agriculture and the AFIs together account for only 4.7% of GDP in France. As regards employment, the agricultural sector used approximately 3.4% of the working population in 2000, and there was probably little change in 2001. This share has decreased considerably since 1980, when it was 7.6%.

In **Spain**, the share of agriculture in total value added was practically the same in 2001 (3.57%) as it was in 2000 (3.68%). But its share in the employed working population is steadily decreasing (from 8% in 1998 to 6.8% in 2000 and 6% in 2001), whereas its share in the working population decreased from 7.1% to 6.3%, with the result that the proportion of agricultural unemployed in the total number of unemployed persons decreased slightly in 2001 (8.4% compared to 8.8% in 2000).

The share of agriculture in foreign trade increased from 12.5% to a total of 13.3% with an almost identical increase in the share of the agro-food sector in exports (from 14.7% to 15.6%) and in imports (from 10.8% to 11.5%).

In **Portugal**, the share of agriculture in the product of the Portuguese economy has remained stable over the past few years (2.9% and 3.1% of the value added in 2000 and 2001) after the sharp decline registered in the period from 1990 to 1997 (6.1% and 3% respectively). Although the agricultural sector shows a long-term trend of more moderate growth than in the economy as a whole, the sharper or

more moderate decreases in the importance of agriculture are to be explained essentially by the various cycles of price variation.

With regard to employment, a much larger proportion of the working population is employed in agriculture than is the case in the other EU countries (11% and 10.6% in 2000 and 2001 respectively).

As for the AFIs, their share of value added has been decreasing slightly over the past few years: 6% in 1990; 5.7% in 1995; 5% in 2002. Their share in total employment remained stable in 2000 and 2001 (2.3%).

As regards foreign trade, agriculture plays a very minor role in total exports: 1% in 2001 and 0.9% in 2000. The AFI share of total exports decreased slightly in 2001 compared to 2000 (3% and 3.2% respectively), although it is still larger than that of agriculture. The respective shares of agriculture and the AFIs in total Portuguese imports are fairly similar - 3.9% and 4.9% in 2001 - and there is little change compared to 2000. Portugal is more dependent than the other European Mediterranean countries. Its import-export ratio is only 20% and its AFI import-export ratio is only 47%. The overall import-export ratio for agriculture +AFIs is 35%.