

4 The agricultural sectors in the respective Mediterranean economies

4.1 - The Mediterranean economies in 2002

In 2002 the world economy failed to recover the buoyancy it had had at the end of the 1990s. The annual growth rate was only 1.7%. Although, despite all expectations, the United States – the driving force in the world economy – achieved a GDP growth rate of 2.4% (after a rate of 0.3% in 2001), the other major economic groups lagged behind in 2002. Negative growth was registered in Japan. The euro zone registered barely 0.8% growth due to the fact that it did not increase its budget expenditure to support the economy, contrary to the situation in the US, where the fiscal boost was in fact 2.7 points, whereas it was only 0.4% in the euro zone (due to the stability pact binding the EU countries). This less than brilliant situation of the world economy naturally had an adverse effect on the Mediterranean countries. Those in the north of the Mediterranean registered positive, but low, growth rates (0.4% in Italy, 1.2% in France, 2% in Spain, but with inflation rates higher than the European average). The southern Mediterranean countries – starting from a lower economic level – achieved better performances but were in general still a long way from achieving GDP growth rates which would give their economies any significant boost, Turkey being the only exception.

In **Morocco**, the growth rate was 3.2% in 2002 (to be compared with the 5% foreseen in the five-year plan for the 2000-2004 period) thanks to a fairly good farm year and despite the poor performance in other sectors of the economy. With the exception of the production of electricity and water, no other sector achieved a rate of progression matching the rate recorded in agriculture (5.6%). In the services sector, both commercial and transport and communication activities certainly increased in appreciable proportions (by 4.4% and 4.6% respectively), but on the other hand the growth rate actually declined in other sectors such as the building and public works and oil refining sectors and, to an even greater extent, the tourist industry, with decreases of -0.3%, -0.8% and -7.5% respectively compared to 2001. The mining and processing industries registered growth rates of 3.2% (as the result of a 4.8% increase in phosphate production) and 3.3%. The agro-food industries tended more to pull the overall rate down, since they only increased by 1.9%. But the decline in growth rate was even more marked in the textile and leather industry (-0.7%). However, other sectors achieved very respectable growth rates: basic metallurgy (16.3%), precision equipment (9.4%), chemical and paracheimical industries (5.4%), plastics and rubber (6%)...

These results were only possible because the resources obtained from the sale of Maroc-Télécom to Vivendi Universal were available and allowed gross fixed capital formation to progress by 6.8% in 2002, which meant that the investment rate improved slightly to 22.9% after the decline recorded the previously year. This

accumulation probably helped to alleviate unemployment to some extent, unemployment rate in urban areas having apparently decreased slightly to 20.1% in the fourth quarter of 2002 (compared to 20.3% one year previously).

As regards macroeconomic balances, the situation seems to be deteriorating in some respects and improving in others. Thus, for example, the cost-of-living index rose more steeply in 2002, an increase of 2.8% compared to barely 0.6% in 2001; this was due to the rise in food prices (+4.3%), since garment and housing prices only increased by 1.6% and 1.5% respectively.

The budget deficit, which had been contained within the very acceptable limit of 2.4% of GDP in 2001, deteriorated in 2002 to 4.6% of GDP – despite a slight increase in tax pressure (22% compared to 21.9%). This shortfall is to be explained primarily by the fact that the privatisation of the tobacco monopoly and several other enterprises of lesser importance, which was scheduled for 2002 and was to bring in over 12 billion dirhams (almost 3% of GDP) was not in fact carried out. However, since the enterprise in question was finally sold during the first six months of 2003, the situation was reversed again, creating a certain degree of financial ease, which in turn raised many hopes...

As regards external balances, the balance on current account, which showed less of a surplus than the previous year, was contained at a satisfactory level (3.8% of GDP), despite the decrease in revenue from the tourist industry and transfers of Moroccan residents abroad and from foreign investments. The fact remains, however, that the situation regarding the trade balance is still worrying, with a deficit of the order of 44 billion dirhams (virtually the same level for the past 3 years), and an import-export ratio which is barely over two-thirds, although it does seem to have been improving slightly since 2000 (gaining 1 point each year).

It is to be noted furthermore that the Casablanca stock exchange, where 2 new indexes – the MASI and the MADEX¹⁷ – entered into operation on 1 January 2002, continued to accumulate shortfalls as it has been doing for the past 4 years: at the end of December 2002 the two indexes in question had registered drops of 16.5% and 24.4% respectively.

Despite this, operators on the main international financial markets seem to view Morocco favourably, since the country managed to procure a compulsory loan of € 400 million on the London market at the end of the first 6 months of 2003 without presenting any third party security and in good conditions in terms of cost and repayment schedule. This loan was admittedly intended exclusively for redeeming part of the costly external debt prior to maturity within the framework of the active debt management policy which has been implemented for several years. It must be added that this policy has had its effect, since the foreign debt stock in question

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Moroccan All Shares Index and Moroccan Most Active Shares Index.

decreased further in 2002 from 14.1 million dollars to 13.9 billion, and the corresponding indebtedness rate dropped from 42.6% to 34.7%.

In fact, in the 2003 report on the development indicators issued by the World Bank, Morocco, with a per capita income of approximately 1,192 US\$ in 2001, still comes 128th in a list of 203 countries, behind all of its North African neighbours (1,650 US\$ for Algeria, 2,070 US\$ for Tunisia, 1,530 US\$ for Egypt). According to the UNDP development indicator, Morocco's ranking has deteriorated in the 2003 report for the second year in succession, dropping from 123rd place to 126th place (on a list of 175 countries, and again it is behind all of its neighbours in the region...

In **Algeria**, the GDP growth rates in terms of volume – readjusted on the basis of new data concerning the previous years – have risen over the last 3 years from 2.2% in 2000 to 2.6% in 2001 and 4.1% in 2002. The growth rate in 2002 was achieved through good performance in the building and public works sector. It is to be noted that the non-hydrocarbon GDP growth rate was slightly higher (4.2%) than the overall growth rate, a fact which is an encouraging sign of general economic recovery in 2002.

All sectors achieved a positive growth rate except for agriculture (-1.3%) due to a year of unfavourable weather conditions. The reflation programme which was implemented in 2001 has thus been beneficial. It has benefited the building and public works sector in particular (+8.2%) and the services (+5.4%). The industrial sector progressed at a lower rate, from 2% in 2001 to 2.9% in 2002.

The increase in final consumption expenditure was low, the growth rate in that expenditure rising from 2.6% to 3%, whereas the growth rate in gross fixed capital formation rose sharply from 2.5% in 2001 to 7.6% in 2002, a development which is mainly to be explained by the reflation programme implemented in 2001 for the 2001-2004 period.

According to the National Statistics Office, inflation, which was negative in 2000 (-0.6%) and then rose again to 3.5% in 2001, dropped again in 2002 to 2.2% despite the increase in public expenditure due to the reflation programme. The CNES (National Economic and Social Council) estimates (2003), gives an even lower inflation rate of 1.4%. This downward trend in inflation is to be explained primarily by the low increase in agricultural commodity and food prices (the rise in prices dropping from 4.4% to 1.8%).

The foreign debt decreased again in 2002. It dropped from 33.5 billion US\$ in 1996 to 22.5 billion at the end of 2001 and 20.5 billion at the end of 2002 (Cherfaoui and Azzouz, 2003). The debt service ratio apparently dropped from 22% in 2001 to 21% in 2002. It is no doubt due to this favourable situation that the country risk has

decreased according to the COFACE (French Foreign Trade Insurance Company) (from 5 to 4 on a scale of 7)¹⁸.

At the social level, unemployment rate varied from 22% to 28%, depending on the estimate. According to the CNES, there were "signs of a downward trend in unemployment" in 2002. The CNES uses the figures supplied by the authorities, according to which 457,400 jobs have been created through the economic recovery plan, 49% of which are permanent.

The government is continuing to postpone the privatisation of enterprises in the public economic sector from one year to the next. The members of the boards of directors of the 28 state share capital management companies (SGPs), although already in office for almost a year, were not officially installed until the end of 2002 by the Prime Minister, who is the president of the National Council of State Shares (CNPE), the supreme body responsible for managing public economic enterprises. The Prime Minister pointed out that "the ultimate objective of opening the public sector is to perpetuate enterprises and bring rapid growth in activities and employment". The new Prime Minister appointed in May 2003 does not seem to be in any more of a hurry to privatise the public sector than his predecessor, due to strong opposition from the trade unions and the forthcoming presidential elections in 2004. This situation of abeyance with regard to privatisation is having disastrous effects on the functioning of public enterprises since the sole shareholder, the State, prohibits them from effecting renewal investments on the pretext that the evaluations that have already been made with a view to privatisation must not be distorted.

IMF figures indicate that the GDP growth rate in **Egypt** dropped from 5.1% in 2000 to 3.3% in 2001, and the estimates only anticipate 2% in 2002 despite an 11% increase in revenue from the tourist industry in 2002 compared to 2001. The trade balance continued to improve, the deficit decreasing from 11.5 billion US\$ in 1999-2000 to 9.3 billion US\$ in 2000-2001 and to 8 billion in 2002; this is to be explained in part by the depreciation of the national currency against the US dollar (3.5% compared to 2001 and 48.7% compared to 2000). This decrease in the trade balance deficit was accompanied by an increase in employment rate, which rose from 7.7% to 8.3% and 9% over the same 3-year period.

Foreign direct investments remained stable, amounting to 532 million US\$ in 2002, which was a slight increase compared to 2001 (510 million).

Lebanon registered a GDP growth rate of 2% in 2002 and hopes to achieve a rate of 3% in 2003 and 2004. Its economy is suffering from a huge foreign debt (30 billion US\$, i.e. 173% of GDP), whose interest payments alone amounted to 18% of

¹⁸ The British risk consultancy firm "Control Risks Group", on other hand, classes Algeria in the "high risk" category (their ratings being "insignificant", "low", "medium", "elevated", and "high").

GDP and claimed 80% of the State revenue in 2002. The country convened a conference in Paris in November 2002 –at which 19 countries and international financial institutions took part – to find a solution to its debt problems. The participants promised 4.4 billion US\$ in soft loans, 3.1 billion being earmarked for reducing the government debt and the remainder for economic development projects. In return, Lebanon undertook to privatise more rapidly and to improve both its tax revenue and the efficiency of its administration. If all of the promises made at the Paris conference are kept, Lebanon hopes to achieve a balanced budget by 2006 with a GDP growth rate of 3.5% the same year. By that date the government debt will nevertheless still amount to 104% of GDP.

In the foreign trade field, imports decreased by 11.6% in 2002 compared to 2001, whereas exports increased by 17.5%. The deficit in the trade balance consequently decreased by 15.7%.

In **Turkey**, despite the uncertainty due to the elections, the GDP growth rate achieved in 2002 was 6.7% (whereas it had been negative in 2001 at -6.1%) due to solid growth in the industrial sector, which achieved a growth rate of 9.4%. This economic performance is to be explained by the adoption in 2002 of the revised 2002-2004 economic programme "for strengthening the Turkish economy"; this programme aims to make the economy more shock-resistant and less vulnerable through measures to combat inflation, control public expenditure and contain the increase in government debt. And indeed by the end of 2002 the inflation rate was only 29.7%, which is the lowest rate registered in the last 20 years. The appreciation of the Turkish currency no doubt promoted imports to the disadvantage of exports, which resulted in a larger deficit in the trade balance in 2002 than was recorded in 2001.

In **Albania**, despite the difficulties due to political instability at the beginning of 2002, the continuing energy crisis, the problems connected with the lack of liquidity due to the run on the banks during the months of April and May 2002, and the early autumn floods, the country nevertheless managed to achieve an economic growth rate of 4.7% (compared to the forecast of 6% made at the beginning of the year). Despite the fact that the growth rates registered in each economic sector fell short of the forecasts, demonstrating the weakness of these sectors, the positive trend in the structural changes in GDP continued in 2002. Efficiency improved in the construction and transport industries, where the growth rate was 9.1% and 10.1% respectively, whereas the services registered a rate of 5.5%. Although industry was affected by the energy crisis, it nevertheless recorded an increase in growth rate, albeit low: 2%. Agriculture recorded a growth rate of only 2.21%. The growth rates in the tourist industry were low but nevertheless showed expansion in all social strata and in the less developed regions of the country. The increase in GDP in 2002 was also accompanied by an increase in GDP per capita (1,499 US\$ in 2002 as against 1,332.6 US\$ in 2001).

An inflation rate of 2.1% was measured at the end of the year, whereas the mean rate for the year as a whole was 5.4%. The budget deficit amounted to 6.2%, which was less than forecasted (8.5%).

Public investments decreased compared to 2001, whereas the trade deficit and the current accounts increased; income from emigrants showed an upward trend.

Exports increased by 8% in 2002 compared to the previous year. The increase in imports was accompanied by an – albeit modest – improvement of import structure to the advantage of machinery, plant and other industrial products.

In **Italy**, the economic growth rate was fairly low in 2002 for the second year in succession. A 3.1% increase in GDP was recorded compared to the previous year, whereas the progression at constant values was only 0.4%. This low GDP growth was due to a large extent to low total demand (where an increase of only 0.6% was recorded) and to some extent to the progression in supply from foreign countries, which accelerated total imports. The climate of uncertainty which haunts the world economy was reflected in the development of the components of total demand. In particular, exports registered a drop of 1% (compared to the increase, albeit limited, of 3.4% registered in 2001). Domestic demand increased by 0.7%, which was far below the progression recorded in 2001 (1.8%). Taken as a whole, investments were the only aggregate which increased compared to the previous year, contributing by 0.3% to the increase in total demand and playing a modest but positive role of cyclical stabilisation. In particular, there was a slowdown in the GFCF (gross fixed capital formation) growth rate, which amounted to 0.5% (after the 2.6% growth rate recorded in 2001). The most marked slowdowns were observed in the transport sector (+0.2% in 2002 compared to 7.3% in 2001) and in the building and public works sector (0.3% in 2002 compared to 3.2% in 2001). Positive variations were registered on the other hand in stocks and valuables: +2.6%.

In the economy as a whole, value added at market prices progressed by 3.2% (0.4% in real terms). The growth at current values was sustained, particularly in the services sector, which registered a performance of +4.3%, a result which alleviated the negative results of the agricultural sector (-0.2%) and the far from brilliant results obtained in industry (+0.5%). At constant values, decreases were registered throughout, in particular in the primary sector (-2.6%) and in the secondary sector (-0.8%). The only positive result, +1%, was registered in the services sector.

The marked slowdown in household consumption in 2002 (0.4% in real terms) reflected the inflation-related erosion of available income, on the one hand, and on the other hand more hesitant consumption as a result of the awareness of less financial wealth and the various events which contributed to prolonging a climate of uncertainty throughout the year. And last but not least, the perception of the real

dynamic of consumer prices following the advent of the euro contributed to the slowdown in consumption.

With regard to foreign trade, a decline was observed in the trade balance surplus, which amounted to € 9.01 5 million; this was a marked decrease compared to the previous year, when a value of € 10.06 8 million was registered. In 2002, the decrease affected both imports (-2.4% compared to 2001) and exports (-2.7%). On the other hand, the reverse trend in imports and exports in the agro-food sector – where increases of 0.5% and 3.4% were recorded respectively – helped to limit the negative trade balance.

The subdued growth which characterised the Italian economy in 2002 did not have any adverse effects on the labour market. On the contrary, the number of workers increased by 1.1%, while the unemployment rate dropped further to 9%. This growth in employment concerned dependent employment in particular, due again to the services sector (+1.5%); there was also a slight increase in employment in industry (+0.7%), whereas there was a marked downward trend in the primary sector (-2.6%).

The inflation rate was 2.6% for the year 2002 as a whole; this was lower than the rate recorded the previous year due to the fact that, despite the slowdown in the economy, an increase was registered in fresh food prices and non-commercial services at the beginning of the year and in petroleum product prices in the autumn. Furthermore, prices in the services sector, particularly those less exposed to competition, remained buoyant throughout the year. In addition to all of these factors, there were the effects of the decline in productivity, which influenced labour per unit of output, preventing a downward trend in prices, at least in part.

In **France**, 2002 was marked by presidential and general elections. The arrival of a right-wing government did not have any significant effect on economic policy during its first year in power; major reforms were not introduced until 2003 (pension scheme, decentralisation, etc).

Income tax was reduced, however, in 2002, but this measure has not yet had time to have any real effect on consumption, and in the agricultural field the modulation of direct aids and Regional Farming Contracts (CTEs), emblematic measures of the previous government, were suspended; this decision was essentially political and was intended to satisfy the majority of the agricultural electorate. In fact, the CTEs were rapidly replaced by Sustainable Agriculture Contracts, whose principles differ little from those of the CTEs.

2002 was also the year of full transition to the euro, the fiduciary euro replacing the currencies of the countries of the EU in all current transactions on 1 January. The operation was not accompanied by any particular rises in prices thanks to the system of compulsory double price-labelling until 1 July and to the price freeze from 1 November 2001 to 1 March 2002 within the framework of the "Price Stabilisation Pact".

The general economic climate confirmed the slowdown in growth that had been registered in 2001. GDP grew by only 1.2% in 2002 as a whole, the main part of this growth having been achieved in the first 6 months.

Consumption, which had been the driving force for growth in 2001, progressed again in 2002 but at a lower rate than that of the previous 2 years: +1.2%. Household purchasing power grew by only 1.9% due to the sluggish labour market. Furthermore, the savings rate rose slightly, reflecting household uncertainty given the economic climate.

Exports picked up at the beginning of the year with the recovery in world demand, which affected mainly manufactured consumer goods but also agricultural commodities and agro-food products. The last 6 months of the year were less favourable, the effects of the appreciation of the euro, whose value in dollars rose from the 0.89 to 1.05 in the course of the year adding to the geopolitical uncertainty. All in all, the year ended with stability in exports in terms of value (despite a 1.5% increase in volume). Imports decreased, on the other hand, by a total of 2% despite the appreciable drop in import prices (-3.4%); the increase in import volume was very limited.

The driving forces of economic activity thus showed a lack of dynamism. Firms – whose margin rate is deteriorating – are effecting few investments (-2.9% on the annual average). The property market and services sector and, to a lesser extent the AFI, are the only sectors where the situation was favourable. It is not surprising in these conditions that the employment situation deteriorated. A new downward trend was registered in the number of persons employed in industry; only 95,000 additional jobs were created in the French economy in 2002 (compared to 280,000 in 2001 and over 600,000 in 2000). The rise in unemployment which had begun to be felt in 2001 was thus confirmed in 2002, at a fairly moderate rate. Unemployment rate rose from 8.8% in December 2001 to 9.1% in December 2002. It must be noted that the effects of government policies for promoting employment are being felt less and less and that the new government is pursuing a more restrictive policy in this field.

And finally, 2002 was marked by the return of inflationary trends. The average rise in prices was 1.9% compared to 1.7% in 2001; this rise was due primarily to the rise in the price of services but also, to a lesser extent, to the rise in the prices of agricultural commodities and agro-food products.

The initial results for 2003 confirm the trend observed in 2002, with a very low growth rate (forecasts of less than 1% for the year as a whole) and a continuing upward trend in unemployment: the symbolic figure of 10% could be reached again by the end of the year. The price trend, on the other hand, although irregular, does not reflect any marked inflationary pressure.

In the course of the 4 previous years, the GDP growth rate in Spain dropped from 4% (and over) to 2.8% in 2001 and 2% in 2002. However, the latter rate is still above the average for the countries of the euro zone.

This subdued growth in GDP is to be explained by the low export rate (-0.3%) due to the sluggish European partner economies, whereas exports and internal demand are the main driving force for growth. Household expenditure also rose at a lower rate than in the previous years. These various trends were not offset by the increase in public expenditure (of almost 4%).

Inflation rose at a higher rate (4%) than in 2001 (3.6%), exceeding both government forecasts and the average inflation rate in the euro zone. This was due to several factors:

- the fact that it has been impossible to pursue an autonomous monetary policy since the adoption of the euro,
- the combined effects of the replacement of the peseta by the euro, the effect of unfavourable weather conditions on food prices, and the unpredictable changes in hydrocarbon prices,
- the absence (or lack) of structural reforms in several sectors (energy, communications, labour market, certain basic services),
- the inevitable convergence of European prices (prices in Spain are 20% lower than the European average).

Inflation is one of the major problems of the Spanish economy along with unemployment. The latter continued to rise in 2002 (11.45% in the last quarter of 2002 compared to 10.5% in the last quarter of 2001). Although the working population (16.4 million persons) is the largest that Spain has ever achieved, the labour market does not seem to be able to absorb the rise in demand for work, which inevitably brings an increase in unemployment.

4.2 - The place of agriculture in the respective economies

In the Mediterranean countries in the south of Europe, agriculture accounts for only a very small share of GDP and employment, although the sector is socially and politically important. But it absorbs the major part of the European budget. Penalising European consumers – who pay the subsidies – it is the main obstacle to trade liberalisation, particularly with regard to Mediterranean countries, which are subject to the agricultural exception imposed on them by the European Union. In the southern Mediterranean countries, agriculture plays a fundamental role in the economy as a whole, although this role is declining in the long-term. The agricultural sector distinguishes itself in these countries not so much in terms of contribution to total value added – which is still appreciable – as by its importance

in terms of employment and as a curb on rural depopulation whenever it is recognised in the policies of the various countries and those policies encourage investments in agriculture.

In **Morocco**, the 3.2% growth in total GDP was due more to agricultural production than to production in the other sectors, since the former grew by 5.6%, whereas the latter (non-agricultural GDP) only increased by 2.8%. The share of the gross agricultural product in total GDP was 14% in 2002 (13.7% in 2001). If we step back to observe the trend in that share since the beginning of the 1990s, we see that it fluctuated between a minimum of 11.4% (2000) and a maximum of 20.8% (1991). That share follows the upward and downward trends in agricultural production fairly closely, which means that the "historical trend" (observed in the experience of developed countries) of steady decline of the share of agriculture in GDP is not confirmed in Morocco. The average of the last 5 years is admittedly lower than the averages of the first 5 years of the 1990s (13.8% as against 15.7%). But it would nevertheless seem that the theory of the "decline" (of the share of agriculture in GDP) is only appearing in Morocco very slowly and over a very long period of more than 25 years.

This relative stability of the agricultural contribution in fact also reflects the stability of the other economic sectors, which indicates that here again there does not seem to be any significant development in the structures of the Moroccan economy, even over a long period. The respective shares of the secondary and tertiary sectors increased by 30.3% and 55.7% in 2002. These proportions are practically identical to those registered over the last 5 years and even to those observed over a much longer period.

The investment budget of the Ministry of Agriculture has for several years been contained within the limits of a budget in the order of 2 billion dirhams, i.e. roughly 1/10 of the investment volume of the general state budget. Amounting to barely 1.9 billion dirhams, this budget even decreased sharply in 2003 by 25% compared to the 2002 financial year.

In **Algeria**, agriculture accounted for 9.3% of GDP in 2002, thus ranking third amongst the various sectors of the economy, as it did in 2001 despite the decrease in that share (from 9.7% to 9.3%).

With regard to employment, no official figures have been published on the distribution of the working population over the major sectors of the economy. The contribution of the agricultural sector to total employment must have remained as significant in 2002 as it was in 2001, compared to that of the other economic sectors (approximately 22% of the total working population). According to the General Agricultural Census, the farm managers included in the survey declared 5.1 million persons as being employed in agriculture (1.1 million of whom were permanent and seasonal workers). In the course of 2002, the equivalent of 163,500

full-time jobs was created through State-subsidised schemes within the framework of the national agricultural development plan. Although this figure is lower than the figure recorded the previous year (-4.3%), it is comparable to the 294,000 jobs created through the reflation scheme in the other sectors (50% of which are permanent jobs).

As regards foreign trade, a decrease in the share of agro-food imports in total imports was recorded in 2002 compared to 2001 (28.9% compared to 30.4%) and compared to the average for the period from 1998 to 2002 (32.6%), although imports increased in absolute value (from 3 billion US\$ to 3.45 billion). The share of agro-food exports in total exports increased from 0.4% to 0.7% as a result of the increase in date and wine exports.

The share of agriculture in total value added in 2002 was the same as in 2001 (17%), after a share of 16.5% recorded in 2000. Agriculture remains an important sector, even though the industrial sector's contribution to total value added (34% in 2002) was twice that of the agricultural sector.

As regards employment, the contribution of Egyptian agriculture to total employment remained high at 28.5%, which was a slight increase compared to 2001 (28%) but approximately the same level as in 2000 (28.6%).

The share of agriculture in public investments was 12.9% in 2002, a decrease compared to 2001 (14.4%) and 2000 (13.5%). It was mainly the extension of irrigated acreage in desert areas and the construction and maintenance of infrastructures for agriculture (roads, feeder roads and storage of agricultural commodities) which accounted for that share.

After dropping sharply in 2000 (6% of total exports as against 11.1% in 1999), the share of agricultural commodities in exports rose again to 10% in 2001 and progressed to 11.2% in 2002. Conversely, the share of agricultural commodities in imports increased sharply from 10.7% of total imports in 1999 to 14.7% in 2000; it dropped again in 2001 (11.2%) and progressed in 2002 to 12.4%¹⁹.

In **Lebanon**, the agricultural sector's contribution to GDP ranges from 8% to 12% depending on the year, behind the industrial sector, which contributes approximately 18%. A national accounts study on the year 1997, which was carried out with the assistance of the National Institute for Statistics and Economic Studies in France, shows that the agricultural sector accounts for 6.3% of GDP and lags behind all of the other sectors of the economy except for the water and energy and transport and communications sectors. Agriculture is much more important in the foreign trade field, since agricultural exports accounted for 17% of total exports in 2002 (19% in 2001), and agricultural imports accounted for 19% of total imports

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The figures quoted in previous publications are higher. They have presumably been adjusted as the foreign trade statistics have been updated.

(17% in 2001). It is to be noted that the agricultural import-export ratio improved slightly from 13% in 2001 to 14% in 2002.

In **Turkey**, the agricultural sector was historically one of the sectors contributing most to GDP and employment – for many decades, but the industrial and services sectors have become pre-eminent as economic development has progressed. However, the agricultural sector is still relatively important, since it accounted for 13.4% of GDP in 2002 (after the services sector's contribution of 57.5% and the industrial sector's contribution of 29.1%) and 33.9% of employment (compared to 35.4% in 2001). This appreciable contribution to GDP is not reflected in the agricultural sector's share of public investments: only 4.3% in 2002 (as against 4.2% in 2001), which was a long way behind the share enjoyed by the other sectors (transport 27.3%, industry 19.6%, housing 13.9%, ...).

As regards foreign trade, agricultural exports decreased in 2002 compared to 2001 but still accounted for 11.1% of total exports (as against 13.9% in 2001). Conversely, agricultural imports increased from 7.4% to 7.8%, causing a slight deficit in the agricultural balance in 2002, which replaced the surplus registered in 2001.

In **Albania**, agriculture continued to contribute considerably to the creation of national wealth in 2002 (33.3% of GDP) with an annual growth rate of 2.1% (5% forecast) compared to 1.4% in 2001. It was structural factors as well as other factors such as the floods suffered in 2002 which influenced the downward trend in annual growth in the agricultural sector.

In **Greece**, agriculture accounted for 6.12% of GDP in 2002, a share which was approximately the same as the previous year (6.16%). The sector's contribution to employment was more significant: 16.9% of total employment, after the services sector (60.5%) and industry (22.6%).

The foreign trade figures for 2002 are not yet available, but in 2001 agricultural commodities and agro-food products (including fishery products) accounted for 11.1% of imports (compared to 10.8% in 2000) and 23.6% of exports (compared to 23.7% in 2000). Despite the performance in the export field, the agricultural balance showed a considerable deficit (-721 million US\$ in 2001, an increase compared to 2000, when it amounted to 616 million US\$).

In **Italy**, agriculture maintained its relative importance in the country's economy in 2002, accounting for 2.9% of total value added, despite negative growth in real terms (-2.6%). As regards employment, after employing 5.7% of the working population in 2001, the sector registered a 2.6% decrease in the number of employees in 2002, whereas the agricultural workforce had grown by 0.7% the previous year.

Contrary to the situation in 2001, the agricultural sector again played the role of curbing the inflationary process in 2002 in that the rise in output prices (+1.8%) was lower than the rise in the consumer price index (+2.6%).

The Italian agricultural sector plays a more important role in foreign trade than it does in terms of share of GDP or employment. Agricultural exports amounted to 6.9% of total export value, and imports accounted for 8.7% of total imports. The value of the aggregate exports of the agriculture, forestry and fisheries sectors increased by 3.4% in 2002 compared to 2001 (whereas the country's total exports dropped by 2.7%). Although growth in imports was subdued (+.5%), it nevertheless meant that the negative agro-food balance could be reduced; that balance amounted to - € 3.9419 billion, which was a variation of -10.8% compared to the balance in 2001.

In **France**, the AFIs' share in the national economy is continuing to decline (4.5% as against 6.6% in 1980); since 1999 the AFI value added has exceeded that of the agricultural sector, now accounting for 2.4% of GDP, as against the agricultural share of 2.1%.

It must be noted, however, that the decline in the importance of agriculture in the national economy is due primarily to the relative decrease in agricultural prices over the last 30 years. Calculated at constant prices, the share of agriculture in GDP in 2002 was very close to what it was in 1980! Since agricultural employment has been steadily declining over this period, labour productivity certainly increased to a greater extent than the average increase observed in the economy as a whole. It must be pointed out that the slight reverse in trend which we discussed in our annual report for 2001 was clearly confirmed in 2002. The working farm population did increase again this year, due essentially to the increase in the number of agricultural employees²⁰.

In Spain, the agricultural sector's contribution to total gross value added is still very low: 3.68% in 2000, 3.57% in 2001 and 3.4% in 2002. As regards employment, the sector accounted for just over 5% of the total working population in 2002 (as against 6% in 2001) with a workforce of 900,000. However, agriculture is a vital sector for trade balancing, since it accounted for 17.8% of total exports in 2002 (compared to 17.4% in 2001) and for 13% of imports (compared to 12.8% in 2001), the agricultural trade balance being positive by a wide margin. The labour productivity rate in the sector is only one-third of that of the total working population. The agro-food industry accounts for 1.2% of the total working population and for 9.1% of the workforce employed in the industrial sector.

²⁰

which has now been steadily increasing since 1999.