Ministero delle Infrastrutture e dei Trasporti

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MEDI TERRA NEAN

THE UPCOMING **FUTURE**

RECOMMENCEMENT OF THE RE-COMPOSITION PROCESS FOLLOWING THE GLOBAL CRISIS

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THE TEXT
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INTRODUCTION

European Maritime Day offers a perfect occasion for reflection on the future of the Mediterranean area and the processes of integration currently involving the European Union and various Mediterranean areas.

The Mediterranean Sea has always been of fundamental interest to European Union member States such as Italy, France and Spain, yet it is also an important trading point which globalization has endowed with a pivotal new role in the development of North-South and East-West relations.

The development potential of the Mediterranean area is immense, not only in terms of the demand for goods, technologies and skills generated by countries which have experienced a recent growth in GDP – at rates which clearly exceed the rates posted in Europe - but also in terms of the added value generated by the complementarity of the countries involved, countries with very different features and resources, but which share a common culture and history and with whom it will be possible to set up and consolidate extremely effective mechanisms of collaboration and cooperation.

Moreover, in the countries of North Africa and the Middle East, young people account for a large percentage of the population while, in European countries, the aging of the population is starting to hinder economic growth.

Another aspect of great importance is the quantity of cultural and environmental resources available in these countries. Indeed, the increasing demand for high quality leisure facilities by the older, richer citizens of Europe may well generate widespread opportunities in many regions of the Mediterranean area.

The current recession and the restraint generated by the global financial crisis have inevitably forced many operators to be more cautious in their investments. This is undoubtedly an aspect upon which European and national institutions can act by improving the level of reciprocal trust between market players and stimulating the adoption of common programmes and projects whose aim is to transform investments and trading initiatives into activities which benefit all players.

The concept of mutual benefit also underlies the large scale infrastructural initiatives currently being pursued by the European Union. Indeed, one of most important aims of the new network of shipping and port infrastructures currently being created is to facilitate integration and development, an aim which links it directly to the initiatives proposed to mark European Maritime Day 2009. This paper's reflection on the future of the Mediterranean area and the opportunities which may derive from an increase in collaboration between the countries which line the Mediterranean Sea and have already played a leading role in the generation of the history and culture of the area is one of these initiatives.

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BEYOND THE CRISIS

ALTHOUGH IT IS STILL TOO EARLY TO OUTLINE the new global economic milieu following last year's financial crisis, it is perhaps possible to identify the areas of the planet in which the effects of the crisis are reshaping growth and development and thus to examine the new relationships being established between countries, sectors and competitive features.

One of the areas most greatly affected by the changes generated by the crisis is the territory composed of the countries lining the Mediterranean sea, an area of great economic and political importance which has historically played a fundamental role in north-south and east-west trade flows.

The renewed importance with which the Mediterranean area is currently invested is the result of a number of factors.

Firstly, the Mediterranean area – a territory endowed with a wide range of resources and a market of considerable size – is an area which is ready to learn from the first lessons to be generated by the crisis: many production ideas and opportunities for exchange which were insufficiently unprofitable or far from the top of the list of investment and spending priorities prior to the crisis have become unexpectedly relevant to more recent development programmes. In particular, the energy sector – a sector which has been greatly affected by the changes brought about by the crisis - is now extremely willing to integrate the production processes underlying its oil and gas extraction and exploitation businesses with solutions which could lead to the creation of new entrepreneurial initiatives whilst avoiding monocultural scenarios (and the establishment of a financial economy based on the overseas investment of oil-generated profits which consequently crowds out any other activities or opportunities within the country of origin of the energy resource) and excessive concentrations of economic and political power which inevitably prevent the country of origin of the resources from accessing the opportunities and results generated by its production economy.

Secondly, the fact that the crisis has affected the whole world means that both richer areas and areas which are quick to resume development (especially in Asia) have recognized that their future growth and development depends on the establishment of relationships which will enable national choices to have effects which go way beyond domestic borders. Indeed, it may even be cautiously confirmed that the "clash of civilizations" imagined to be almost inevitable after 11 September 2001 has become less likely, while the concept of multilateralism seems to have acquired a number of new supporters. Once again, the Mediterranean area offers a unique chance to test those processes of integration and partnership which were unexpectedly interrupted and postponed at the start of the decade.

Thirdly, the Mediterranean area is endowed with a kind of magnetic attraction as far as global interest in investment is concerned and especially with respect to the localization of investments by more advanced countries. An indication of this interest is given by the fact that a definition of the extent of the Mediterranean area has still to be universally approved. Indeed, many see the integration of the two shores of the Mediterranean sea as an opportunity not to be missed and thus the concept of the Mediterranean area is frequently widened to include countries looking to enter into relations with the area in order to avoid being marginalized or excluded from one of the world's most potentially important economic centres. This absence of a rigid definition of the territories included in the Mediterranean area and the geographic and political variability to which this leads is one of the area's key elements. It is also coherent with the concept underlying the process of globalization which has certainly not been interrupted by the recent crisis.

In view of the above factors, it has been decided to dig deeper than most interpretations of the Mediterranean area – which is often merely seen as a hothouse of endemic conflicts, religious fanaticisms and anti-modernist trends – in order to discover why these interpretations have hindered or conditioned many of the integration schemes set up by the European Union over the last few decades.

Thus this enquiry will commence by examining the potential economic and social development of the area should an approach – such as that already used by European partners – based on reciprocal exchange in which processes of integration are mutually beneficial to all the players involved be adopted.

The enquiry will then examine the potential of existing networks and relationships as far as promoting integration is concerned. Indeed, by using this relational backbone it is possible to get round the concept of "distance" which still characterizes various cultural and social interpretations of the concept of the Mediterranean area, especially when the term "shore" is used as a metaphor.

Finally, the enquiry will reflect on Italy's position in a scenario which places the Mediterranean area at its centre and try to envisage the country's potential both in terms of leadership and as a player directly responsible for the future integration of the area.

THE CURRENT STATE OF DEVELOPMENT OF THE MEDITERRANEAN AREA

In order to outline the potential economic and social development of the Mediterranean area – comparing the 11 non-European countries (Algeria, Egypt, Jordan, Israel, The Lebanon, Libya, Morocco, Syria, Occupied Palestinian Territories, Tunisia, Turkey) of the area with Italy wherever possible – it is necessary to analyze the population size and structure and the future demographic trends of the countries involved and to examine their progress as far as human development, reduction of poverty and emancipation from constraints conditioning individual living standards are concerned.

With regard to the first aspect, the increase in the population of the region is the result of a vast improvement in health standards, an improvement which has led to a huge decrease in mortality rates and a great improvement in life expectancy figures. Most of the countries in the area have also recorded a significant decrease in fertility levels (e.g. the Tunisian fertility rate has fallen from 3.4 children per mother recorded in 1990-1995 [1] to just 1.9 children per mother in 2005).

As far as individual countries are concerned, Egypt and Turkey have the largest populations with 75.5 million inhabitants and 73.9 million inhabitants respectively (Table 1), while the rates at which the populations of a number of non-European Mediterranean countries increased between 2000 and 2007 were well above those recorded in Italy (4.2%) and other high income countries (5.1%), ranging from an increase of 7.2% in Tunisia to an increase of 20.5% in Syria and an increase of 30.3% in the Occupied Palestinian Territories. However, there was also a group of countries in which the population increased at a rate of less than 1.2% between 2006 and 2007 (The Lebanon, Morocco, Tunisia and Turkey) and which scored values very similar to the average posted by high income countries (0.7%).

The population structures of the various countries of the Mediterranean area are generally distinguished by high birth rates – only Turkey (19 babies per 1000 residents), The Lebanon (18 babies per 1000 residents) and Tunisia (17 babies per 1000 residents) scored less than 20 (Table 2), but nevertheless posted rates which stand at almost double the Italian average – and low death rates (with the exception of Syria which recorded 30 deaths per 1000 residents per annum).

[1] *Source UNICEF*

TABLE 1 • *Increase in population of non-European Mediterranean countries*

YEAR 2007 ((absolute and % values)

	2007 (mln)	Increase in population (variation %) 2000-2007	2006-2007	Forecast resident population (mln) 2015	2025	Surface area (km^2x1.000)	Population density (ab/km^2)
Algeria	33,9	10,9	1,5	38,0	38,0	2.381,7	14,2
Egypt	75,5	13,4	1,8	88,1	88,1	1.001,5	75,4
Jordan	5,7	19,2	3,2	6,7	6,7	88,8	64,4
Israel	7,2	14,0	1,7	8,1	8,1	22,1	324,4
The Lebanon	4,1	8,8	1,0	4,0	4,0	10,4	394,2
Libyia	6,2	15,1	2,0	7,0	7,0	1.759,5	3,5
Morocco	30,9	8,4	1,2	34,2	34,2	446,6	69,1
Syria	19,9	20,5	2,5	23,8	23,8	185,2	107,4
Occupied Palestinian Territories	3,9	30,3	2,7	4,9	4,9	6,0	645,0
Tunisia	10,3	7,2	1,2	11,0	11,0	163,6	62,7
Turkey	73,9	9,6	1,2	80,7	80,7	783,6	94,3
Italy	**59,4**	**4,2**	**0,7**	**58,0**	**58,0**	**301,3**	**197,0**
Low income	1.295,7	16,9	2,1	2.787,8	2.787,8	21.845,5	59,3
Middle income	4.260,0	7,5	0,9	3.322,9	3.322,9	77.006,4	55,3
High income	1.056,3	5,1	0,7	1.055,7	1.055,7	35.093,8	30,1
World	**6.612,0**	**8,8**	**1,1**	**7.166,4**	**7.166,4**	**133.945,8**	**49,4**

Source: Censis on World Bank data

As a consequence, young people under the age of 14 years account for over 25% of the population of each of the countries considered. Indeed, 25.4% of the Tunisian population is composed of young people (almost twice the percentage of young people recorded in Italy which stands at 13.9%), while young people account for 45% of the population of the Occupied Palestinian Territories, 36% of the populations of Jordan and Syria and 30% of the Libyan population. On the contrary, with the exception of Israel (10.1%) and The Lebanon (7.3%), in all the countries considered the percentage of the population aged over 65 years stands at less 6% (compared with 19.9% in Italy).

On the basis of this overview of the population, it is possible to identify the way in which the area is likely to develop and the opportunities it is likely to offer by comparing a number of complex indicators (GDP per capita, poverty index and human development index).

The result of this comparison is a multifaceted view which considers both income and qualitative factors (which have a direct effect on individual living standards).

TABLE 2 • *Structure of the resident population per age, births and deaths in non-European Mediterranean countries*

YEAR 2006 (absolute and % values)

	Population per age bracket 2006 (%)			Birth rate	Death rate	Life expectancy (age)		
	0-14	15-64	65 e +			Total	male	female
Algeria	28,9	66,5	4,6	21,0	5,0	72	71	73
Egypt	33,0	62,1	4,9	24,0	6,0	71	69	73
Jordan	36,5	60,2	3,3	29,0	4,0	72	71	74
Israel	27,9	62,0	10,1	21,0	6,0	80	78	82
The Lebanon	28,2	64,5	7,3	18,0	7,0	72	70	74
Lybia	30,2	65,9	3,9	24,0	4,0	74	71	77
Morocco	29,7	65,0	5,3	22,0	6,0	71	69	73
Syria	36,0	60,8	3,2	27,0	30,0	74	72	76
Occupied Palestinian Territories	45,6	51,4	3,0	32,0	3,0	73	71	74
Tunisia	25,4	68,3	6,3	17,0	6,0	74	72	76
Turkey	27,8	66,5	5,7	19,0	6,0	71	69	74
Italy	**13,9**	**66,1**	**19,9**	**10,0**	**9,0**	**81**	**78**	**84**
Low income	36,3	59,4	4,3	29,0	10,0	60,4	61,7	59,3
Middle income	24,7	67,9	7,4	16,0	8,0	70,7	73,3	68,3
High income	17,9	67,1	15,0	12,0	8,0	79,3	82,3	76,5
World	**28,0**	**64,6**	**7,4**	**20,0**	**8,0**	**68,2**	**70,4**	**66,1**

Source: Censis on World Bank data

As far as available income (in absolute values per capita) is concerned, there is a large difference between the income enjoyed by an Israeli citizen and the incomes of the citizens of other Mediterranean area countries (a difference of over €10 thousand in almost all cases), with only Turkish citizens enjoying an income of over €4 thousand per capita per annum (Table 3). The annual income per capita recorded in the Occupied Palestinian Territories and Egypt stands at just over € 1000.

As far as the poverty index – an index generated by UNDP with a view to representing the conditions which jeopardize the ability of populations to live long healthy lives, access education and knowledge and enjoy a dignified standard of living – is concerned, the best situations recorded in the Mediterranean area score between 6.1% (Jordan) and 13.6% (The Lebanon), while the less fortunate areas scored between 20% (Egypt) and 31.8% (Morocco). The world ranking based on the index values posts Algeria and Egypt at 70th place, while Jordan, The Lebanon and the Occupied Palestinian

TABLE 3 • *Gross domestic product per capita, poverty index and human development index of non-European Mediterranean countries and Italy*

		Poverty Index		Human development index (HDI)		
	Gross domestic product per capita (€ 2006)	Value in 2006	Ranking in 20006	Value in 2006	Ranking in 2006	Absolute difference between 1980 and 06
Algeria	2.770	18,1	71	0,748	100	0,122
Egypt	1.068	20,0	73	0,716	116	0,233
Jordan	1.873	6,1	22	0,769	90	0,139
Israel	15.868	..	..	0,930	24	0,103
The Lebanon	..	8,5	38	0,795	78	..
Morocco	1.708	31,8	93	0,646	127	0,175
Syria	1.382	13,0	57	0,736	105	0,135
Occupied Palestinian Territories	1.024	6,7	26	0,731	106	...
Tunisia	2.459	16,1	66	0,762	95	0,159
Turkey	4.400	8,7	40	0,798	76	0,175
Italy	**25.100**			**0,942**	**19**	**0,090**

Source: Censis on UNDP, Eurostat data

Territories are positioned close to the high income countries.
Human development – measured using the human development index, an index which considers various economic and social indicators – in the Mediterranean area varies considerably. This variation is directly reflected in the world ranking: Israel is ranked 24th, not very far below Italy (19th place) and Libya is ranked 52nd, yet at least five of the Mediterranean area countries considered in this enquiry are ranked below the 100th place (Algeria, Syria, Occupied Palestinian Territories, Egypt and Morocco). It should however be remembered that the index value of all the countries of the area increased between 1980 and 2006 and that the progress achieved by these countries in terms of human development over the last twenty years has been far greater than that recorded in Italy, with the greatest improvements being recorded in Egypt and Libya.
During the 1990s a great effort was made to improve access to state education and the quality of the education systems of the Mediterranean area. This led to a considerable increase in school attendances (the most exhaustive means of measuring access to education) and the number of years of schooling completed. Indeed, over the last few years, many important results have been achieved with regard to the education of young people, although, according to international sources, it is still necessary to promote the fact that young people have a right to education, to improve

TABLE 4 • *Rates of literacy in non-European Mediterranean countries*

YEAR 2007 (% value)

	Total (15 years and older)			Young people (15-24 years)		
	males	females	total	males	females	total
Algeria	84,3	66,4	75,4	94,2	90,6	92,5
Egypt	83,6	60,7	72,0	90,4	81,9	86,2
Jordan	96,5	89,4	93,1	99,0	99,2	99,1
Israel	-	-	-	-	-	-
The Lebanon	-	-	-	-	-	-
Lybia	94,5	78,4	86,8	99,7	98,0	98,9
Morocco	68,7	43,2	55,6	83,8	66,5	75,1
Syria	89,7	76,5	83,1	95,4	92,0	93,7
Occupied Palestinian Territories	96,8	88,6	92,8	99,2	99,1	99,2
Tunisia	86,4	69,0	77,7	97,0	94,3	95,7
Turkey	96,2	81,2	88,7	98,4	94,4	96,4
Italy	**99,1**	**98,6**	**98,9**	**99,9**	**99,9**	**99,9**
World	**88,5**	**79,4**	**83,9**	**91,3**	**86,8**	**89,1**

Source: Censis on UNESCO data

school structures and programmes and to encourage innovation.
Countries such as the Occupied Palestinian Territories and Jordan achieved rates of literacy among young people aged between 15 years and 24 years of approximately 99% in 2007 (Table 4), with slightly lower rates being recorded in Libya (98.9) and Turkey (96,4) and rates of between 90% and 95% being posted in Algeria, Tunisia and Syria. Less positive was the situation in Egypt - where 14% of young people failed to receive a basic education - and Morocco (25%).
An analysis of literacy rates shows that national and international policies have generated remarkable results in the Mediterranean area. Indeed, the intergenerational differences highlighted by the analysis confirm the commitment with which access to education has been facilitated over the last two decades. Moreover, these differences are mainly the consequence of improvements in female education: a comparison of the rates of literacy for the total population (aged over 15 years) and per gender show that, especially in Morocco (43.2%), Egypt (60.7%) and Algeria (66.4%), the rate of literacy of all females aged over 15 years is far lower than the rate of literacy of young females. Of all the Mediterranean area countries, Morocco posts the lowest education index value (0.56 in 2006), while Israel (0.95) is perfectly aligned with the average sco-

TABLE 5 • *Education index in non-European Mediterranean countries*

YEARS 2005-2006

	2005	2006
Algeria	0,711	0,743
Egypt	0,732	0,731
Jordan	0,868	0,880
Israel	0,946	0,947
The Lebanon	0,871	0,845
Lybia	0,875	0,894
Morocco	0,544	0,563
Syria	0,755	0,769
Occupied Palestinian Territories	0,891	0,884
Tunisia	0,750	0,766
Turkey	0,812	0,824
Italy	**0,958**	**0,965**
High human development	0,926	0,926
Medium human development	0,749	0,749
Low human developmen	0,527	0,527
World	**0,750**	**0,763**

Source: Censis on UNDP data

red in countries with a high level of human development (0.93) and especially with Italy (0.96) (Table 5).

POTENTIAL RELATIONSHIPS BETWEEN MEDITERRANEAN COUNTRIES

IF ALL HAD GONE TO PLAN, BY 2010 THE BARCELONA PROCESS was to have created a Euro-Mediterranean free trade area - the largest in the world – involving over 40 countries and almost 800 million people. The aim of this area was to promote exchanges between European Union members and countries located on the southern shores of the Mediterranean, as well as between these latter. However although the first stage of the Process, which commenced in the mid-1980s, saw an intensification of commercial integration, the trend slowed considerably in the 1990s.

More recently, although commercial flows between Euro-Med countries have posted a net increase in value and the EU is still the leading commercial partner, its importance vis-à-vis the total trade flows of the countries of the Mediterranean area has remained unchanged. Furthermore, the percentage of trade

promoted by Euro-Med countries out of total EU exports and imports has remained substantially unchanged at a mere 3%.
Undoubtedly the extreme gradualness with which the Process intended to implement the liberalization initiative – setting different deadlines for different groups of products: shorter for intermediate products, longer (12 years) for consumer goods and, initially (prior to 2000), not at all for agricultural products – has had a considerable slowing effect on the development of relationships in the Mediterranean area. On the contrary, the speed with which Central and Eastern European countries have implemented their integration processes has stimulated considerable interest in these territories.
Thus, relationships within the Mediterranean area are still generally asymmetrical: the EU satisfies over 45% of the demand for imports of Mediterranean countries and absorbs 50% of their exports, while the Mediterranean countries fail to offer both an important market and a reliable supply system (with non-EU commerce standing at around 10%).
As can be seen from these data, in order to identify the real potential of Euro-Mediterranean relationships it is necessary to study three specific areas in detail:

- incoming foreign investments, especially in more recent years;
- imports and exports in the area;
- the state of progress of infrastructural programmes involving the Mediterranean area (which are fundamental to the future the European Union.

As far as the first aspect is concerned, it should be remembered that the ability of a country to attract foreign investments depends on a number of factors: political stability; the cost and quality of labour; the presence of a sufficiently large local market to support growth; and the size of the potential market.
This ability can be calculated using an FDI performance and potential capacity index (Table I).

[2] *The FDI performance index compares the percentage of foreign direct investment in each country considered (with respect to the world total) with the percentage GDP generated by the country in question (with respect to the world total). A value exceeding 1 indicates that the incomes generated by foreign direct investment exceed the incomes generated by the country's own economic operating milieu. A negative value implies disinvestment. The potential capacity index is the normalized average (values ranging from 0 (low potential capacity) to 1 (high potential capacity)).*

TABLE 1 • *FDI performance and potential capacity index (2003-2005)[1] [2]*

	HIGH PERFORMANCE INDEX	LOW PERFORMANCE INDEX
High potential capacity index (above Mediterranean average)	Jordan, Israel	Algeria, Lybia, Tunisia, Turkey
Low potential capacity index (below Mediterranean average)	Egypt, The Lebanon, Morocco	Syria

(1) data not available for 2006
(2) data not available for the Occupied Palestinian Territories

Source: UNCTAD, World Investment Report, 2007

As can be seen from the performance and potential capacity index, Jordan and Israel score highly as far as both performance and potential capacity are considered, while the Lebanon, although characterized by a high level of investment in the construction industry, is affected by political instability and is thus grouped together with Egypt and Morocco (high performance but low potential capacity), although Morocco has recently implemented a number of policies to encourage investment, especially in the national privatization programme, and liberalized a number of sectors of the economy (such as telecommunications and air transport).

The Middle East and North Africa still find it difficult to attract the amount of foreign investment hypothesized by the Barcelona Process with investors being generally unwilling to consider the area as a result of political instability, the complexity of local production systems and the lack of comparative advantages. Despite the introduction of new codes – simplified and expressly formulated to attract new foreign direct investments – a number of constraints must still be effectively overcome before foreign direct investment in the area can increase. Furthermore, the liberalization policies recently introduced in this area tend to focus on the privatization of public assets (often for national purposes), rather than the stimulation of direct and risk investment in an area which, at geo-economic level, it is still lacking in comparative advantages as far as foreign investments (especially from South East Asia and Latin America) are concerned.

Undoubtedly this lack of investment is also the result of other economic factors - other areas and countries (especially in Asia and Eastern Europe) offer lower costs (especially the cost of labour) and better qualified labour – as well as elements such as political instability, terrorist threats, the continuation of the Israeli-Palestinian conflict, institutional shortfalls and legal uncertainties, all of which clearly affect the area's ability to enter into agreements with foreign investors. The area also suffers from a scarcity of infrastructural networks.

As far as the attraction of foreign direct investment is concerned, the area has also been marginalized by the fact that, since the 1990s, investment flows have been greatly attracted to Central and Eastern European countries. Furthermore, the distribution of investments in the area is rather uneven with FDI accounting for 11.3% of the GDP of Jordan and 12.1% of the GDP of The Lebanon and an average of 5% of the GDPs of Israel and Egypt. In other cases FDI accounted for less than 4% of the GDP, while in Algeria FDI accounted for just over l.1% of the GDP (Table 6).

However, it must be pointed out that the area's capacity to attract investments improved considerably between 2000 and 2007 with the percentage of income generated by FDIs with respect to GDP and fixed gross investments increasing in all cases and especially in Egypt, The Lebanon, Libya and Turkey.

Foreign direct investments tend to be attracted to countries characterized by political stability in which schemes to encourage privatization and the liberalization of foreign trade have been widely implemented and whose financial markets are active. In the area in question, the availability of oil is a leading factor of attraction. Indeed, foreign direct investments in the Maghreb – which have mainly focused on Morocco, the most politically stable of the Maghreb countries, and to a lesser extent in Algeria - have generally focused on exploiting oil resources and oil-induced activities, while foreign investments in Asia have focused on Turkey, Egypt and Israel.

Furthermore, the way in which foreign capital is invested in the Mediterranean area – in close connection with the privatization of public enterprises, in the energy sector and via corporate acquisitions and mergers – has generally minimized spill-overs in local economies.

As far as the performance of imports and exports is concerned, over the last few years there has been a considerable improvement in the performance of trade and especially in the performance of exports from certain countries. Indeed, in 2007, Morocco, Jordan and Turkey all recorded an increase in exports of 10% or more over the previous year, exceeding the world avera-

TABLE 6 • *Direct foreign investment in non-European Mediterranean countries*

DETAILS 2000-2005-2007 (absolute values at current prices, value per capita and % value)

	Absolute values 2007	Per capita			% of GDP			% of total gross fixed investments		
	($ million)	2000	2005	2007	2000	2005	2007	2000	2005	2007
Algeria	1.665	14,4	27,2	49,2	0,8	1,0	1,3	3,9	4,3	5,0
Egypt	11.578	18,6	30,2	153,4	1,2	2,6	8,7	7,3	16,9	44,3
Jordan	1.835	169,8	152,0	309,8	9,6	7,2	11,3	45,6	28,9	36,2
Israel	9.998	866,1	304,5	1.443,1	4,4	1,6	6,3	22,8	9,6	33,6
The Lebanon	2.845	255,6	502,7	693,9	5,8	9,3	12,1	27,6	45,0	77,7
Lybia	2.541	26,4	61,6	412,5	0,4	1,2	4,5	3,3	7,1	49,7
Morocco	2.577	14,6	29,7	82,5	1,1	1,6	3,5	4,4	5,9	11,3
Syria	885	16,4	15,0	44,4	1,4	1,2	2,4	8,0	4,7	10,1
Occupied Palestinian Territories	21	19,7	13,5	5,2	1,5	1,2	0,4	4,7	4,4	1,7
Tunisia	1.618	81,4	63,9	156,7	4,0	2,3	4,7	15,4	10,0	19,6
Turkey	22.029	14,4	38,7	294,2	0,5	0,9	4,5	2,2	5,2	20,4
Italy	**40.199**	**231,8**	**287,6**	**682,8**	**1,2**	**1,0**	**1,9**	**5,9**	**4,7**	**9,2**
Transition countries	85.942	22,9	100,1	284,5	1,8	3,6	4,8	9,7	17,4	-
Developed countries	1.247.661	1.167,6	405,9	1.235,2	4,6	1,3	3,2	21,7	6,4	-
Developing countries	499.720	53,0	55,2	93,3	3,8	3,2	3,4	16,1	12,6	-
World	**1.833.324**	**228,3**	**111,5**	**274,9**	**4,4**	**1,7**	**3,3**	**20,2**	**8,2**	**15,0**

Source: Censis on UNCTAD data

ge and exceeding the datum posted by Italy, a country strongly oriented towards exportation (Table 7).

Between 2005 and 2007, a continually increasing percentage of the domestic demand of Mediterranean countries posted increasing values, a result which reflects the increased osmosis between the economies of the Mediterranean area and the rest of the world.

Nevertheless, the ability of the Mediterranean area to establish fruitful relationships will depend greatly on the results of a num-

TABLE 7 • *Exports and imports of goods and services in non-European Mediterranean countries*

YEARS 2005-2007 (% values)

	Exports						Imports					
	% of GDP			% real variation per annum			% of GDP			% real variation per annum		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Algeria	47,6	49,9	47,3	5,8	-3,0	-3,3	5,8	-3,0	-3,3	7,8	-6,4	12,1
Egypt	31,3	32,2	30,9	21,3	23,3	3,3	32,9	35,1	37,1	21,8	28,5	15,1
Jordan	52,6	54,6	56,3	5,8	0,7	10,1	93,5	91,5	91,0	21,2	4,9	2,5
Israel	43,9	44,3	43,6	4,3	5,9	8,6	43,9	43,5	45,3	3,5	3,3	12,8
The Lebanon	21,1	23,7	24,0	2,0	-0,6	2,1	43,1	43,8	47,7	-8,3	6,8	0,9
Lybia	72,5	85,7	84,1	3,3	7,8	7,0	25,8	26,3	24,8	6,6	5,7	6,9
Morocco	31,6	33,0	36,8	10,9	12,5	13,1	37,8	38,4	46,6	12,3	10,3	20,7
Syria	41,5	40,1	42,2	-1,5	40,8	4,1	39,5	36,4	37,7	26,0	0,2	2,8
Occupied Palestinian Territories	13,1	11,8	13,2	1,6	-13,0	-0,4	80,3	78,5	79,4	2,6	-9,9	-0,9
Tunisia	49,6	51,1	56,7	4,9	4,1	8,5	50,2	53,0	58,6	-1,9	7,6	6,1
Turkey	27,4	28,2	28,4	8,5	8,5	10,0	34,0	35,9	35,8	11,5	7,1	7,8
Italy	**26,1**	**27,8**	**29,2**	**-0,5**	**5,3**	**5,0**	**26,1**	**28,7**	**29,5**	**0,5**	**4,3**	**4,4**
World	**28,8**	**30,6**	**31,6**	**7,5**	**9,4**	**7,0**	**28,6**	**30,1**	**30,9**	**7,7**	**8,9**	**6,5**

Source: Censis on United Nations Statistics Division data

ber of EU infrastructural programmes, initiatives which will eventually led to a considerable increase in integration and trade flows between the EU and the Euro-Med area.
The globalization of the world's markets and the progressive internationalization of the world's economies, together with the insurgence of countries which just a short time ago played no - or a merely marginal – role in the world's geo-economy, are stimulating the protagonists of the "competitive game" to maximize the effectiveness of their (passenger and cargo) transportation and logistics facilities.
Indeed, in the new worldwide competitive context, all the components of the personal mobility, cargo transportation and logistics systems have acquired a strategic value: their importance is no longer merely relative to cost containment as they are now considered a real and proper feature of the competitiveness of their relative country systems.

With world trade increasing at a vertiginous rate ($12,000 billion in 2006), transportation infrastructures – and especially ports – are becoming pivotal to economic growth and a fundamental means of enabling national economies to open up to international trade.
The need to connect the European Union to the rest of the Mediterranean area via networks and an efficient transportation system is a priority whose urgency has been further increased by the development of the Euro-Mediterranean partnership and the EU's decision to consider the construction of a trans-European transportation network.
However in order for the partnership to work, the Mediterranean countries need to be able to benefit from the advantages offered by the enlarged European Union and the EU needs to be able to rely on an area of stability and prosperity on its southern and eastern sides. The creation of a modern, effective transportation network is fundamental to the functioning of a Euro-Mediterranean free trade area, but also a powerful means of ensuring regional and sub-regional integration between the Mediterranean partners.
In 2002, the European Council of Copenhagen underlined the need to increase transnational and regional cooperation with outlying countries - especially with the countries of the Southern Mediterranean - and between the countries of the Southern Mediterranean in order to enable these areas to reach their full potential. One of the means of achieving this goal considered by the European Council was to improve transportation infrastructures and other relevant tools.
The European Commission thus launched a new framework for relations between the EU and its eastern and southern neighbours based on the concept of proximity. This framework placed great importance on the development of transportation and energy infrastructures designed to connect the EU to its neighbouring areas. The enlargement of the Euro-Mediterranean partnership has since made the development of a Euro-Mediterranean transportation network - both South-South (between Mediterranean partners) and North-South (connected to the trans-European transport network) - indispensable.
Large scale infrastructural projects have always been a fundamental feature of the sustainable development of countries and economic systems. The aim of the Euro-Mediterranean infrastructural project - the Trans-European Transport Network (TEN-T) – is to create:

- a multimodal trans-Maghreb corridor composed of a rail system (trans-Maghreb railway) and a road system (Union of the Arab Maghreb motorway) whose purpose will be to connect the main cities of Morocco, Algeria and Tunisia and to facilitate air and sea connections towards the main economic centres of the Northern shores of the Mediterranean;

- a dual Eastern Mediterranean corridor which will follow existing trade routes between the European Union, the Balkans and the Eastern Mediterranean and will be composed of rail and road systems whose purpose will be to serve the main ports and airports of the region. The corridor will commence in Bulgaria and cross Turkey before dividing into two branches: one of which will follow the coast across Syria, The Lebanon, Israel and Egypt; and the other of which will cross the plateaus of Syria and Jordan;
- three additional rail corridors whose purpose is to serve the main ports of the Mediterranean. These systems are included in the quick start list of priority projects. Corridor 5 (Genoa-Rotterdam) will serve the Italian ports of Genoa and Trieste; Corridor 1 will serve the Italian ports of Naples, Lamezia Terme, Messina and Palermo and Corridor 8 will serve the Italian ports of Bari and Brindisi before continuing over the Balkans and returning to Europe along the Adriatic coast.

Naturally, sub-regional cooperation in a sector such as transportation will enable the project to exploit the complementarity of the sub-regions of the Maghreb and the Mashrek with a view to generating economies of scale and eliminating market sectorization, thus enabling the markets of these regions to reach the size necessary to attract investments. Furthermore, enhancement of the infrastructural system of these areas will encourage South-South integration, an essential condition for the creation of a market large enough to attract foreign direct investment[3].

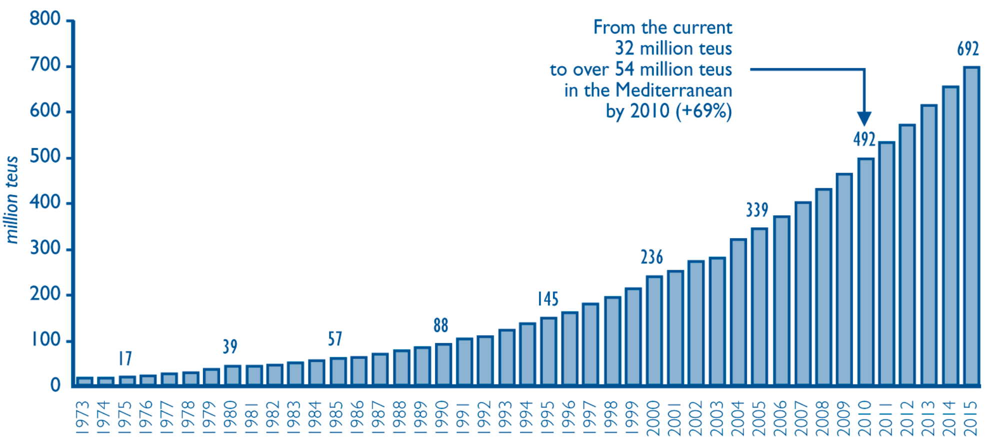
Undoubtedly, Mediterranean area investments in infrastructure will increase substantially in the near future, although a number of re-

[3] *The purpose of the corridors is to set up an integrated transportation system, an intermodal transcontinental network which spans the whole Mediterranean area whilst nevertheless respecting territorial boundaries and ensuring the protection of the environment. The corridors will be connected to both the Trans-European Transport Network (TEN-T) and the Pan-European Transport Corridors network. It is thus necessary to ensure both the horizontal integration of the corridors in order to facilitate the uniform movement of people, goods and capital throughout the Mediterranean area (the creation of a South-South integrated corridor) and the vertical integration of the corridors with the Trans-European Transport Network and the Pan-European Transport Corridors networks (integration of the TEN-T with the Maghreb corridor at the Seville interchange in order to ensure coverage of the South-West Mediterranean area and integration of the Pan-European Corridors network and the TEN-T with the Mashrek corridor at the Sophia (Bulgaria) and Budapest (Hungary) interchanges in order to ensure coverage of the south-east Mediterranean area).*

cently emerging elements - the development of tourism, the safety of shipping hydrocarbons, international terrorism, the role of the Mediterranean as an area of transit (especially as a result of the increase in trade from Asia) - will also have an impact on the transportation sector in the Mediterranean area.

According to recent forecasts, world container shipping will account for the transportation of over 690 million teus (twenty foot equivalent units) of goods in 2015, practically tripling the value recorded in 2000. The volume of intercontinental sea traffic in the Mediterranean area - a crossroads for trade flows from North America and the Far East – is thus expected to increase by 69% from the current figure of 32 million teus to over 54 million teus by 2010 (Figure 1).

FIG. 1 • *Performance and forecast of world container traffic between 1973 and 2015* *(million teus)*



Source: Censis on Drewry Shipping Consultants data

As far as world transportation flows are concerned, the importance of the Mediterranean has increased considerably, especially with a view to the shipping of cargo from the Far East and the transportation of goods and people between Mediterranean countries.

From a geo-economic point of view, the world has finally become "flat". Indeed, the increasing absence of trade barriers, the increasing density of relations and the increasing size of the world's geographic basins of reference mean that the future world economy will be inevitably characterized by the use of containers. The trend has already begun as between 1996 and 2006, the percentage of the world container fleet with a loading capacity of over 5,000 teus increased from 1% to 30%.

The relationships established in the new "competitive game" will inevitably be determined by the way in which the logistic synergies of the transportation system are enhanced: the modernization and improvement of port infrastructures; the development of a complex network of intermodal interchanges; the optimization of shipping times; and the compression of the cost of services.

THE ROLE TO BE PLAYED BY ITALY IN THE PROCESS OF RE-COMPOSITION FOLLOWING THE GLOBAL CRISIS

THE ROLE TO BE PLAYED BY ITALY IN THE PROCESS OF EURO-MEDITERRANEAN INTEGRATION and in a future scenario which sees the Mediterranean as a centre of considerable world interest – presuming that the impact of the financial crisis will be reabsorbed over the next two years – can only be determined by trying to identify Italy's position in the world market prior to the crisis. This can be done by outlining the trade "vision" pursued by Italy over the last few years and the orientation of the internationalization strategies adopted by Italian enterprises in various areas of the planet.
Analysis of available data shows that Italian industry has pursued dual objectives with respect to its global positioning by:

- progressively enhancing its exports to eastern and southern countries;
- extending its ability to access and meet world demand beyond the *Made in Italy* movement to which many more traditional Italian production sectors have adhered.

As far as the first objective is concerned, there has been a real and proper "internationalization" of Italian products, a process which has artfully recognized the entry of new countries in the world trade arena and built upon their populations' desire to increase their material consumption.
With regard to the second objective, a "learning effect" has gradually contaminated other areas of the Italian manufacturing industry enabling them to apply the commercial strategies of the movement (branding, made-to-measure products, focus on aesthetics, etc.) to products other than those directly promoted by the *Made in Italy* movement (food, furnishings, clothing, automation) and thus to increase the credibility of Italian brands on international markets.
Although the average value of *Made in Italy* exports to countries of the European Union has increased by 8.4% - with the values relative to new EU members such as Poland or the Czech Republic being far higher (up 41.1% and 19.4% respectively between 2005

TABLE 8 • *Variations in the value of exports of Made in Italy products, other Italian products and all goods between 2005 and 2007*
(% variation)

	Made in Italy products	Italian products	All goods	2007 GDP growth rate compared with previous year
European Union	8,4	13,6	13,0	2,9
of which:				
Eurozone	7,0	12,9	12,2	2,6
Poland	41,1	50,1	48,4	3,1
Czech Republic	19,4	25,1	24,6	6,0
Romania	-2,2	8,8	12,4	6,0
Hungar	13,3	19,4	18,3	1,1
Other European countries	25,5	23,2	23,5	-
of which:				
Russian Federation	48,2	51,9	52,0	8,1
Turkey	8,8	10,5	12,6	4,5
Africa	22,3	22,1	22,9	5,8 (*)
of which:				
Algeria	1,1	34,2	33,2	3,1
Egypt	60,1	44,4	49,1	7,1
Lybia	6,4	15,4	15,7	6,8
Morocco	23,9	38,2	38,1	2,3
Tunisia	32,0	14,3	15,6	6,3
China	27,5	32,2	32,1	11,9
India	61,6	72,7	72,8	9,0
Brazil	25,9	22,0	21,8	5,4
United States	-3,7	-1,9	-1,9	2,0
World total	**12,2**	**15,4**	**15,3**	**3,8**
% of all exports in 2007 composed of *Made in Italy* products	43,0			
% of all Italian products in 2007 composed of *Made in Italy* products (%)	45,5			
% of all exports in 2007 composed of non-*Made in Italy* products (%)	96,3			

(*) Value refers to North Africa and Middle East

Source: Censis on ISTAT, Eurostat, World Bank data

and 2007) (Table 8) - it is to other destinations, such as countries which have recently experienced a sustained period of growth, that exports have increased more significantly. In 2007, the Russian Federation posted a growth rate of 8.1% while the demand for Italian “doc” products increased by 48.2%. Similarly India posted a growth rate of 9% while the demand for *Made in Italy* products increased by 61.6%. Analogous situations were also verified in China and Brazil, whose 2007 growth rates were associated with an increase in imports of Italian goods of over 25%.

The Mediterranean area has also offered an important destination for Italian exports. Indeed, the value of Made in Italy products exported to Egypt increased by 60.1%, raising the total value of goods exported by close to 50%.
Between 2005 and 2007, the demand for Italian products also increased considerably in countries such as Algeria, Libya, Morocco and Tunisia.
Further confirmation of the increased commitment of Italian enterprises to eastern and southern markets is provided by the results of the ISTAT 2008 International Sourcing Survey, an analysis which enables the reconstruction of the foreign trade orientations of a sample of internationalized Italian enterprises. Between 2001 and 2006, the main destination of the exports of 24.1% of the sample was the 15-state European Union, while 20.6% of the sample mainly exported to the new member states. Between 2007 and 2009, the number of companies exporting to both these destinations will fall by over 10% as the companies increase their exports to other European countries such as Russia, to India (+4.2%) and to Africa (+4%). As far as exports to southern countries are concerned, there will be an increase of 0.7% in the number of companies focusing their exports on countries of the Near and Middle East, Oceania and other Asian countries (Table 9).
The 2009 forecasts will be verified at year end when it will also be possible to confirm whether the commercial strategies of Italian companies have continued to focus on the Mediterranean area. At date, the presence of Italian companies on markets in the area seems to be significant.
According to Italian National Institute of Foreign Trade data:

- there are almost one thousand companies in which Italian investors have a participating interest in the Mediterranean area with Italian multinationals employing over 88 thousand workers and generating a turnover of over €10 billion. Over 6% of Italian investments are located in non-European Mediterranean countries as far as number of companies in which Italian investors have an interest is concerned, while the number of workers employed by these companies stands at 8% of the total;
- between 1999 and the start of 2004, the number of companies in which Italian investors have a participating interest in MEDA countries increased by 7.3%, while the number of workers employed increased by 14% and the turnover of the participated companies rose by 46%. The sectors of greatest interest for Italian investors in MEDA countries were the traditional textile and clothing sectors, the sectors in which approximately one quarter of all local enterprises in which Italian investors

TABLE 9 • *Italian companies with at least 50 internationalized employees: the orientation of exports*

(comparison between 2001-2006 values and 2007-2009 forecast, % values)

	2001-2006	Forecast 2007-2009	Diff. %
15-member European Union	24,1	14,8	-9,3
New EU member State	20,6	19,4	-1,2
Other European countries	10,0	16,7	6,7
Cina	16,8	15,9	-0,9
India	3,7	7,9	4,2
Other Asian countries, Near and Middle East, Oceania	4,5	5,2	0,7
United States and Canada	9,7	7,0	-2,7
Central and Southern America	5,0	3,4	-1,6
Africa	5,7	9,7	4,0
Total	**100,0**	**100,0**	

Source: Censis on ISTAT data, 2008

have a participating interest and more than a quarter of the relative employees operated. Other important sectors of interest (per size of Italian investment) were the wholesale, the shoe, the mechanical and the building materials industries;

- the most popular destination of Italian investments in the Mediterranean area was Tunisia, the country in which almost half of all the Italian multinationals operating in the area and only slightly less than half the workers employed in such companies were located. Italian investments were also conspicuous in Morocco, Turkey and Egypt.

However, the development of reciprocal opportunities for Europe and Italy and the countries of the Mediterranean have not only been conditioned by the developments of the crisis. Indeed the process of integration of the two areas has also been stimulated by the search for an effective means of recompacting the countries of the Mediterranean area as a whole and as individual countries. It is thus now necessary to focus on reducing the gap between the two areas in terms of income, access to networks and acquisition of knowledge. Indeed, one of the many effects generated by the global crisis has been an increased sensitivity towards the reactivation of collaboration and cooperation schemes, a new focus on the sense of belonging to the Mediterranean and the concept of sharing a common destiny. As far as Italy – a privileged partner in relations with many Mediterranean countries – is concerned, this commitment to collaboration is an absolute priority.

COMMENTS