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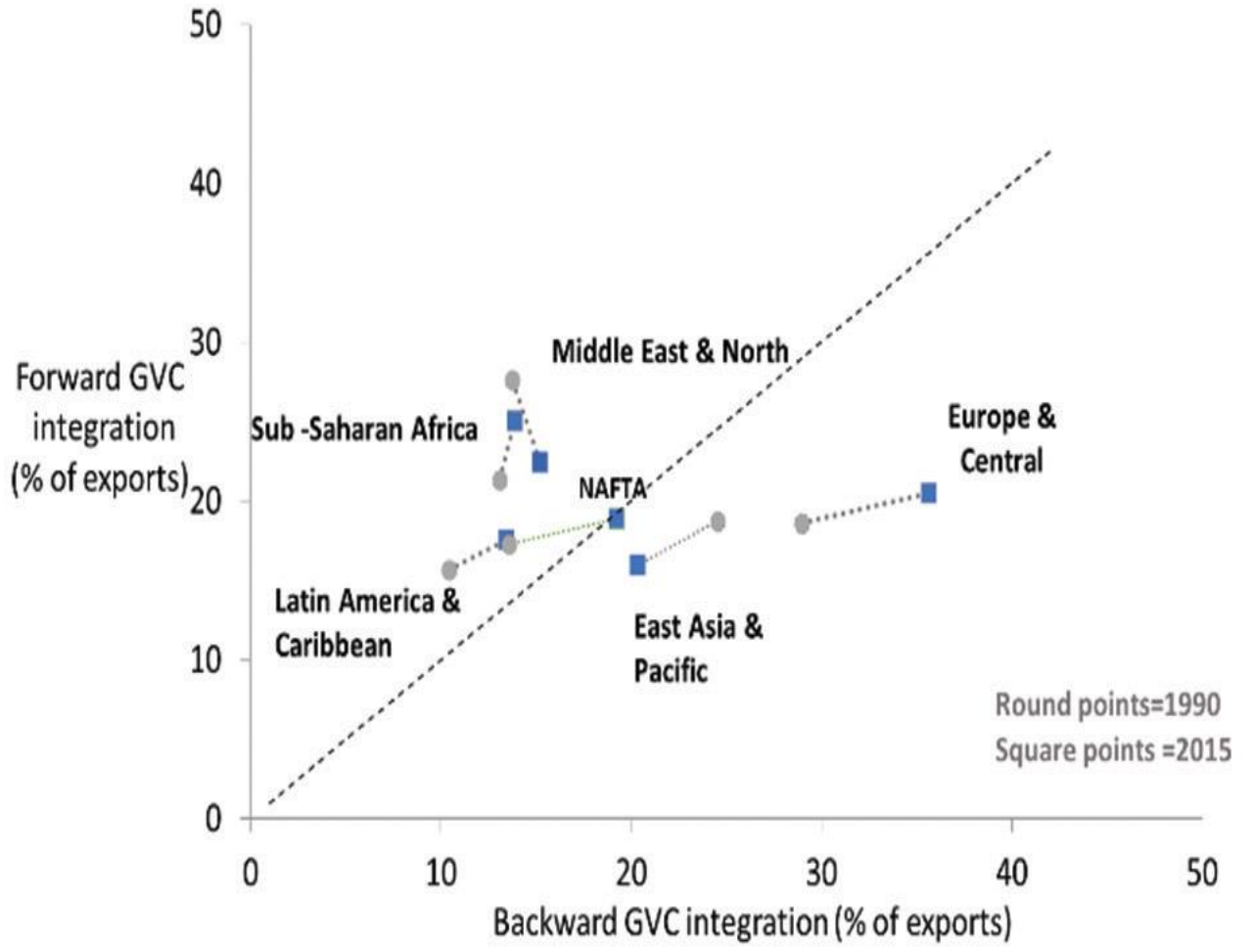
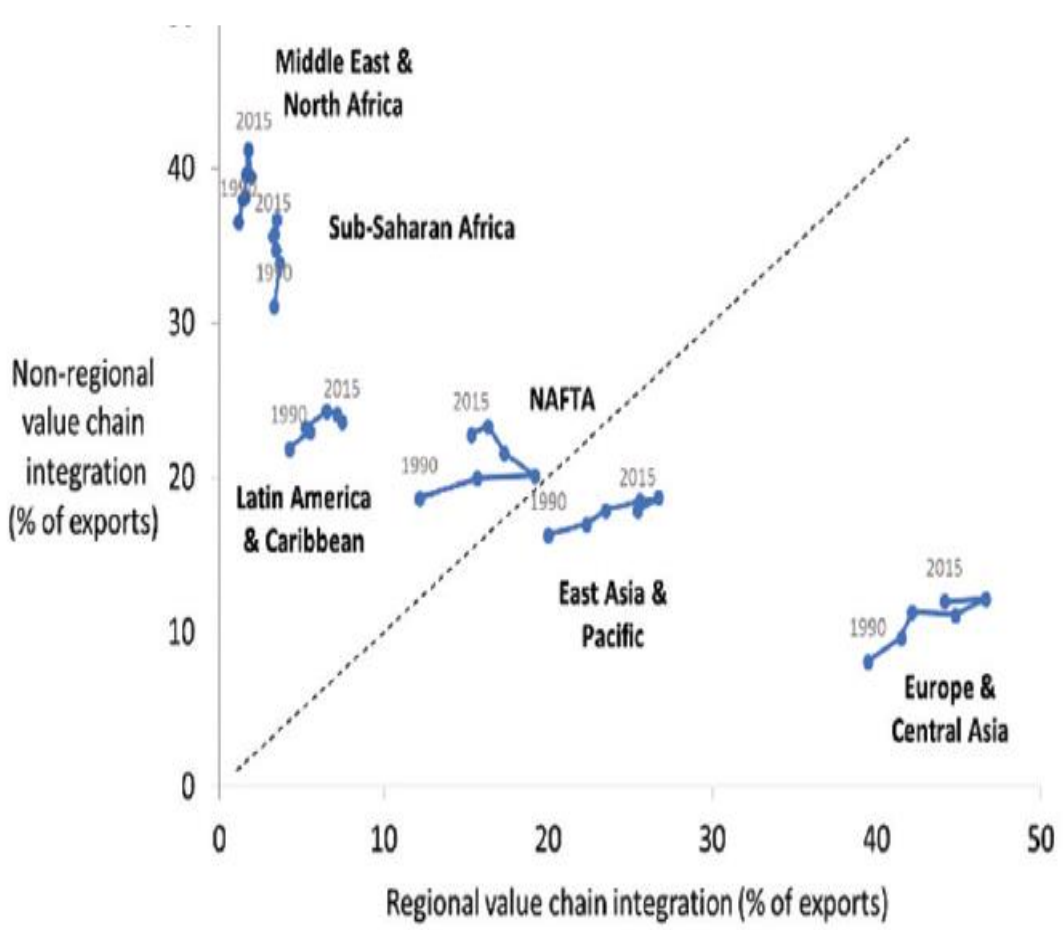
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# Some Reflections on “Enhancing Mediterranean Integration”

Bernard Hoekman (EUI, CEPR and ERF)

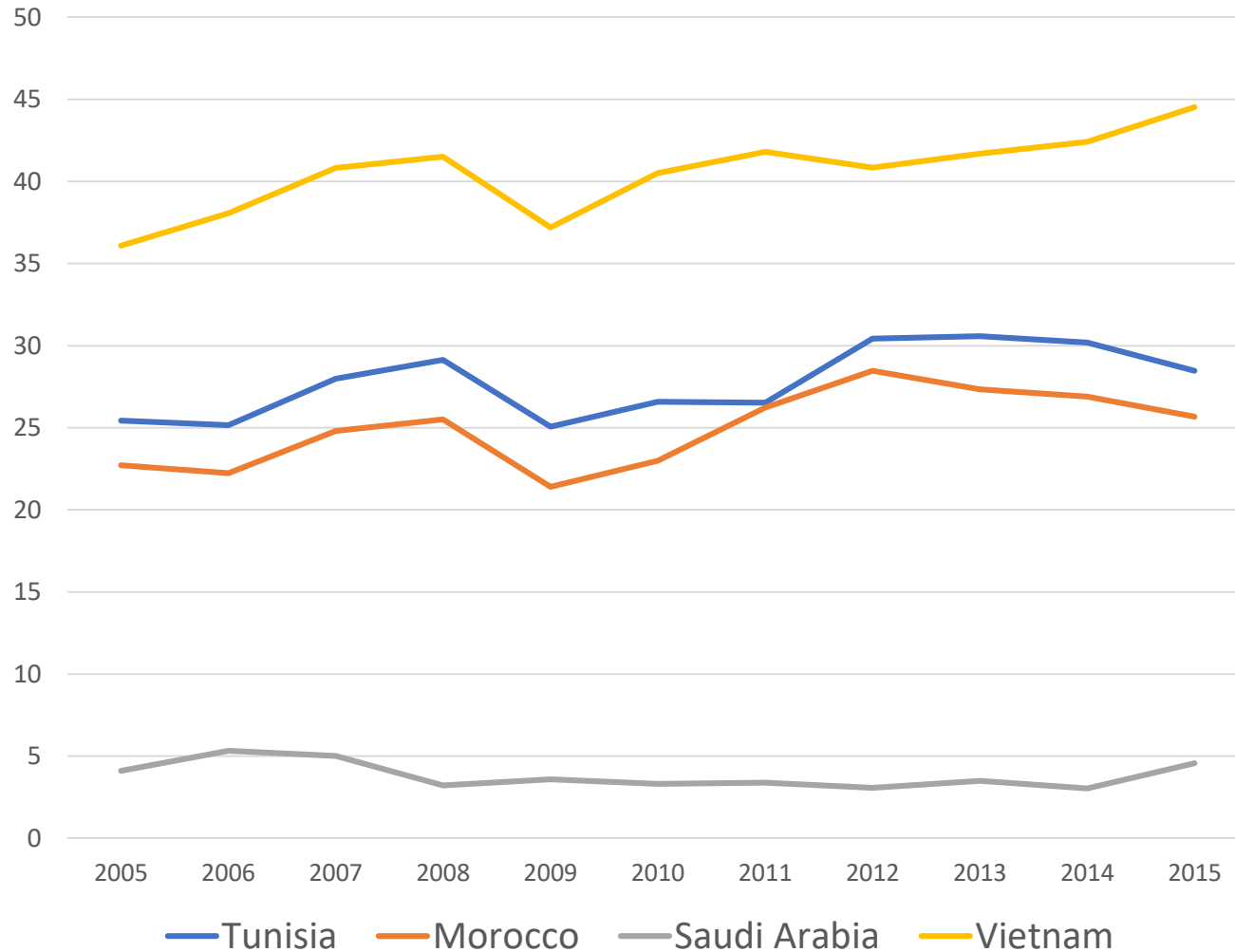
June 10, 2021

# GVC participation trends, 1990-2015: mostly non-regional; mostly forward integration (upstream resource-based inputs)



Source: De Melo and Twum (JAT, 2021)

# Foreign value added in gross exports – processing trade (%)

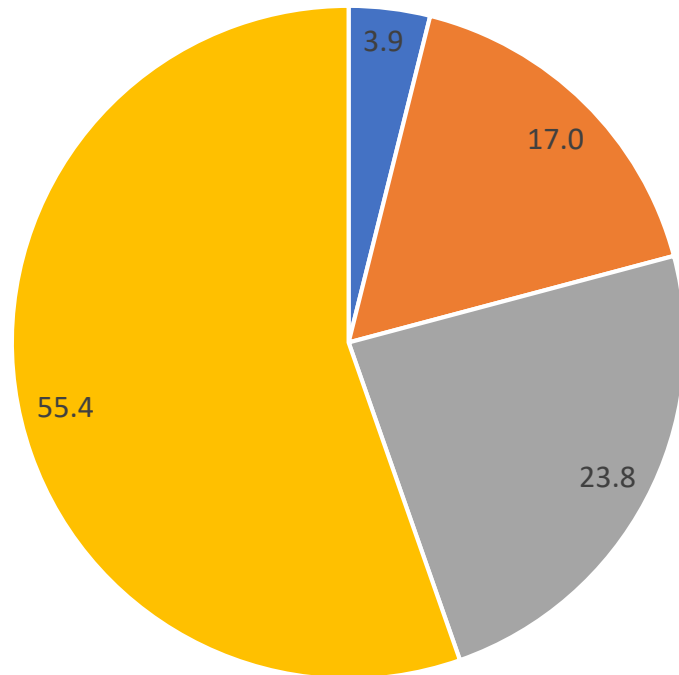


Progress – and in potential for growth given near/re-shoring incentives

But will require action...

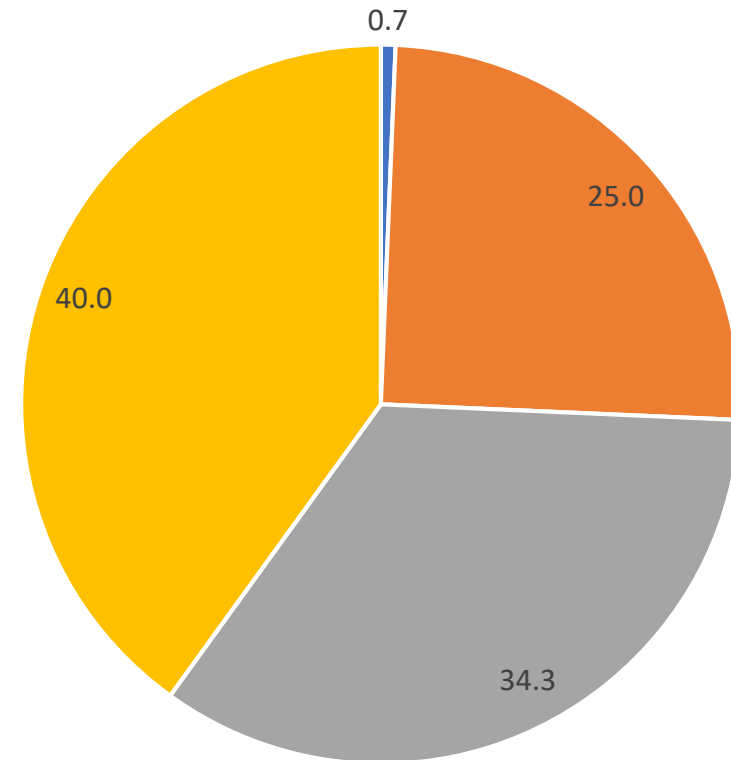
# Composition of services exports, 2019

World



- Goods-related services
- Transport
- Travel
- Other commercial services

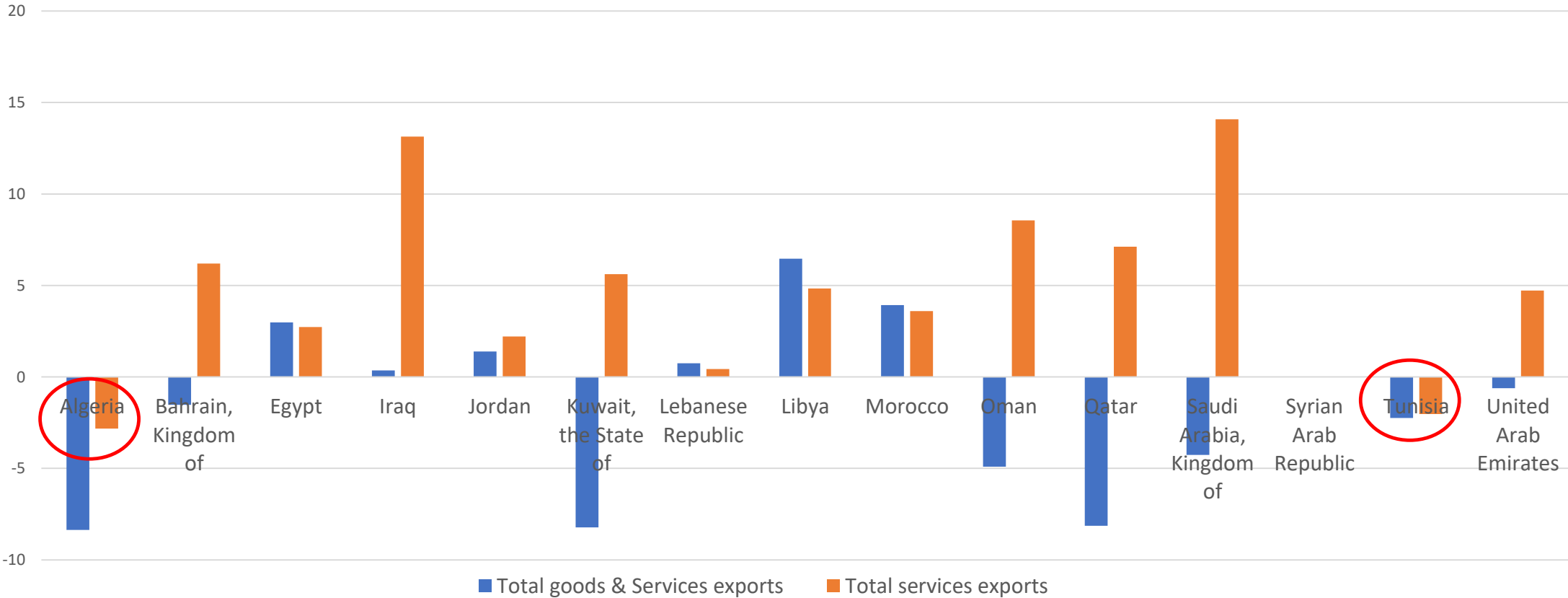
Arab countries



- Goods-related services
- Transport
- Travel
- Other commercial services

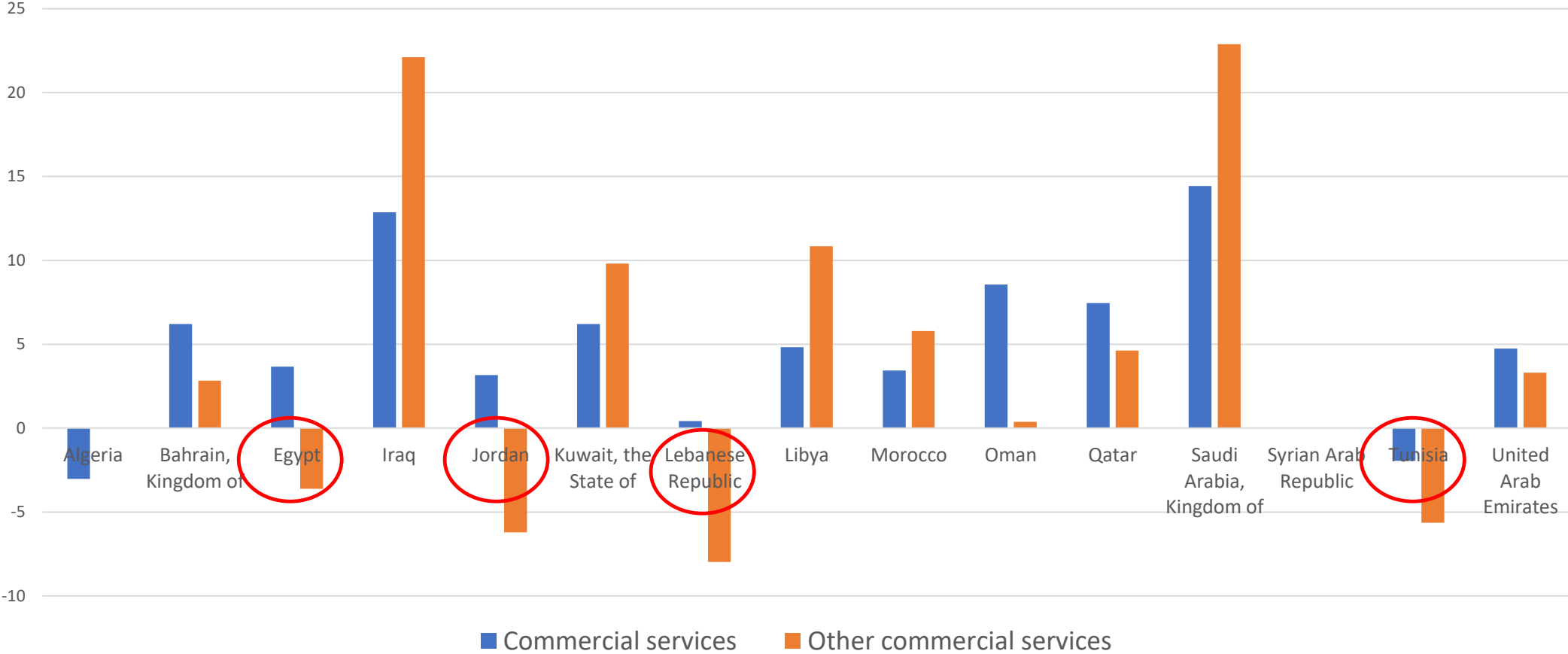
# Services exports: positive factor for many countries – but not all

5-year average annual growth rate (%), 2013-18 or 2014-19

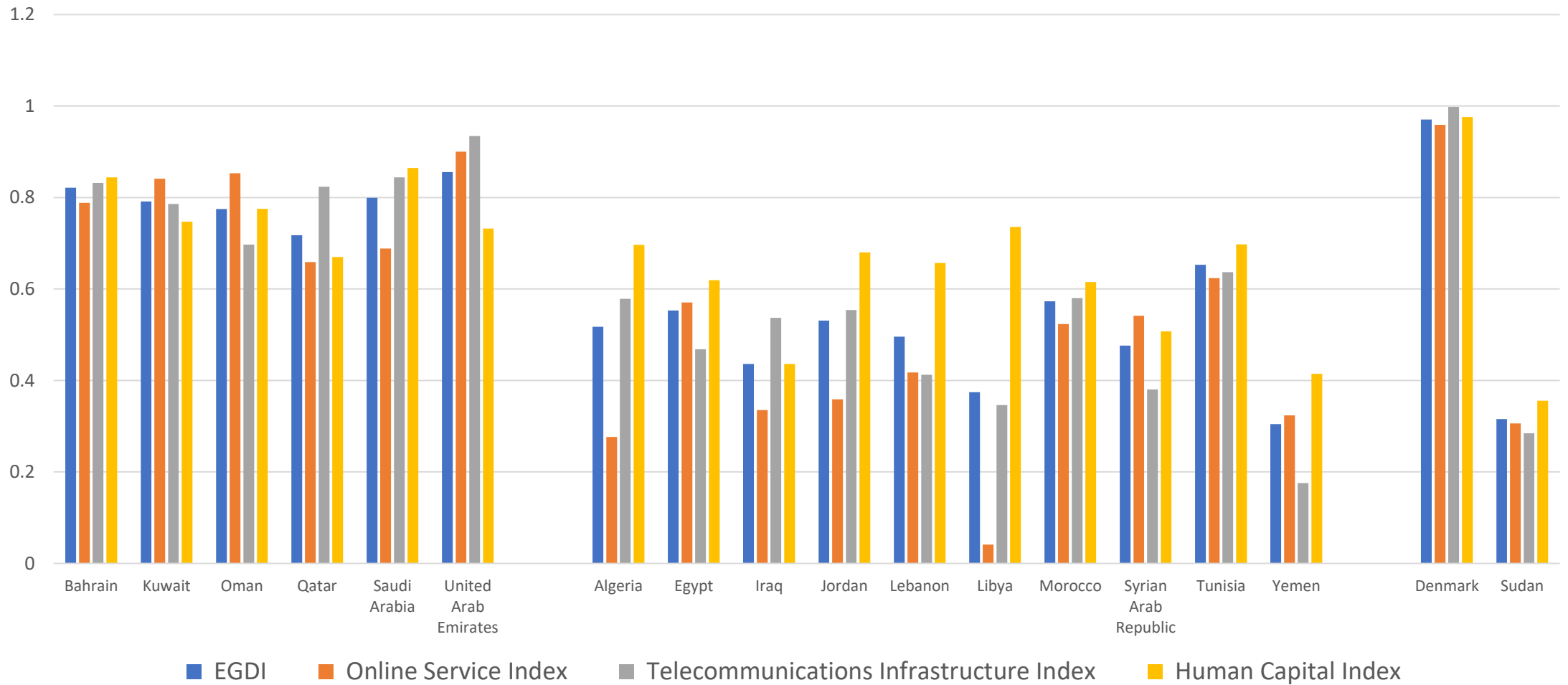


# Several Med countries have experienced *negative* growth in exports of 'other commercial services'

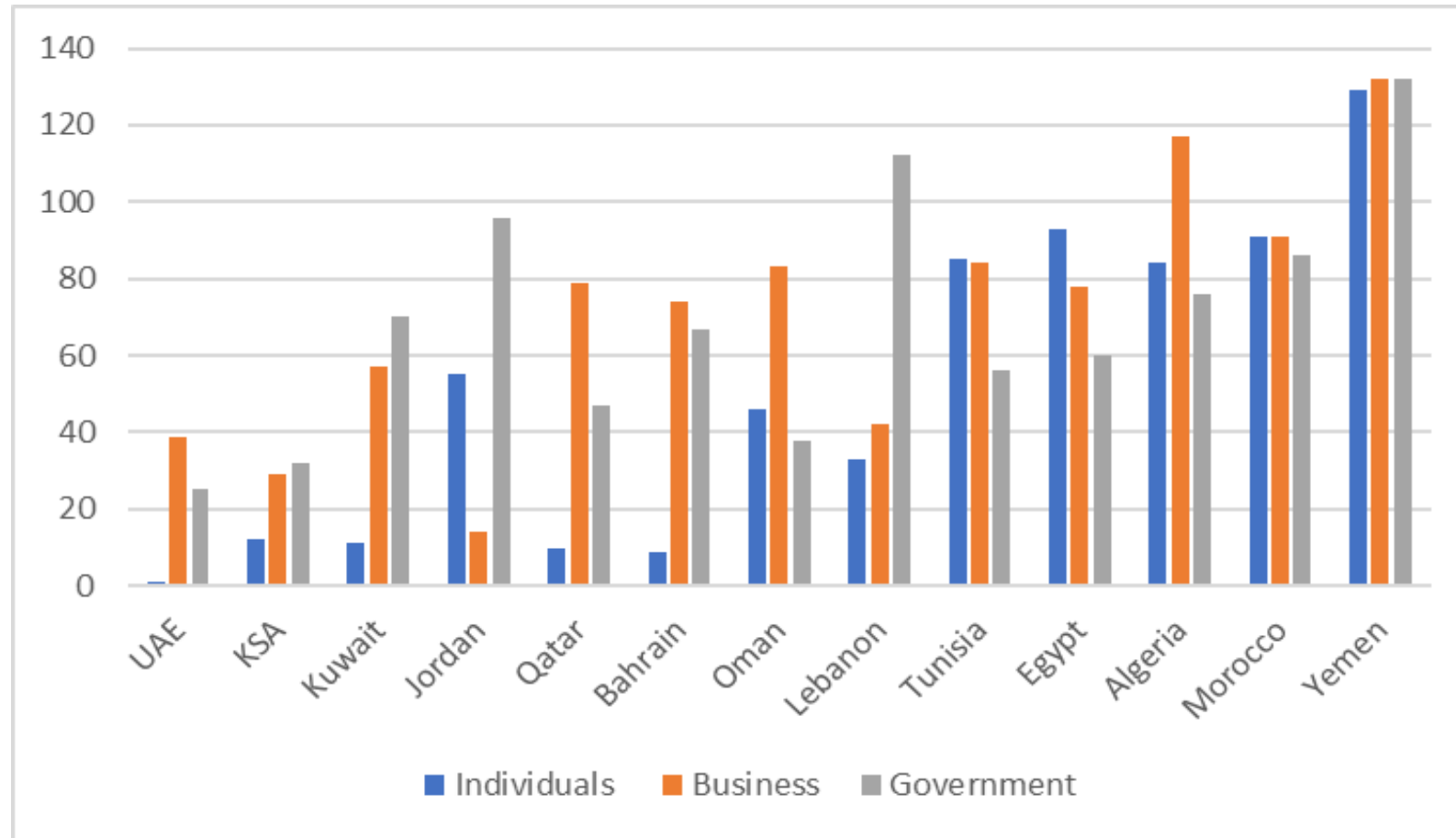
Commercial services exports, 5 year growth rate (latest available years)



# E-government and related digital infrastructure indicators, 2020 (UN)

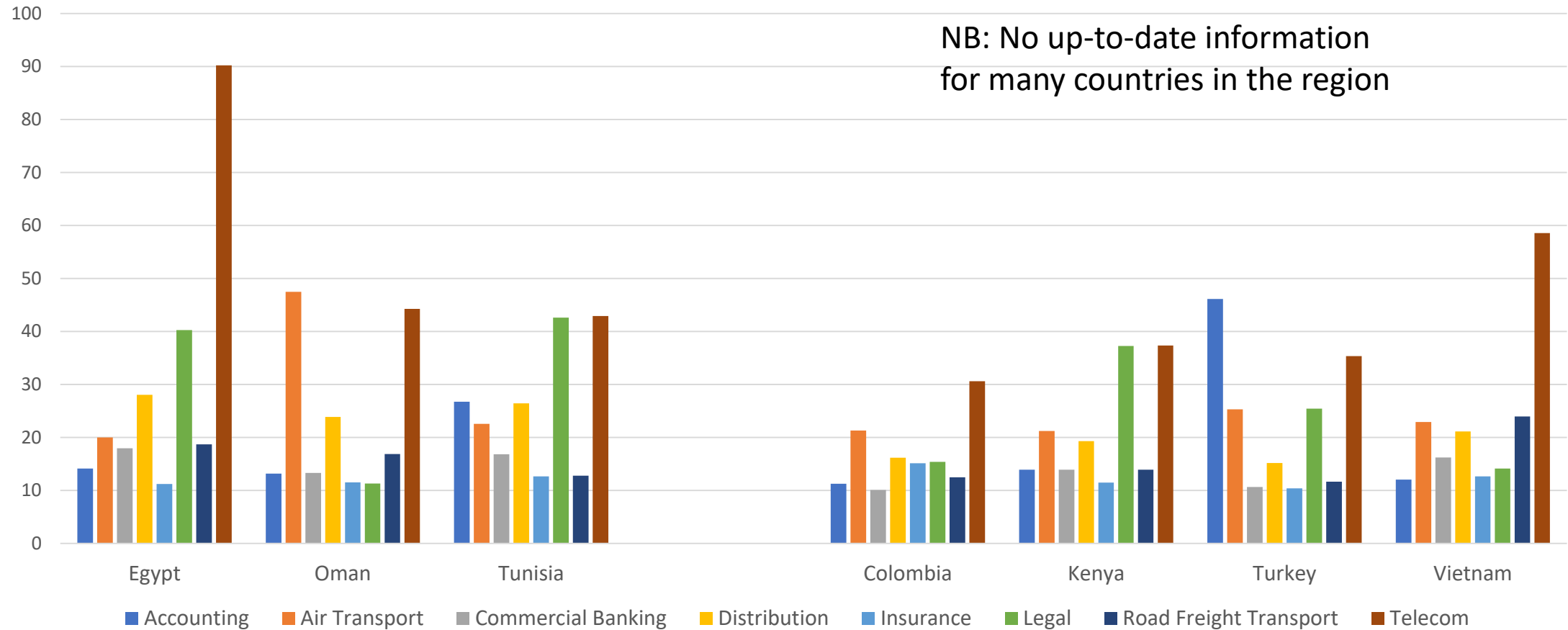


# Network readiness indicators (lower is better)

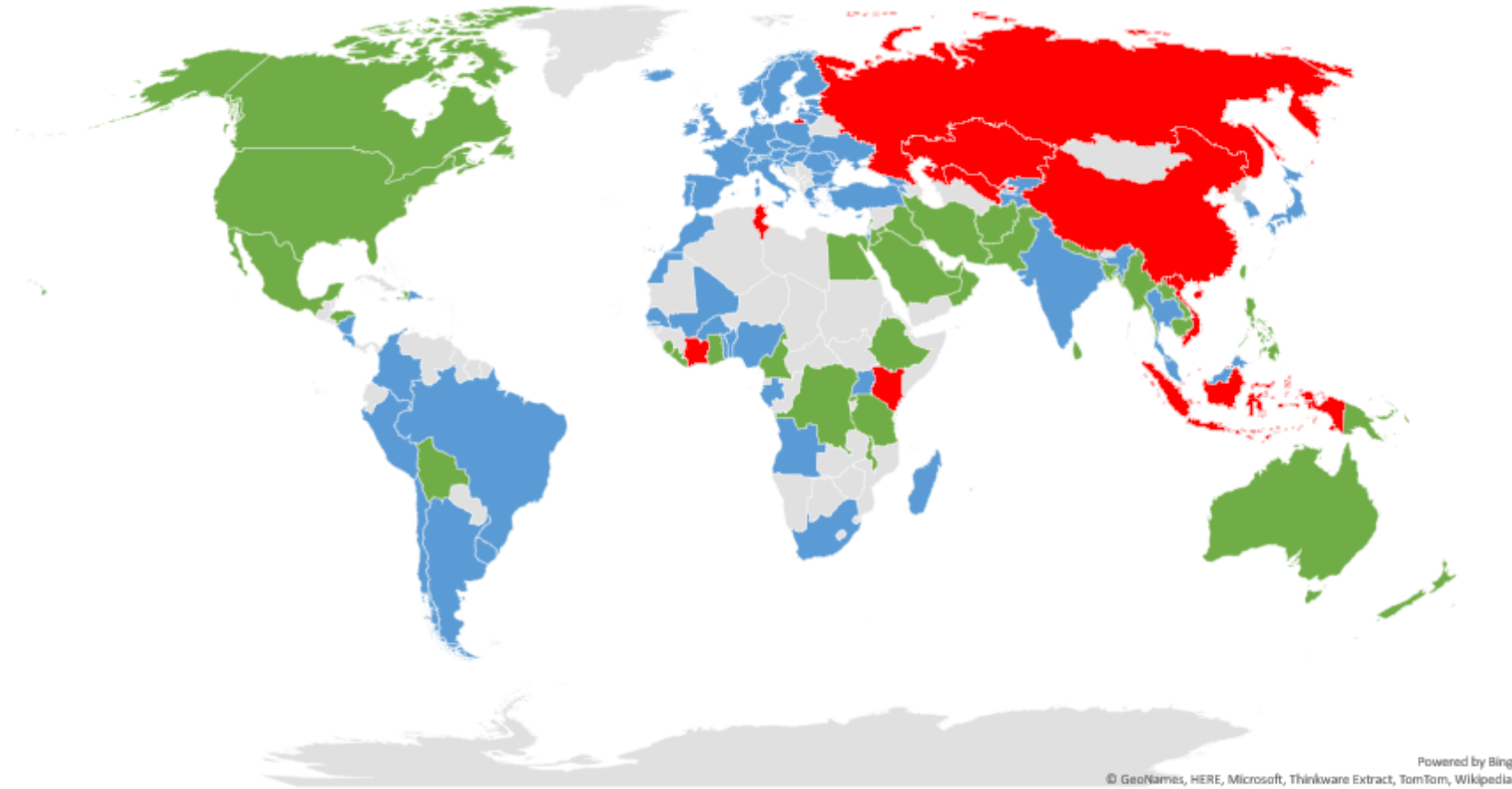




# Services trade restrictiveness, AVEs, 2016



Cross border data transfer policies: heterogeneity (open—green; regulated—blue; controlled—red)



Source: Ferracane and van der Marel (2020).

# Use of – and approaches towards – trade agreements

- Focus on trade in goods – shallow and ‘traditional’
- Little coverage of trade in services
- Resistance/opposition to deepening PTAs with the EU
- Rest of the world doing so – in Americas and in Asia
  - CPTPP, Pacific Alliance, etc.
  - Digital trade/digital economy agreements
  - ‘Data adequacy’ (equivalence) agreements (EU)
- Southern Med nations are not participating in ongoing plurilateral talks in WTO on e-commerce, services domestic regulation, investment facilitation and micro/SMEs
  - All are highly relevant to the policy agenda
- Absence raises reputational (signaling) risks and suggests a lack of interest in engaging



## Confront the political economy

- Value chain partnerships (Findlay/Hoekman, *J. International Business Policy* 2021)
- Help to identify policy-created frictions and gaps where policies can/should be targeted – along the value chain
  - At home – different levels of government
  - And abroad
  - Involve all stakeholders
- Cooperate in generating up-to-date information on relevant value chains, capacity, weak links and (potential) policy bottlenecks/frictions impeding supply responses/efficiency
- Coordinating on preparing for emergencies (e.g., stocks; joint purchasing arrangements)
- Mutual recognition/equivalence regimes for key products to facilitate trade



# Elements of value chain partnerships

